



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC Places Six-Month Moratorium on Industrial Loan Company Applications and Notices**

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) approved by notational vote a six-month moratorium on applications for deposit insurance by Industrial Loan Companies (ILCs), as well as on notices of change in bank control for existing ILCs. The FDIC will not make any final decisions or accept any future applications for deposit insurance or notices of change in control for ILCs during this period.

Recently, the growth of the ILC industry, the trend toward commercial company ownership of ILCs and the nature of some ILC business models have raised questions about the risks of ILCs to the deposit insurance fund, and whether their commercial relationships pose any safety and soundness risks.

The FDIC put the moratorium in place to provide time to assess developments in the ILC industry, to determine if any emerging safety and soundness or policy issues exist involving ILCs, and to evaluate whether statutory, regulatory or policy changes need to be made in the oversight of these charters. The moratorium also allows the agency time to further evaluate the various issues, facts and arguments raised in connection with the ILC industry, and to assess whether statutory or regulatory changes or revised standards and procedures for ILC applications and supervision are needed to protect the deposit insurance fund.

The moratorium provides a limited exception only in the unlikely circumstances in which there is a risk to an FDIC-insured institution or to the insurance fund, or if the mission of the FDIC is impaired. The moratorium expires on January 31, 2007.

Currently, 61 ILCs operate in seven states. There are nine ILC applications for deposit insurance and five notices of change in control for existing ILCs pending before the FDIC. All of those applications and notices are subject to the moratorium.

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Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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**Notice:**

[Moratorium on Certain Industrial Loan Company Applications and Notices](#)