

**Statement of John F. Bovenzi,  
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Federal Deposit Insurance Corporation  
on Industrial Loan Companies  
before the  
Committee on Banking, Housing and Urban Affairs; U.S. Senate,  
Room 534, Dirksen Senate Office Building  
October 4, 2007**

Chairman Dodd, Ranking Member Shelby and members of the Committee, I appreciate the opportunity to testify on behalf of the Federal Deposit Insurance Corporation (FDIC) concerning industrial loan companies and industrial banks (collectively, ILCs).<sup>1</sup>

The FDIC welcomes careful consideration by Congress of the issues regarding commercial ownership of ILCs. These issues are complex and involve key questions of public policy that are most appropriately determined by Congress. This hearing and congressional discussions regarding possible legislative actions are encouraging developments that hopefully will lead to the resolution of key ILC-related issues by the end of the year. Legislative action that clarifies the role and supervision of ILCs would be strongly welcomed and carefully implemented by the FDIC.

In July 2006, the FDIC imposed a six-month moratorium on ILC applications for deposit insurance and notices of change in control. In January 2007, the FDIC Board voted to extend the moratorium for an additional year for those applications for deposit insurance and change in control notices for ILCs that would become subsidiaries of companies engaged in non-financial activities, i.e., commercial activities.<sup>2</sup> This moratorium extension allows the FDIC to carefully weigh the safety and soundness concerns that have been raised regarding commercially-owned ILCs. At the same time, the extension of the moratorium provides an opportunity for Congress to consider the important public policy issues regarding the ownership of ILCs by commercial companies.

Although the FDIC is not endorsing any particular legislative proposal, we are committed to providing Congress with any technical assistance necessary to assist passage of legislation that addresses the important issues regarding ILCs. My testimony will briefly discuss the history and characteristics of ILCs, and the FDIC's recent actions relative to ILCs.

## **Background**

In existence since 1910, ILCs are state-chartered insured depository institutions that are supervised by their chartering states and the FDIC. ILCs (also known as industrials, industrial banks, or thrift and loans) historically operated similar to finance companies, providing loans to wage earners who could not otherwise obtain credit. The FDIC has been involved in the supervision of ILCs since 1934 when 29 ILCs received deposit insurance coverage.

ILCs have proven to be a strong, responsible part of our nation's banking system and offered innovative approaches to banking. ILCs have contributed significantly to community reinvestment and development. For example, a non-profit community development corporation operates an ILC designed for the express purpose of serving the credit needs of people in East Los Angeles. Other ILCs serve customers who have not traditionally been served by other types of financial institutions, such as truckers who need credit to buy fuel far from home. The record to date demonstrates that the overall industry has operated in a safe and sound manner, and that the FDIC has been a vigilant, responsible supervisor of that industry.

The modern evolution of ILCs began in 1982 with the passage of the Garn-St Germain Depository Institutions Act, which expanded ILCs' eligibility to apply for federal deposit insurance. In 1987, the Competitive Equality Banking Act (CEBA) excluded certain ILCs from the definition of "bank" in the Bank Holding Company Act (BHCA). As a result, any company could control an ILC without necessarily being subject to consolidated supervision under the BHCA. In order to be excluded from the BHCA, the ILC must have received a charter from one of the limited number of states issuing them and the law of the chartering state must have required federal deposit insurance as of March 5, 1987. In addition, the ILC must meet one of three conditions:<sup>3</sup> (1) the ILC must not accept demand deposits; (2) its total assets must be less than \$100 million; or (3) control of the ILC has not been acquired by any company after August 10, 1987. A company that controls an ILC is not required to be subject to supervision by the Federal Reserve Board (FRB) and, therefore, can engage in commercial activities. While the parent companies of ILCs are not required to be supervised by the FRB or the Office of Thrift Supervision (OTS), several such companies are supervised by these agencies.

