October 10, 2006

By E-Mail 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

I am an independent director of Target Bank, a Utah industrial bank, and 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.

My insight stems from my practical experience in the financial world. I spent twenty three years at Citibank in assignments ranging from long-range corporate planning, to devising entry and market strategies for credit card operations, to foreign exchange operations and trading, to managing investment banking activities at one of Germany's preeminent private banks, to taking over and reviving a failed local bank in Salt Lake City (I will come back to this experience later). I also spent eight years as a trouble-shooter for the most senior management of a major Wall Street financial institution, where I dealt with third world debt problems and finally the creation of a local bank in Moscow, Russia, while also directing the firm's business in the former CIS. Following this I managed my own boutique investment firm in Russia.

Target Bank, which was chartered in 2004, is a subsidiary of Target Corporation ("Target"). Target Bank was formed in order to expand a small business credit program previously offered by Target Stores into a national product with consistent terms and greater utility. Target Business Card customers include schools and not-for-profits looking for a convenient way to purchase supplies and incidentals, social service agencies that provide clothing and household items to low-income people and the victims of fire or natural disaster, and small business owners who desire a limited purpose credit card to establish a business credit rating and allow controlled purchase power for their employees at Target Stores. The Target Business Card is a valuable service to these customers which was not available through any other financial institution and would not be available if Target did not own an industrial bank.

Consistent with their authority to regulate both the bank itself and the activities of the bank's parent which impact the bank, the FDIC and the State of Utah in approving the Target Bank charter imposed a number of conditions and requirements to protect the safety and soundness of the bank and to ensure independence from inappropriate parental influence.

Like all insured institutions, Target Bank is subject to regular Compliance, Safety and Soundness, and Community Reinvestment Act examinations. Along with the investigation of the Bank's financial condition, a significant 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 provides information systems for the Bank, the FDIC and the State of Utah perform a Bank Information Systems examination of Target itself. In sum, the regulators have all the authority they could need and the system as currently structured is wholly adequate to guard against risk as effectively for industrial banks as it does for any other financial institution.

The effectiveness of the current regulatory structure to protect industrial banks from trouble at the parent is perhaps best illustrated by the example of Mill Creek Bank. When the Bank's commercial company owner, Conseco, itself went into bankruptcy, Mill Creek determined that it would be appropriate to close because it was losing the flow of business from the parent. The bank was able to sell its portfolio for a premium, pay all of its depositors and other creditors in full, <u>and</u> pay a substantial liquidating dividend to the Conseco bankruptcy trustee. The importance of maintaining the independence and integrity of the bank is particularly clear to me because I was a director of Mill Creek Bank. This experience gave me first-hand knowledge of just how effective the current regulatory safeguards and actions of qualified independent directors are in preventing losses at an ILC — even, as in this case, where the failed parent was a powerful, major financial institution.

Finally, back to my Citibank experience as president and CEO of a failed local bank in Salt Lake City, where I learned first-hand just how tough it is for a big outside bank to compete with competent, creative local bankers who know their markets and their customers. Those who fear competition from "big commercial firms" are the soft underbelly of the banking system and indeed are the institutions which should require the most scrutiny from regulators, state and federal. It should also be clear that certainly Target Bank and generally most ILCs are not in head-to-head competition with local banks around the country in their traditional neighborhood markets.

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

Sincerely,

/s/ *Dan C. Jorgensen*

Dan C. Jorgensen
Target Bank Director