

Dear Ms Johnson and the Federal Reserve Board of Governors:

Thank you for providing me the opportunity to comment on the proposed rules on Regulation AA. I have been in the credit card business for over 25 years in various capacities (Representative, Manager, Director and President). This includes both operational and audit. Because of this background I feel very educated on making the comments and the impact that some of the proposed changes will have on the consumer and the banks.

I agree that controls are needed to minimize risk, disclosures are required to educate the consumer and regulations are needed as a check and balance for the credit card business. However, I am a bit confused on what right the Federal Reserve has on trying to mandate price control in a free world market? I have never seen this type of proposal in my 25 years in the industry.

I currently work for a credit card company that offers a product to consumers with less than perfect credit. I hear numerous stories of how this product as provided a security blanket when no other credit card company would ever consider them as a customer. We offer these high risk customers a very low credit line as a method of assisting them to establish and build credit. Most of these folks do not have the discipline to manage a large available credit when they apply with us but are taught over a course of time what it takes to establish credit worthiness. Fees are assessed to off-set the risk of booking these consumers. Our disclosures and marketing material have been designed in a way to help the consumer make a clear and concise decision on applying for our product. We have developed a 100% refund policy, if after the consumer gets the card they no longer want it. Our company was the first to offer this and has been reviewed multiple time by the Federal Reserve office in Minneapolis. We stand behind our product, we look out for the best interest of the consumer, we have a track record of assisting consumers establish or build credit, but most important, we do it the right way, every time.

More and more consumers are falling into credit problems. More and more consumers are wanting to do the right thing but are not given the chance to prove what they are capable of accomplishing. Customers in our niche market are not bad people. many of them have had unfortunate circumstances that have blemished their credit. unforeseen medical bills, divorce, loss of job are just a few of the type of consumers we service. They understand the issue and more important understand why fees have to be build prior to having a higher amount of available credit. The consumer understands that they need assistance in establishing and fixing some of the previous credit issues. it would be a travesty if the Federal reserves proposal was to be approved. Not only to the consumer but to the hundreds of thousands of employees working in the credit market. Not only would it hurt the consumer but it would put a lot of good people out of work, causing more families to suffer and putting more people into a whole they can not get out of.

Up-front fees are needed to protect the consumer and the bank. Up-front fee billing needs to be disclosed in a way that the consumer can decide if this is the right product for them, clear and concise. up-front fees are required to assist the consumer in becoming more disciplined on making payment rather than just going out and making purchases. Explain to me how this is wrong and does not protect the consumer and bank? This is the perfect method for helping people regain control in their life.

My point is this -

- 1) The Federal Reserve has no right mandating price control
- 2) This proposal would take away the opportunity for consumers with less than perfect credit to ever see light at the end of the tunnel
- 3) Credit is needed for people with less than perfect credit
- 4) Clear and Concise disclosures are needed so a consumer can make an educated decision
- 5) By offering a 100% refund policy, the bank is looking out for the best interest of the consumer
- 6) Government should protect consumers but not dictate nor limit them on how they make choices
- 7) Banks should protect consumers but not prey on them with Unfair Deceptive Acts and Practices
- 8) This proposal would hurt the consumer, the bank and thousands of employees within this industry

Thank you for your attention to this matter. I am confident that the Federal Reserve will see that this proposed rule change, specifically on how fees are assessed, is not the right thing for the consumer or the bank. I appreciate the opportunity to respond and look forward to reviewing the amended proposal.

Respectfully Submitted,

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