Currently, there are 59 insured ILCs, with 46 based in Utah and California. ILCs also operate in Colorado, Hawaii, Minnesota and Nevada. Because the powers of the ILC charter are determined by the laws of the chartering state, the authority granted to an ILC may vary from one state to another and may be different from the authority granted to commercial banks. Over time, some of the chartering states expanded the powers of their ILCs to the extent that some ILCs now generally have the same powers as state commercial banks. Typically, an ILC may engage in all types of consumer and commercial lending activities, and all other activities permissible for insured state banks, except that some states do not permit ILCs to offer demand deposit accounts regardless of institution size.

## **Profile**

ILCs represent a relatively small share of the banking industry. The current portfolio of ILCs accounts for less than one percent of the approximately 8,600 insured depository institutions and approximately 1.8 percent of industry assets. Attachment 1 provides a list of currently insured ILCs with their asset and deposit data as of June 30, 2007.

At year-end 1995, total ILC assets were approximately \$12 billion. Beginning in 1996, a number of financial services firms that controlled ILCs began offering their clients the option of holding their uninvested funds in insured deposits in the firms' ILCs through

sweep deposit programs. Also in 1996, American Express moved its credit card operations from its Delaware credit card bank to its Utah ILC, causing a substantial increase in ILC assets. As a result of these and other developments, between year-end 1995 and June 30, 2007, total ILC assets grew from approximately \$12 billion to \$225 billion. More than 60 percent of that growth is attributable to a small number of financial services firms. Of the 59 existing ILCs, 44 are either widely held or controlled by a parent company whose business is primarily financial in nature. These include ILCs owned by such companies as Merrill Lynch & Co., Inc., American Express Company and Morgan Stanley. These 44 ILCs represent approximately 84 percent of the ILC industry's assets and 87 percent of the ILC industry's deposits as of June 30, 2007. The remaining 15 ILCs are associated with parent companies that may be considered non-financial in nature.

## **Supervision**

ILCs are supervised by the FDIC in the same manner as other state nonmember banks. They are subject to regular examinations, including examinations focusing on safety and soundness, consumer protection, community reinvestment, information technology and trust activities. Four of the largest and most complex ILCs are subject to near continuous on-site supervision. ILCs are subject to FDIC Rules and Regulations, including Part 325, pertaining to capital standards, and Part 364, pertaining to safe and sound standards of operation. In addition, ILCs are subject to restrictions under the Federal Reserve Act governing transactions with affiliates and tying practices, as well as consumer protection regulations and the Community Reinvestment Act. Just as for all other insured banks, ILC management is held accountable for ensuring that all bank operations and business functions are performed in a safe and sound manner and in compliance with federal and state banking laws and regulations.

The primary difference in the supervisory structures of ILCs and other insured depository institutions is the type of authority that can be exerted over a company that controls the institution. The FRB and the OTS have explicit supervisory authority over bank and thrift holding companies, including some holding companies that currently own ILCs. The FDIC has the authority to examine the affairs of any affiliate of an ILC, including a parent company and any of its subsidiaries, as may be necessary to disclose fully the relationship between the ILC and the affiliate, and the effect of any such relationship on the ILC. However, as a practical matter, where the parent of an ILC is supervised by the FRB or OTS, the FDIC routinely coordinates with these agencies in obtaining such information regarding affiliates. In the case of an affiliate that is regulated by the Securities and Exchange Commission (SEC) or a state insurance commissioner (functional regulators), the FDIC and the functional regulator share information.

FDIC supervisory policies regarding any depository institution, including an ILC, are concerned with organizational relationships, particularly compliance with the rules and regulations intended to prevent potentially abusive practices. The scope and depth of review vary depending upon the nature and extent of intercompany relationships and the degree of risk posed to the depository institution.

The FDIC's overall examination experience with ILCs has been similar to the larger population of insured institutions, and the causes and patterns displayed by problem ILCs have been like those of other institutions. As noted in the Government Accountability Office's 2005 report on ILCs, "from an operations standpoint [ILCs] do not appear to have a greater risk of failure than other types of depository institutions."<sup>4</sup> The authorities available to the FDIC to supervise ILCs have proven to be adequate thus far for the size and types of ILCs that currently exist. However, the number, size and types of commercial applicants have changed significantly in recent years, causing the FDIC to carefully examine this new ILC environment.

