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July 22, 2008 The Federal Reserve Board of Governors RE:

Regulation AA – Proposal for change to Unfair or Deceptive Acts or Practices (Docket R-1314) I want to thank the Federal Reserve for finally taking on the source of many problems in our economy, the excessive availability of credit and the profiteering from the abuse of credit. Regulation AA is very necessary to slow the credit growth that will likely never be paid back. As we all know banks lend money that does not exist, if defaults are high money is destroyed. Many businesses and individuals turn to credit cards and other unsecured credit as a lender of last resort when money problems occur.

Extending excessive amounts of credit to folks who are not worthy of said credit is dangerous and threatens the house of cards that is the fractional reserve system. The board of governors has a change to make a difference to every American and curb the abusive lending that occurs. I hope that in the long run we can save the credit card industry from destroying its self but in the short term we must stop the abuse. Interest rates of the unsecured credit markets are ridiculous, and an indication that there should be a limit to how much risk should

be taken. Our economy may depend on these high risk high interest loans for growth but the default of these loans has a very high personal cost to many folks and only steals from the future to make ends meet today. I view the entire credit card industry as a bunch of criminals stealing from the poor. They offer folks terms they cannot understand, teaser rates, offers, and incentives and make a handy profit in the long run when they charge usuriously high interest rates. It would seem to be a responsible practice to index credit card rates against a government debt benchmark with a maximum rate of margin at which the debt can be market up. This way the credit can always be available to a group of folks who are worthy. Short term debt is cheap for the government but it is among the most expensive for the individual, if the government can manage its finances so badly and be rewarded with low interest rates a consumer surely can at least follow similar rules. I believe that people should not be given excessive amounts of unsecured credit when compared to their income and that parties which provide unsecured debt in excess of a person's ability to pay said debts should lose all claims in bankruptcy automatically. Many of the pitfalls of the unsecured credit system fall upon the consumer but little if any fall upon the debt issuers who are responsible for lending to folks who cannot afford to pay back the loans in the first place. The risk should be shared between the lender and the borrower more equitably, in that a lender should do its homework to see if it will be paid back or forgo lending the money. If it is found that too much debt exists from a consumer then the consumer should be relieved of excess debt granted by lenders who are negligent and offer too much money. The fees associated with unsecured credit must end, as you know many states have regulations on unsecured lending practices such as credit cards, pay day loans, car title loans, and other types of consumer loans. One of the commonalities is that these rules can't apply at times if an organization is regulated nationally rather than a state. The Federal Reserve needs to find a way to allow regulations such as usury laws, limits on fees, and other prohibitions a state finds necessary to apply. The consolidation of credit with just a few firms is dangerous to our economy; the collapse of a major issuer would cause all sorts of problems in the credit markets. The Federal Reserve should find a way to offer incentives for small issuers at the expense of large issuers by promoting credit unions and state chartered banks to have priority in these markets. This prevents the risk of collapse for any of these issuers and spreads the risk amongst many institutions rather than large firms like Chase, Bank of America, etc.. I do not believe that the consolidation of control over this industry is beneficial because terms become less negotiable and the competitive edge is lost because there are little if any differences in account terms between the major players. The Federal Reserve needs to serve the

interest of the public in making regulations that benefit millions of Americans. While the purpose of the federal reserve might be to serve the banking system, your constituents are the consumers of the currency not the large banking interests that have too much power. The board must help us break the cycle of poverty that credit causes; it prevents education, opportunity and is performing poorly for the vast majority of folks. I also believe that the Federal Reserve must look very carefully at cash advances, which I believe are a dubious type of loan when made on credit cards. If someone borrows cash from a credit card during the month they obviously aren't going to be able to pay it back at the end of the month. Plus interest rates for this type of credit are generally very high. The abusive availability of irresponsible credit added to the housing crunch as many folks used their credit cards to cover expenses in efforts to purchase homes, fix up homes, and inflate the number of transactions. The banking industry is mainly to blame for profiting from this disaster and deserve to take losses related to these were of their own making and participation in this problem. I ask the governors to make changes that cut the amount of credit available and to reduce frivolous fees and deceptive practices that the industry has benefited from. I believe large credit card issuers are entirely to blame for their troubles and should be subject to limits in the number of customers they can issue their cards to. Banks with millions of customers are not in the public interest because they are not responsive to their customers. The use of limitations of scope and aggregate credit on a per person basis would really help to curb the abuse of unsecured credit. As we all know banks borrow money from the Federal Reserve, I believe it is irresponsible to allow these banks to make profits in borrowing money to the Federal Reserve at a very low rate and then lend the money to consumers at adsorbent rates. If a company engages in re-lending money they borrow from the Federal Reserve in any capacity they should forfeit their profits back to the federal government in exchange for the unnecessary inflation. Please do what you can to curb the abusive consolidation extension of credit to individuals and businesses that do not need such credit.

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