

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL



PHYSICAL ADDRESS:
812 Quarrier St.
Charleston, WV 25301

MAILING ADDRESS:
P. O. Box 1789
Charleston, WV 25326-1789

E-Mail: consumer@wvago.gov
<http://www.wvago.gov>

STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL

Consumer Protection
and Antitrust Division
(304) 558-8986

Preneed Funeral Services
(304) 558-8986

Consumer Hotline
1-800-368-8808

FAX: (304) 558-0184

July 24, 2008

Via electronic transmission
regs.comments@federalreserve.gov

Jennifer L. Johnson, Secretary
Board of Governors
Federal Reserve System
20th and constitution Avenue, N.W.
Washington, DC 20551

RE: Comments to Docket No. R-1286
Regulation Z

Dear Ms. Johnson:

The Attorney General for the State of West Virginia supports New Hampshire's comments on the Comments to Docket No. R-1286, Regulation Z, attached. Unfortunately, I was out of town the week of the July 18 deadline.

Sincerely,

A handwritten signature in cursive script that reads "Charli Fulton".

CHARLI FULTON
SENIOR ASSISTANT ATTORNEY GENERAL

CF/rb

Attachment

July 18, 2008

Jennifer L. Johnson, Secretary
Board of Governors
Federal Reserve System
20th and Constitution Ave., N.W.
Washington, DC 20551

By email: regs.comments@federalreserve.gov
By fax: 202-452-3819

Re: Comments to Docket No. R-1286
Regulation Z

Dear Ms. Johnson:

We, the undersigned Attorneys General, are writing to comment on the Federal Reserve Board's proposed revisions to Section 226.13, Billing Error Resolution, under the Truth in Lending Act (TILA). We appreciate the Board's efforts to reinstate the substance of footnote 31 which requires issuers to take concrete steps for resolving claims of nondelivery of goods or services, in a new comment, 13(f)-3.

I. Proposal to Improve Consumer Protection re: Credit Card Billing Disputes

It has come to our attention, however, that in the context of prepaid services, such as when consumers prepay for home heating oil, footnote 31 and the definition of "Billing error notice" in §226.13(b)(1), as currently written, can work to exclude a large number of consumers from obtaining satisfaction from an issuer.

Footnote 31 requires the issuer, if a consumer submits a billing error notice alleging the nondelivery of property or services, to conduct a reasonable investigation and determine that the property or services were actually delivered, mailed, or sent as

agreed. § 226.13(b)(1) defines “Billing error notice” as a written notice from a consumer which “is received by a creditor at the address disclosed under §226.7(k) no later than 60 days after the creditor transmitted the first periodic statement that reflects the alleged billing error.”

In the past year in New Hampshire, a home heating oil company which had accepted prepayments from numerous consumers for the future delivery of oil went out of business without notice to its customers. In many instances, consumers had prepaid for the future oil deliveries with a credit card. Thus, when the oil company went out of business, consumers had already paid the business for the total amount of oil deliveries which they did not receive. In other words, the 60 day time frame given in §226.13(b)(1) during which the consumers were required to submit a billing error notice had already lapsed before the consumers knew that the goods for which they had prepaid would not be delivered.

As an example, on June 1, 2007, Consumer takes advantage of prepaid home heating oil rates and purchases 1,000 gallons of oil at \$4.00 per gallon. Consumer pays for the \$4,000 purchase using a credit card, and pays the credit card statement on June 30, 2007 when it is received. On February 15, 2008, the heating oil company goes out of business without notice to any of its customers. February 15, 2008 (or later) is the first time Consumer learns that the heating oil he had purchased would not be delivered. Because more than 60 days have elapsed since when Consumer paid his credit card bill on June 30, 2007, footnote 31 and § 226.13(b)(1) which defines “Billing error notice” work together to prevent Consumer from filing a billing error notice which will be successful.

As you can see from the above example, in instances where consumers prepay for goods or services, it is impossible for them to comply with the 60 day time frame in which to submit a billing error notice to the card issuer.

II. Conclusion

We urge the Board to undertake new rulemaking to address the problem as set forth above. One way to do so would be to include in §226.13(b)(1), the definition of “Billing error notice”, language which would require a consumer to submit a billing error notice “no later than 60 days after the creditor transmitted the first periodic statement that reflects the alleged billing error, **or no later than 60 days after the consumer discovers, or in the exercise of reasonable diligence should have discovered, the billing error.**”

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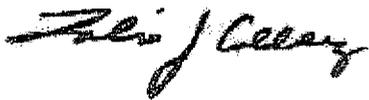
Please do not hesitate to contact me if you need additional information or if we can be of further assistance.

Thank you for your consideration.

Sincerely,



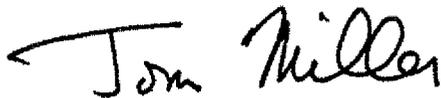
Kelly Ayotte
Attorney General of New Hampshire



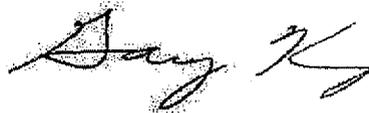
Talis J. Colberg
Attorney General of Alaska



Joseph R. Biden, III
Attorney General of Delaware



Tom Miller
Attorney General of Iowa



Gary King
Attorney General of New Mexico



Nancy Hardin Rogers
Attorney General of Ohio