## **Recent FDIC Actions Regarding ILCs**

### *Moratorium and Request for Public Comment*

On July 28, 2006, the FDIC imposed a six-month moratorium on action with respect to all ILC deposit insurance applications and change in control notices. The purpose of the moratorium was to enable the FDIC to further evaluate: (1) industry developments; (2) the various issues, facts, and arguments raised with respect to the ILC industry; (3) whether there are emerging safety and soundness issues or policy issues involving ILCs or other risks to the insurance fund; and (4) whether statutory, regulatory, or policy changes should be made in the FDIC's oversight of ILCs in order to protect the deposit insurance fund or support important congressional objectives.

Subsequently, on August 23, 2006, the FDIC published in the Federal Register a request for public comment on twelve questions regarding ILCs and their ownership.<sup>5</sup> The FDIC received over 12,600 comment letters in response to the Request for Public Comment during the comment period. Although the vast majority of comments were directed at specific pending applications or notices, a number of comments addressed substantive issues concerning the ILC industry and its regulation.

The FDIC's experience and the comments suggest that no risk or other possible harm is unique to the ILC charter. Rather, concerns about ILCs are focused on their ownership and proposed business models or plans. Consequently, the FDIC's analysis of how to proceed focused primarily on the proposed owners of ILCs. At the time that the initial moratorium expired on January 31, 2007, eight ILC deposit insurance applications and one change in bank control notice were pending before the FDIC.

### *The Moratorium Extension*

Based on the concerns regarding ILC ownership raised during the moratorium period, the FDIC Board extended the moratorium for ILCs that would be owned or controlled, directly or indirectly, by commercial companies. The business plans for these ILCs tend to be more complex and differ substantially from the consumer lending focus of the original ILCs. In many instances, these ILCs directly support one or more affiliate's commercial activities or serve a particular lending, funding or processing function within a larger organizational structure. Consolidated supervision would generally not be present when there is commercial ownership, raising concerns that the supervisory

infrastructure may not provide sufficient safeguards to identify and avoid or control safety and soundness risks and the risks to the Deposit Insurance Fund. As a result, the FDIC determined that this class of ownership needs further study and consideration on two key issues: (1) what, if any, increased risks are created by commercial company ownership and (2) how well current supervisory models apply to such owners.

In addition, the FDIC determined that it is appropriate to provide Congress with a reasonable period to consider the developments in the ILC industry and, if necessary, to make revisions to existing statutory authority. Even though the FDIC has authority to act on any particular application, notice, or request involving an ILC, the FDIC considered the potential effect of the extended moratorium on individual applicants and proponents, including commercial companies, and believes that congressional resolution of these issues is preferable.

Consequently, the FDIC concluded that the moratorium should be extended through January 31, 2008 for ILCs that would be owned or controlled, directly or indirectly, by companies engaged in commercial activities. The extension allows the FDIC needed time to evaluate the various issues, facts, and arguments associated with the ownership of an ILC by a commercial company, and allow Congress time to consider legislation concerning ILCs.

Under the extended moratorium, the FDIC has not and will not take action to accept, approve, or deny any application for deposit insurance, or to accept, disapprove, or issue a letter of intent not to disapprove any change in control notice, with respect to any ILC that would become a direct or indirect subsidiary of a company engaged in commercial activities. Although commercially owned ILCs have not resulted in serious problems to date, the FDIC will continue to closely monitor existing ILCs that currently are controlled by commercial companies in light of the concerns that have been expressed.

The moratorium extension does not apply to, and the FDIC is acting on, applications for deposit insurance or change in control notices with respect to: (1) any ILC that would become a subsidiary of a company or companies engaged only in financial activities; and (2) any ILC that would not become a subsidiary of a company.

