

7A(C)(1)

Verne, B. Michael

From: [REDACTED]
Sent: Wednesday, October 03, 2012 4:47 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: Ordinary course exemption as applied to credit card receivables

Mike,

We would like to ask you about the ordinary course exemption and its availability in the circumstances described below. We believe that it would be available.

Company A is a retailer who issues private label and general purpose credit cards through two banks that it owns. It is proposing to sell its portfolio of general purpose credit card receivables to Company B. Company A will continue to issue, from one of its banks, other types of private label credit cards to business customers and non-profit customers; it will also offer debit cards and pre-paid cards as well. But it will no longer issue the types of credit cards represented by the portfolio being sold. We do not believe that Company A is exiting the business of issuing credit cards to its customers and therefore the ordinary course exemption would be available. We think this view is consistent with a number of informal opinions addressing acquisitions of receivables relating to the credit card business, and are seeking confirmation that this is still the view of the PNO.

Would you agree or would you need more details about the cards that will still be offered or the informal opinions we are relying on? (Please note that the FTC web page informal interpretations search function seems to be having difficulties today, so I was unable to list the opinions we have found in our review.)

Many thanks,

[REDACTED]

Agree
BM
10/4/12