

DLLR

STATE OF MARYLAND

DEPARTMENT OF LABOR, LICENSING AND REGULATION

MARTIN O'MALLEY, Governor
ANTHONY G. BROWN, Lt. Governor
THOMAS E. PEREZ, Secretary

Office of the Commissioner of Financial Regulation
Sarah Bloom Raskin, Commissioner

www.dllr.state.md.us/finance
E-mail • finreg@dllr.state.md.us

March 30, 2009

Jennifer Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue
Washington, DC 20551

Dear Ms. Johnson:

We appreciate the opportunity to comment upon the proposed amendments to Regulation E that would limit the ability of a financial institution to assess an overdraft fee for paying automated teller machine (ATM) withdrawals and one-time debit card transactions. The proposal would preclude such fees absent either an opt-in or opt-out by the consumer for overdraft protection. We support the purpose of this proposal and strongly encourage adoption of the OPT-IN approach.

In Maryland, as in other parts of the country, the use of automated overdraft has increased rapidly, and we have received complaints from numerous Marylanders who were charged significant fees as a result. These consumers never intended to utilize the overdraft protection and, rather than being denied funds, fell victim to fees that proved even more damaging. Worse, we have seen automated overdraft compound other problems as perpetrators using stolen PIN numbers are able to leverage overdraft to do even more damage. The consumer is left to clean up a problem that has been exacerbated by overdraft protection which he or she never wanted or even knew existed.

Our experience in Maryland is consistent with other reports nationwide. Research by the Center for Responsible Lending shows that at least two-thirds of consumers would prefer to have a transaction denied than to pay an overdraft fee.

We believe that consumers would be best protected and served by a system that relies on the user to choose the fee-based benefits that he or she will receive. If the perceived benefits outweigh the costs, then those consumers who desire overdraft will simply opt-in, just as they do in asking for overdraft line increases today. At the same time, others will not receive or be charged for services that they do not want. This is the fairest way to protect all consumers.

Office of the Commissioner of Financial Regulation
500 North Calvert Street • Suite 402
Baltimore, Maryland 21202-3651



Keeping Maryland Working and Safe

410-230-6100
(Toll Free) 1-888-784-0136
(Fax) 410-333-3866 / 410-333-0475

Again, thank you for the opportunity to comment upon the Board's proposed revisions to Regulation E.

Best regards,



Mark Kaufman
Deputy Commissioner of Financial Regulation
State of Maryland



Delegate Dana Stein
House of Delegates
State of Maryland