Since the moratorium was extended, the FDIC's Board has approved four applications for deposit insurance, including applications filed by or on behalf of Capital Source, Marlin Business Services, Security National Master Holding, and WellPoint. The FDIC's Board also voted to issue a non-objection to the proposed investment by Gerald J. Ford and related entities in Fremont General Corporation. In each instance, the FDIC has determined that these entities' activities are financial in nature or are complementary to a financial activity. The FDIC's Board also voted to issue a non-objection to Porsche's proposed increase in its investment in Volkswagen AG. In this case, the FDIC's action was conditioned upon agreements under which the ILC would be divested or liquidated.

Four deposit insurance applications are pending, including filings from or on behalf of DaimlerChrysler, First City Financial, Ceridian, and Security National Financial

Corporation. Three notices of change in bank control are also pending, including filings submitted by or on behalf of The Home Depot, the JC Flowers Group,<sup>6</sup> and the Blackstone Group. These entities are seeking to acquire EnerBank, Sallie Mae Bank, and World Financial Capital Bank, respectively.

Generally, ILCs owned by individuals do not present the same issues as ILCs owned by commercial companies. An ILC owned by individuals is not subject to the BHCA, and has no parent company or subsidiary of a parent company that could present safety and soundness risk or a conflict of interest with the ILC. ILCs that are owned by financial companies that are subject to federal consolidated bank supervision, such as bank holding companies, financial holding companies, and thrift holding companies, generally are subject to the examination, reporting, and monitoring systems of bank supervisors, which can be effective tools in preventing an affiliate's activities from causing a safety and soundness risk to the ILC. Importantly, holding companies that are expected to serve as a source of strength to their subsidiary insured depository institutions provide a resource for an insured bank in need of additional capital.<sup>7</sup> The FDIC believes that these classes of ILC ownership do not need further study and that the supervisory tools currently available to the FDIC are adequate.

#### *Notice of Proposed Rulemaking -- Part 354 of the FDIC's Rules and Regulations*

ILCs to be owned by financial companies not subject to federal consolidated bank supervision present some of the same issues as ILCs owned by commercial companies. However, the FDIC has sought comment on whether those issues can be controlled or minimized through existing regulatory authority. Specifically, the FDIC has proposed additional safeguards that provide adequate protections for the safety and soundness of the insured ILCs and for the protection of the Deposit Insurance Fund.

On February 5, 2007, the FDIC published a Notice of Proposed Rulemaking to enhance its supervisory tools for this class of institutions. While the Notice of Proposed Rulemaking is pending, the FDIC is considering, on a case-by-case basis, deposit insurance applications and change in control notices with respect to ILCs that would become a subsidiary of one or more companies engaged only in financial activities, but which are not subject to federal consolidated bank supervision by the FRB or the OTS.

Among the concerns regarding an ILC being controlled by a company or layers of companies that lack federal consolidated bank supervision are the need for the parent company to serve as a source of capital and liquidity for the subsidiary ILC, the difficulty in identifying problems or risks that may develop in the company or its subsidiaries, and controlling the extent to which these risks affect the ILC. More specifically, concerns have emerged regarding the transparency of parent companies and their subsidiaries, the extent to which a parent company will serve as a source of strength for the ILC subsidiary, and dependence of the ILC on the parent company and its subsidiaries.

The proposed regulation would establish a set of comprehensive safeguards through a set of federal standards and requirements that the FDIC can apply and enforce independent of the state authorities.<sup>8</sup> The proposed rules are intended to provide the

safeguards to identify and avoid or control, on a consolidated basis, the safety and soundness risks and the risks to the Deposit Insurance Fund that may result from ownership by a financial company not subject to consolidated federal bank supervision. The proposed rules will provide enhanced transparency and a system of controls proposed to address the risks presented by such ownership structures.

