

**From:** "Auden L. Grumet, Esq." <auden@bellsouth.net> on 06/04/2008 12:55:00 AM

**Subject:** Regulation AA

Dear Board of Governors of the Federal Reserve System:

I write as both an individual/consumer and as Consumer Rights litigation attorney who is all too familiar with the plight of consumers who are at the mercy of Credit Card banks due to inequitable and unreasonable contracts of adhesion in conjunction with their accounts. And I have seen and experienced, both personally firsthand and on behalf of my Clients, the unscrupulous, deceptive, misleading and unfair tactics employed and implemented by such creditors,, including the following:

**Hidden or inconspicuous notices containing tiny and difficult to read [let alone understand, for even the most sophisticated readers, such as myself] about change of contractual terms (that are often contrary to those for which the consumer originally contracted) and giving unilateral and unreasonable time deadlines by which to respond [assuming one is even given an option to opt-out, for example];**

**Misleading statements about Fair Credit Billing Act [FCBA]/Truth in Lending [TILA] Notices of Dispute [e.g. providing forms and or instructions containing unlawfully stringent/short response deadlines and or which seek information unnecessary or irrelevant to a Billing Dispute];**

**Improperly and unfairly revoking a lower or Promotional Interest Rate for unsubstantiated/invalid/unlawful reasons, such as erroneous determinations of late payments or of payments that are lawfully withheld due to a legitimate and timely-issued FCBA Notice of Billing Error/Dispute by a consumer that is or should be still pending and under investigation but is either ignored or improperly/insufficiently investigated;**

**Insufficient and or untimely responses to customer inquiries/notices;**

**Failing to adhere to FCBA/TILA issued Billing or Account Error requests for verifications issued by Consumer Reporting Agencies;**

**Sudden, random, inequitable and unlawful increases in Interest Rates which are either unwarranted, unjustified and or NOT clear or conspicuous and or are not given in advance;**

**Failing to provide or timely provide provisional credits under the FCBA/TILA;**

**Inadequate or non-existent cooperation with consumers with respect to coordination and assistance with merchant disputes and Billing Errors [e.g. concluding a legitimate Billing Error does not exist WITHOUT conducting a reasonable investigation in good faith as to same];**

**Failing to provide FCBA rights and remedies to consumers for transactions using "Convenience Checks" - despite the clear statutory mandate and caselaw/administrative interpretations which clearly hold that such indeed qualify as transactions made by "credit instruments" subject the protection of the Rules;**

**Refusing to abide by consumer opt-out requests that the Credit Card bank NOT process their payment drafts by ACH - a right to which they are entitled by law;**

**Erroneous and or negligent handling of electronic payments processed pursuant to the Check 21 Act;**

**Burying references to applicable Late Fees or accumulated Interest fees on Statements in a manner not at all likely to be seen by consumers;**

**The banks' ability to issue important notices about the account along/enclosed with Statements in a manner NOT likely to be seen or read by consumers;**

**Requiring consumers login to a cumbersome and time-consuming website process to communicate with their lenders, instead of being required to provide a direct email address [such as the one to which I'm not writing] to consumers (the purported concerns about "security breaches" are entirely misplaced and exaggerated);**

**Providing a much-too-narrow window in which to submit payment (and often failing to timely credit payments when received);**

**Backdating or intentionally erroneously post-marking non-Statement correspondence in a manner so as to grossly shorten the time frame in which, for example to respond to a Billing Dispute [or reply thereto] (in fact the 60-day limitation of submitting same ought to be doubled, perhaps unless the bank can establish actual prejudice in a particular matter due to the delay); and**

**Any and all other deceptive, misleading and unfair practices that are widespread and common throughout the industry.**

Said another way, I am emphatically in favor of any proposed Rules that would increase the burdens and or scrutiny upon/of credit card banks or other lenders with respect to any practice unfavorable to consumers and or that would broaden the rights of and protections given to consumers/individuals with respect to credit card transactions. And I therefore specifically support the "Proposed Regulation AA" or any other similar legislation which "levels the playing field" among the parties.

Furthermore, I am even **more emphatically opposed to Mandatory Binding Arbitration** or other ADR procedures pertaining to consumer disputes with banks or other lenders. In addition to the Constitutional problems with such schemes, it is inequitable and financially burdensome - despite claims to the contrary - to compel consumers to give up their right to a trial by jury and or otherwise pursue judicial relief in a court of law. Optional or non-binding procedures are less problematic, but no consumer should be bound by boilerplate contracts of adhesion that contain restrictions on and which undermine what is perhaps one of - if not *the* - most fundamental and important remedial measures available to individual citizens of this country; *to wit* , to seek redress in a court of law.

Thank you in advance for considering my input, and I look forward to favorable action on these issues.

Sincerely,

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