10 October 2006

By Email to Comments@FDIC.gov

Mr. Robert E. Feldman
Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington D.C. 20429

Re: Response to Request for Comment on Industrial Banks

As an independent director of Target Bank, a Utah industrial bank, I appreciate the opportunity to respond to the FDIC's Notice and Request for Comment regarding the ownership and regulation of industrial loan companies and industrial banks.

I am a retired financial services executive. Between 1971 and 1991 I spent 20 years under the Citicorp (now Citigroup) umbrella working in various executive roles in consumer financial services both inside and outside of the United States. From 1985 to 1988 I was CEO of Citicorp's Florida thrift, and senior corporate officer for Citicorp in Florida. From 1988 to 1991 I was a member of Citicorp's Credit Policy Committee, based in New York City, and was the senior Credit Policy officer for Citicorp's United States Consumer businesses.

From 1991 to 1995 I was CEO of American Savings of Florida, a troubled thrift headquartered in Miami. After recovering its financial and operational health, the savings bank was sold to First Union Corporation (now Wachovia) in 1995.

Target bank, chartered in 2004, was formed in order to grow a small business credit program previously offered by the bank's owner, Target Stores, into a national product. Our customers include schools, not-for-profits and social service agencies. We offer credit services to small businesses who desire a limited purpose credit card to establish a business credit rating and allow controlled purchase power for their employees at Target Stores. This is a valuable service to these customers which was not available through any other financial institution and would not be available if Target Stores did not own an industrial bank.

Target Bank is subject to regulatory examination in the same way as any other bank A major component of the safety and soundness examination is an in-depth review of all transactions between Target Bank and its affiliates. In addition, because Target Stores provides information systems for the Bank, the FDIC and the State of Utah perform a Bank Information Systems examination of Target Stores itself. Banking regulators have sufficient authority within the existing framework to safeguard against risk just as effectively for industrial banks as for any other regulated financial institution.

I have witnessed first hand the effectiveness of the current regulatory structure. For several years I served as an independent director for Conseco Bank, a Utah industrial bank, later named Mill Creek Bank. When the Bank's commercial owner, Conseco, declared bankruptcy in 2002, Mill Creek's board, operating independently from Mill Creek Bank's parent, determined that it would be appropriate to close because it was losing the flow of business from its parent. The Bank was able to sell its portfolio for a premium, pay all of its depositors and other creditors in full, and pay a substantial liquidating dividend to the Conseco bankruptcy trustee. The Bank board engaged independent counsel to assist in the bank sale. The existing regulatory structure, providing for an independent board of directors, therefore, assured the orderly resolution of a subsidiary bank of a highly troubled parent.

Target Stores has submitted comprehensive comments on this issue. In addition to the comments set forth in this letter, I wholly support the views expressed by Target Stores. Commercial ownership of industrial bank does not present an increased risk to the bank, the system or the insurance fund, and promotes rather than impairs fair competition.

Very Truly Yours,

/s/ *Stephen D. Taylor*

Stephen D. Taylor
Director – Target Bank