The conditions and requirements of the proposed regulation are not novel. In many cases financial companies, such as companies engaged in securities or mortgage lending, come under some type of supervision already and, therefore, are accustomed to some form of regulatory structure and supervision. Moreover, some of the requirements that would be imposed by these proposed rules have been imposed in the past on a case-by-case basis. For example, in the course of considering deposit insurance applications or change in control notices, the FDIC has required parent companies to execute written agreements to maintain a subsidiary bank's capital and/or liquidity at certain minimum levels. In addition, the FDIC has required that banks maintain their capital at certain levels and obtain the FDIC's prior consent before making changes to their business plans. Also, the FDIC has imposed conditions aimed at ensuring the independence of the board of directors at subsidiary ILCs.

The FDIC is not proposing any changes in its regulation or supervision of ILCs that will be directly controlled by one or more individuals. Furthermore, the FDIC is not proposing any changes in its regulation or supervision of an ILC that will become a direct or indirect subsidiary of a financial company that is subject to federal consolidated bank supervision (i.e., a bank holding company, a financial holding company, or a thrift holding company).

The proposed rules also will not apply to ILCs that are already owned by financial companies not subject to federal consolidated bank supervision. However, the FDIC will continue to exercise close supervision of these ILCs and any risks that may be created in the future from their parent companies or affiliates to ensure that these institutions continue to operate in a safe and sound manner. In addition, while the proposed rules are pending, the FDIC has been utilizing some or all of the supervisory measures included in the proposed rules in processing deposit insurance applications and change in control notices with respect to ILCs controlled by financial companies not subject to federal consolidated bank supervision.

In publishing the proposed rules, and in extending the moratorium for one year, the FDIC is not expressing any conclusion about the propriety of control of ILCs by commercial companies. Rather, the FDIC has determined that it is appropriate to take a cautious approach designed to provide greater transparency and to limit the potential risks to ILCs and to the Deposit Insurance Fund. The FDIC received 18 comments during the 90-day comment period. We are continuing to evaluate these comments and other relevant information, including any progress on legislation, and are considering options on how to proceed.

## **Conclusion**

The ILC charter has proven to be a strong, responsible part of our nation's banking system. ILCs have offered innovative approaches to banking and have contributed significantly to community reinvestment and development. Yet, the types and number of ILC applications have evolved in recent years and these changes raise potential risks that deserve further study and important public policy issues that are most appropriately addressed by Congress.

The FDIC has the responsibility to consider applications under existing statutory criteria and make decisions. While it is appropriate to proceed cautiously, the FDIC cannot defer action on these matters indefinitely.

The current statutory exemption providing for the ILC charter is quite broad. By providing clear parameters to the scope of the charter, Congress can eliminate much of the uncertainty and controversy surrounding it. Resolving these issues will enhance the value of the ILC charter going forward. The FDIC looks forward to working with Congress in the coming months as you work to bring these matters to closure.

This concludes my statement. I will be happy to answer any questions that the Committee might have.

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<sup>1</sup> The terms "industrial loan company" and "industrial bank" mean any insured State bank that is an industrial bank, industrial loan company, or other similar institution that is excluded from the definition of "bank" in the Bank Holding Company Act of 1956 (BHCA) pursuant to section 2(c)(2)(H) of the BHCA, 12 U.S.C. 1841(c)(2)(H).

<sup>2</sup> For purposes of the extended moratorium, the term "financial activity" includes: (i) banking, managing or controlling banks or savings associations; and (ii) any activity permissible for financial holding companies under 12 U.S.C. 1843(k), any specific activity that is listed as permissible for bank holding companies under 12 U.S.C. 1843(c), as well as activities that the Federal Reserve Board (FRB) has permitted for bank holding companies under 12 CFR 225.28 and 225.86, and any activity permissible for all savings and loan holding companies under 12 U.S.C. 1467a(c). The term "non-financial activity" is any other activity. The FDIC has followed the guidance of the FRB and OTS in its interpretations of the term "financial activity" and consulted with the FRB and/or OTS before making any decisions.

<sup>3</sup> Bank Holding Company Act section 2(c)(2)(H), 12 U.S.C. 1841(c)(2)(H).

<sup>4</sup> Government Accountability Office (GAO), **Industrial Loan Corporations: Recent Asset Growth and Commercial Interest Highlight Differences in Regulatory Authority**, September 2005, p. 24.

