

Wal-Mart's Industrial Loan Company Talking Points

In the spring of 2005, Wal-Mart applied for a license to operate an Industrial Loan Corporation (ILC). The application must be approved by the FDIC and the state of Utah. To date, the application is pending. In the meantime, six states Iowa, Maryland, Missouri, Wisconsin, Virginia, Vermont have passed legislation prohibiting any future Wal-Mart ILC from operating in their states.

- A Wal-Mart Bank would pose a serious threat of driving local community banks out of businesses, as they have done to local grocery stores, drug stores, hardware stores, etc.
- A Wal-Mart Bank could take capital out of local communities and refuse to make loans to local businesses.
- Wal-Mart says they are not getting into retail banking and testified in front of the FDIC that the leases of banks already existed in their stores, “were renewed at the discretion of the banks alone.” However, a report by Reuters found that at least some banks could be renewed only if both the banks *and* Wal-Mart approve.
- A Wal-Mart Bank would create a dangerous concentration of commercial and financial power.
- A Wal-Mart Bank would dwarf the banks of other retail stores. Target’s FY 2006 revenues of \$52 billion were only one-sixth the size of Wal-Mart’s.ⁱ Other large companies with ILC’s – like General Electric and General Motors – are only approximately half the size of Wal-Mart.ⁱⁱ
- Wal-Mart can not be trusted with our financial institutions because they have failed to follow the law in simple matters:
 - Wal-Mart is in the largest class action lawsuit in history, Dukes v. Wal-Mart. 1.6 million current and former female employees are suing Wal-Mart for gender discrimination on pay and promotion.ⁱⁱⁱ
 - In California, Wal-Mart was systematically and illegally denying lunch breaks to employees. In December 2005, a jury awarded \$172 million to 116,000 California Wal-Mart employees involved in the suit.
 - Wal-Mart paid \$11 million in March 2005 to settle “Operation Rollback,” a federal investigation that found hundreds of illegal immigrants hired to clean Wal-Mart stores. The penalty was the largest of its kind.^{iv}

ⁱ Wall Street Journal, Company Research, Wal-Mart Stores Inc, data for fiscal year ending January 31, 2006; Wall Street Journal, Company Research, Target Corp., data for fiscal year ending January 31, 2006

ⁱⁱ Wall Street Journal, Company Research, General Electric Co., data for fiscal year ending December 31, 2005; Wall Street Journal, Company Research, General Motors Corp., data for fiscal year ending December 31, 2005

ⁱⁱⁱ Bloomberg News, “Wal-Mart Didn't Act on Internal Sex-Bias Alert, Documents Show,” 7/15/05

^{iv} Washington Post, “Wal-Mart to Pay \$11 Million,” 5/19/05



Virginia Industrial Loan Company Legislation

Virginia HB 195: This bill prohibits an industrial loan company, chartered under the laws of another state, from establishing and maintaining an office in Virginia on the premises or property of an affiliate of such company if the affiliate engages in commercial activities.

<http://leg1.state.va.us/cgi-bin/legp504.exe?061+ful+CHAP0815>

CHAPTER 815

An Act to amend the Code of Virginia by adding sections numbered [6.1-232.2](#) and [6.1-232.3](#), relating to industrial loan associations and companies.

[H 195]

Approved April 6, 2006

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding sections numbered [6.1-232.2](#) and [6.1-232.3](#), as follows:

§ [6.1-232.2](#). *Commercial activities of industrial loan associations.*

A. No industrial loan association chartered under this title shall have an affiliate, as defined in § [6.1-232.3](#), that engages in retail commercial activities.

B. The prohibition in subsection A shall not apply to any industrial loan association with an affiliate engaged in commercial activities as of January 1, 2006, provided that ownership of such industrial loan association is not thereafter transferred to another company that engages in retail commercial activities.

C. If the Commission determines that any industrial loan association or affiliate of such company has violated this section, it shall order the industrial loan association or affiliate to cease and desist such practices and comply with this section. The Commission may enforce compliance with any such order by the imposition and collection of such fines as are prescribed by § [12.1-33](#).

§ [6.1-232.3](#). *Offices of out-of-state industrial loan companies.*

A. As used in this section:

"Affiliate" shall have the same meaning as set forth in § 1841(k) of the federal Bank Holding Company Act of 1956, 12 USC § 1841 et seq., as amended.



"Industrial loan company" shall have the same meaning as set forth in § 1841(c)(2)(H) of the federal Bank Holding Company Act of 1956, 12 USC § 1841 et seq., as amended.

B. No industrial loan company, chartered under the laws of another state, shall establish and maintain an office in the Commonwealth on the premises or property of an affiliate of such company if the affiliate engages in retail commercial activities.

C. If the Commission determines that any industrial loan company or affiliate of such company has violated this section, it shall order the industrial loan company or affiliate to cease and desist such practices and to comply with this section. The Commission may enforce compliance with any such order by the imposition and collection of such fines as are prescribed by § [12.1-33](#).





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