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Via E-Mail: rule-comments@sec.gov

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington D.C. 20549-1090

Re: *Comments on Proposed Rules for Implementing the Whistleblower Provisions of Section 21F of the Securities Exchange Act of 1934*
Release No. 34-63237; File No. S7-33-10

Dear Ms. Murphy:

We respectfully submit this letter in response to the request for comments on the proposed rules relating to Securities Whistleblower Incentives and Protection. We write from the issuer's perspective, with the purpose of emphasizing two key points that we believe are common concerns among the issuer community. Specifically, we find the following two aspects of the proposed rules to be the most objectionable:

Adverse Impact on Corporate Compliance Programs

We appreciate the Commission's efforts to design a rule that attempts to respect existing compliance reporting systems; however, we believe the proposed rules do not go far enough to preserve the prominence of these programs in fostering corporate compliance. With respect to companies that maintain an internal reporting system that complies with the Sarbanes-Oxley Act of 2002, the Commission should require employees to report their claim of a potential violation through a company's internal reporting system as a condition to being eligible for an award.

Since the passage of the Sarbanes-Oxley Act, companies like ours have invested substantial sums in refining and promoting their internal compliance programs. The internal reporting feature is one very important piece of the overall compliance program, which consists of a careful blend of policies, training programs, auditing, internal reporting mechanisms, and investigation and follow-up procedures. We believe

that the new legislatively-mandated whistleblower incentive program has the potential to seriously undermine the operation of these programs if not properly implemented.

In our view, the Commission's approach in the proposed rules is too narrow in its focus and ignores the broader and longer-term effect this incentive program could have on corporate compliance programs. While the proposed rules allow for internal reporting without prejudicing a person's ability to claim an award, we believe that the prospect of a monetary award will be so appealing to a would-be whistleblower that few, if any, such complaints will be made through internal reporting systems. In our view, the Commission has failed to adequately appreciate the degree to which companies utilize the feedback from their internal reporting systems to modify and further tailor their programs to address potential compliance issues, such as through policy changes, additional training or through disciplinary actions. By implementing this incentive program in a way that is highly likely to deprive the company of each and every report of a potential violation, the whistleblower incentive program would take away from a company's efforts to foster an open and ethical culture and could have a long-term adverse impact on the level of corporate compliance.

In addition to requiring internal reporting as a condition of award eligibility, we believe the incentive program should be implemented in a way that allows a company a reasonable opportunity to investigate the report before a claim is made under the program. As proposed, the rules provide a substantial incentive for employees to make reports to the Commission on the basis of rumor, suspicion or even a misunderstanding of the law in order to be the first to make a report. Corporate compliance programs are designed to encourage employees to report their questions, concerns and suspicions so that any issues can be investigated and remediated. Allowing a company the opportunity to conduct an investigation first would further serve to promote existing corporate compliance systems as an effective tool for resolving and preventing violations, and save valuable Commission resources in addressing many complaints.

In summary, we believe that a rule that would require that internal processes be used first would both preserve the benefits of corporate self-policing and advance the interests of the Commission without detracting from the purpose or effectiveness of the statutory whistleblower program.

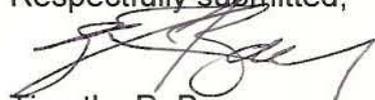
Exclude Bystanders and Culpable Persons

Our second objection relates to the treatment of those whistleblowers who bear some culpability for the violation or were in a position to speak up and prevent a violation from occurring in the first instance. In the proposed rules, the Commission notes that it will take into consideration a whistleblower's culpability or opportunity to prevent wrongdoing as a factor in determining the amount of the award (which, by statute, must be at least 10% of any recovery). We believe, however, that a

whistleblower who bears some responsibility or is clearly in a position to speak up and prevent a violation from occurring should not be eligible for any award at all. Accordingly, we request that the final rule add an eligibility condition to exclude those persons.

We appreciate this opportunity to provide our comments on the proposed rules.

Respectfully submitted,



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