<sup>5</sup>See Industrial Loan Companies and Industrial Banks, 71 FR 49456 (August 23, 2006).

<sup>6</sup> The JC Flowers Group includes Bank of America and JP Morgan Chase.

<sup>7</sup> The Gramm-Leach-Bliley Act of 1999 significantly limited the ability of the Federal Reserve Board to impose capital standards on functionally-regulated subsidiaries of a bank holding company. Functionally-regulated subsidiaries generally include any company that is a securities broker/dealer, an investment adviser, an investment company, an insurance company, or an entity subject to supervision by the Commodities Futures Trading Commission (CFTC). See 12 U.S.C. 1844(c). Furthermore, the FRB may not require such a company that is either a bank holding company or an affiliate of the depository institution to provide funds or other assets to the depository institution if the state insurance regulator or the SEC objects. See 12 U.S.C. 1844(g).

<sup>8</sup> While some of the chartering states have supervisory authority over companies that control industrial bank subsidiaries that is not true of all of the states that charter industrial banks.

## Attachment 1

Industrial Loan Companies (Financial Data as of June 30, 2007)						
Cert	Insured	Institution	Total Assets	Total Deposits	State	Parent
25158	6/4/1984	FINANCEFACTORS, LTD	661.7	484.7	HI	Finance Enterprises
25653	9/24/1984	FREMONT INVESTMENT & LOAN	10,767.5	9,754.4	CA	Fremont General Corporation
25667	10/5/1984	FIRESIDE BANK	1,437.0	1,210.8	CA	Ultrix, Inc.
25803	12/17/1984	RANCHO SANTA FE TRUST & LOAN ASSN	100.0	69.2	CA	Semperverde Holding Company
25870	12/17/1984	FINANCE & THRIFT CO	118.5	94.6	CA	F&T Financial Services, Inc.
26271	6/3/1985	HOME BANK OF CALIFORNIA	159.3	104.1	CA	La Jolla Savers and Mortgage Fund
26363	9/10/1985	COMMUNITY COMMERCIAL BANK	339.9	213.2	CA	TELACU
26615	2/25/1986	GOLDEN SECURITY BANK	138.9	110.4	CA	No affiliation
26704	7/3/1986	EL ALBA THRIFT & LOAN ASSN	184.7	166.8	CA	Harif Bancorporation
26755	8/7/1986	MINNESOTA 1ST CREDIT & SVG INC	26.2	19.2	MN	Minnesota Thrift Company
27330	8/26/1988	SILVERGATE BANK	206.5	184.2	CA	Silbergate Capital
27374	10/31/1988	MERRILL LYNCH BANK USA	60,879.3	51,601.1	UT	Merrill Lynch
27471	3/20/1989	AM EX CENTURION BANK	23,419.5	2,791.5	UT	American Express
27539	6/28/1989	FIRST SECURITY THRIFT CO	152.5	91.3	CA	First American Corp
32707	11/3/1989	CENTENNIAL BANK	673.1	524.8	CA	Land America Financial Group
32743	1/22/1990	CIRCLE BANK	211.6	139.7	CA	New West Bancshares
32992	5/25/1990	MORGAN STANLEY BANK	27,391.0	19,535.0	UT	Morgan Stanley
33493	8/29/1991	TAMALPAE BANK	520.4	369.9	CA	Epic Bancorporation
33535	12/16/1991	ADVANTA BANK CORP	2,011.4	1,408.2	UT	Advanta
33778	2/12/1993	GE CAPITAL FINANCIAL INC	2,217.3	214.6	UT	GE (General Electric)
