



November 20, 2009

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
Twentieth Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Docket No.R-1370, Truth in Lending Act, Regulation Z

Dear Ms. Johnson:

Lord & Taylor is writing to express our concern with certain aspects of the revised version of Regulation Z proposed to take effect on February 22 (with some provisions taking effect in July). We request that the Board of Governors of the Federal Reserve System (“Board”) modify these regulations so that they provide reasonable consumer protections, do not unnecessarily limit the availability of credit (which would in turn reduce our sales), and do not impose an unreasonable compliance burdens on our business.

Lord & Taylor has 46 specialty department stores in the Northeast with over 9000 employees and one million credit customers. We have contracted with a third party outside bank to provide “private label” credit cards that can be used at our stores to purchase goods and services. Credit is very important to us as about 40% of our \$1.1 billion worth of customer sales are conducted on the Lord & Taylor credit card. While we understand that our credit provider has a number of comments concerning the proposed regulations, we are very concerned about one specific area: the proposed requirement to collect and use income information in connection with the granting of credit.

Ability to Pay—Collection and Use of Income or Asset Information

Our credit provider has advised us that under the proposed regulations, we will need to ask customers for information about their income and pass that information to our credit provider along with the customer’s name, address and other information. We have two concerns with this proposal as it relates to new credit applicants. The first is that the exchange of income information at the point of sale will be awkward for both customers and employees. Indeed, other customers may be standing nearby and it may be difficult for us to protect the applicant’s privacy. We are worried that this new requirement will have a chilling effect on the willingness of our store associates to offer credit to customers, and the willingness of customers to apply.

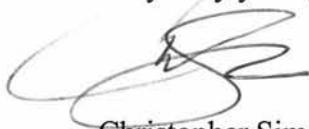
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The ability of customers to purchase on credit is critical to our retail business. In these tough economic times, we simply cannot afford for credit to become less attractive or more cumbersome to obtain, and we expect this income requirement to have a direct impact on our sales. Our second concern involves timing and logistics. In order for us to collect and pass income to our credit provider, both of our computer systems must change. Changing our point of sale system to capture and pass income information to our credit provider will take substantial time to program and test, and the work cannot start until January after the critical holiday season is completed. Therefore, if the Board is determined to make income information a requirement, we request that the Board allow credit providers to obtain and rely on estimated income information from reliable third party sources in approving customers for credit. We believe this is fair treatment for customers and workable for us.

Our credit provider also advises us that the regulation would require it to obtain income or asset information before increasing customer credit lines. Credit line increases are critical to our marketing efforts. Customers who are rewarded for good credit behavior with line increases do come back to the store to shop (thus increasing our sales). If our provider has to mail customers a proposed credit line increase and wait for the customer to provide income information in response, we expect the impact of this marketing and its corresponding contribution to sales growth to be thwarted. Moreover, we see no reason why an existing customer who has demonstrated his or her ability to pay through performance should be subjected to questions before obtaining a credit line increase that our credit provider believes is appropriate. We therefore ask that credit providers not be required to obtain income or asset information on customers who have been on the credit provider's books for a certain period of time (we suggest six months).

Consumer credit is crucial to our retail business and we do not wish to create unnecessary hurdles for our customers. Thank you for your consideration of our comments.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Christopher Sim', with a large, stylized flourish underneath.

Christopher Sim
Senior Vice President and CFO