

From: "Laurie Moeller" <lorlla@wat.midco.net> on 07/31/2008 09:55:04 PM

Subject: Regulation AA

July 31, 2008

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

RE: Docket No. R-1314, Proposal to amend Regulation AA, Unfair and Deceptive Acts or Practices

Dear Ms. Johnson and the Federal Reserve Board of Governors:

Thank you for providing me with the opportunity to provide comments to the proposed rules on Regulation AA.

My name is Laurie Moeller and I am the Human Resources Officer for First PREMIER Bank and PREMIER Bankcard in Watertown, SD. I have been an employee of PREMIER since January 1999. What I have learned during my experience working for PREMIER is summarized below.

PREMIER Bankcard currently employs 525 employees at our Watertown location. Aside from the public school system, we are the largest employer in the community of Watertown.

PREMIER values state our CUSTOMERS are our #1 priority and are treated with fairness, consistency and respect. This is something I witness each day in observing employees on the phone. It is a core value and we expect nothing less from our employees. They are held to this standard in each cardholder transaction that occurs.

PREMIER values the communities we are located in throughout the state of South Dakota by giving of our financial commitment and staff volunteer participation. PREMIER donates literally thousands of dollars and thousands of volunteer hours to many organizations throughout our community. Our community is a stronger and a better place to live because PREMIER gives back.

PREMIER operates under a code of ethics and our business is conducted in a moral, ethical and operationally sound approach with the highest regard to integrity. Integrity is the cornerstone of our business. As a human resources professional, I would not consider a career with a

company that did not conduct business in a moral and ethical manner, with the highest integrity. I am proud to be part of the PREMIER team!

I am writing this letter because I very strongly oppose the Federal Reserve Board's UDAP Proposal as it applies to low limit credit card accounts.

The Federal Reserve is making a value judgment on a product by imposing price controls in a free market system. Just as insurance, as well as many other risk-based businesses, the credit card industry is risk based and the business needs dictate the freedom and right to work within the free market system. Consumer pricing should be left to the market, not imposed by the government.

The proposal would have many far reaching negative impacts, which should be carefully considered. At PREMIER, our card is designed to help individuals with no credit or damaged credit to rebuild and re-establish a positive credit history. Lack of access to credit for those with low credit scores or no credit is a problem. Credit scores are currently being used to determine eligibility for employment, auto insurance, apartment rentals, utility connections, as well as opening and maintaining checking accounts, in addition to the traditional use of mortgage or auto loan insurance.

Our card is structured in such a way that it is affordable because it allows the consumer to pay over time. Requiring consumers to pay all the fees up front, would deny credit to millions who need it. Policymakers need to consider promoting a credit market that assists people whose credit scores are less than stellar, as a tool to bridge their way back to prime. The proposed changes will ultimately negatively impact minority groups - African Americans and Latinos, where there currently is a considerable gap in wealth between whites and people of color. Limiting access to credit will certainly further harm these minority groups who are already struggling, by denying them access to credit. Our government should protect every consumer, regardless of race, religion or credit score. The government needs to allow a credit market that assists those with less than stellar credit an opportunity to bridge their way back. It is difficult, if not impossible to build wealth without access to credit.

Today, millions of consumers utilize low limit credit cards as their only tool available in a financial emergency to restore credit. Without this card, this substantial base of consumers will not have the ability to purchase goods or services over the internet, rent a car, or book a hotel or flight. The impact will only serve to worsen an already recessive economy.

Government should refrain from price fixing within the free market system. Just like insurance, low limit credit cards are structured to factor in a higher risk. It is critical that card issuers are able to price their products in a way that allows them to absorb the loss by those who default. The expenses of issuing and maintaining these cards are higher than those of traditional cards. The Federal Reserve Board's proposal regarding fees and deposits is likely to drive the issuers to cut back substantially, and many will be forced to exit the market all together.

The Federal Reserve Board's proposed changes will negatively impact consumers, minorities, credit card companies, employees of those companies, as well as the communities of those companies, including a great impact to the state of South Dakota, in which PREMIER employs over 3,000 people. Not only will the impact touch SD, but will ripple across the United States and will ultimately lead to an increasingly troubled economy.

In conclusion, what we are facing in many cases is a complete lack of personal accountability. Personal accountability for our actions, our choices, and our decisions. It is a sad day when the citizens of the United States encounter such a lack of personal accountability for their own actions that they are willing to surrender their freedom and require that the government come in and take care of them. When the government needs to regulate our business and our choices, we do not win as consumers, as businesses, and as free citizens. What we need is a wake-up call to personal accountability and responsibility, not more government controls.

Respectfully Submitted,

Laurie A. Moeller
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