34313	8/25/1997	EAGLEMARK SAVINGS BANK	51.6	4.2	NV	Harley-Davidson
34351	9/27/1996	USAA SAVINGS BANK	6,346.3	326.2	NV	USAA Life Company
34404	5/15/1997	WEBB BANK	22.5	13.9	UT	Steel Partners II, LP
34519	9/22/1997	MERRICK BANK	1,119.0	880.0	UT	CardWorks, LP
34549	9/22/1997	AMERICAN SAVINGS INC	4.5	2.5	MN	Waseca Bancshares
34599	1/16/1998	PITNEY BOWES BANK INC	664.3	532.2	UT	Pitney Bowes
34697	6/1/1998	WRIGHT EXPRESS FINL SERVICES	1,108.2	927.2	UT	Wright Express
34781	10/1/1998	TRANSPORTATION ALLIANCE BK	207.0	423.7	UT	Flying J, Inc.
34820	4/3/2000	SECURITY SAVINGS BANK	303.8	192.7	NV	Stampede Capital LLC
35141	11/12/1999	BMW BANK OF NORTH AMERICA	2,365.0	1,815.3	UT	BMW Group
35228	11/3/1999	ESCROW BANK USA	33.6	1.0	UT	Capmark Financial Group / GMAC
35260	11/12/1999	REPUBLIC BANK INC	482.4	428.8	UT	No affiliation
35400	1/12/2001	TRUST INDUSTRIAL BANK	2.8	0.6	CO	FISERV
35533	10/5/2000	FIRST ELECTRONIC BANK	14.0	8.1	UT	Ry's Electronics
35575	10/20/2000	CIT BANK	4,065.6	3,078.7	UT	CIT Group
57056	3/1/2001	CELTIC BANK	119.5	97.9	UT	Celtic Investment, Inc.
57225	1/10/2002	VOLKSWAGEN BANK USA	288.0	239.8	UT	Volkswagen
57293	6/3/2002	ENERBANK	150.1	127.1	UT	CMS Energy
57408	7/21/2003	EXANTE BANK	524.8	403.0	UT	UnitedHealth Group
57449	12/22/2003	MEDALLION BANK	323.1	268.0	UT	Medallion Financial
57485	7/6/2004	GOLDMANSACHS BANK USA	15,028.0	13,341.9	UT	Goldman Sachs
57529	4/1/2003	CAPMARK BANK	6,616.8	4,918.9	UT	Capmark Financial Group / GMAC
57542	8/16/2004	TOYOTA FINANCIAL SAVINGS BANK	272.2	68.6	NV	Toyota
57565	9/15/2003	UBS BANK USA	23,090.8	20,222.2	UT	UBS AG
57570	12/1/2003	WORLD FINANCIAL CAPITAL BANK	177.4	108.4	UT	Alliance Data Systems
57769	9/27/2004	TARGET BANK	153	6.5	UT	Target Corporation
57803	8/2/2004	GMAC BANK	23,451.0	10,740.1	UT	Cerberus/GMAC
57833	8/2/2004	BEAL SAVINGS BANK	1,305.8	62.0	NV	Beal Financial Corporation
57962	8/1/2005	ALLEGIANCE DIRECT BANK	453	373	UT	Learitt Group Enterprises, Inc.
58009	8/24/2005	LEHMAN BROS. COMMERCIAL BANK	3,431.7	2,849.1	UT	Lehman Brothers Holdings Inc.
58148	1/26/2006	L.C.A. BANK CORPORATION	24.9	18.7	UT	Lease Corporation of America
58160	New	CAPITALSOURCE BANK			UT	CapitalSource, Inc.
58177	11/28/2005	SALLIEMAE BANK	807.3	611.9	UT	Sallie Mae
58267	New	MARLIN BUSINESS BANK			UT	Marlin Business Services, Corp.
58393	5/14/2007	FIFTH STREET BANK	18.7	4.6	NV	Security Natl Master Holding Co
58612	New	ARCUS FINANCIAL BANK			UT	WellPoint, Inc.
90017	7/21/1987	FIRST FINANCIAL BANK	152.5	29.2	CO	First Data Corp.
90040	9/28/1987	HOME LOAN INDUSTRIAL BANK	48.3	39.1	CO	Home Loan Investment Company
91005	11/5/1985	5 STAR BANK	160.6	125.3	CO	Armed Forces Benefit Association
<b>Totals</b>			<b>225,059.1</b>	<b>152,042.5</b>		