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Proposal: Regulation Z - Truth in Lending

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Comments:

Regarding the Federal Reserve Press Release dated May 23, 2007, in which comments on proposed changes to Regulation Z were invited. There is something that I think would address most of the serious and substantial angst which is brewing among the credit-consuming public. It is common knowledge that upon opening an "account" with a credit card company, the applicant's financial profile is used as the basis for creating credit where none had previously existed. The audacity of credit creation has been commented upon by former Chairman Greenspan, among others. A company issues a piece of plastic with a magnetic strip, and presto, one is free to indulge oneself in the Consumption Society. The company issuing the plastic card has no actual legally defined "money" to lend the consumer, an "account balance" is literally created the moment the card is "swiped" and interest charges on this fictitious "balance" usually begin accruing at the commencement of the next "billing cycle." As opposed to the example of when a debt card is used and the transaction amount is subtracted from an actual checking account balance. It would seem so obvious that the most constructive changes to the Regulation Z would include the requirement that upon application for a "credit account" the consumer be informed of the proprietary nature of his or her financial profile, and of his or her legal right to any and all fictitious "credit" created from this financial profile. Any changes that fall short of this would leave in place a system which clearly and blatantly violates 18 USC Sec. 1341. The credit card companies don't even possess any Federal Reserve Notes to lend to anyone, let alone anything as antiquated as specie.