

From: sandrajlawson@hotmail.com on 06/26/2008 09:20:03 AM

Subject: Regulation AA

Board of Governors of Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Federal Reserve Board Director,

My 17 year old son got his first checking account. It came with a debit card. The bank told him he could only withdraw as much money with the card as was available, that the card would not allow a withdrawal for more than was in the acct. He did not have internet access at the time, his paychecks were direct deposits into the account, but elected to go paperless at the time because he was very concious of the environment, and concerned about identity theft. He was very careful to tally how much money was going into the acct. and how much money he was spending. He had not been told that there could be a fee by the bank to allow him to withdraw money from their own atm machines, he knew there was a charge to get money out of a another bank's atm.

After about 6 months he got a letter from the bank telling him that he was \$1800.00 in debt from over draft fees. Thsi was a 17 year old high school student working a part time job. We went to the bank and made them printout the entire 6 months history. They would not forgive even one charge, it ruined his credit history before he even really had one. It has effectced his life now for 10 years. They put a black mark on his credit history so that he was not able to get another checking account at any bank. He has had to use check cashing services that you pay for ever since. Only recently has he been able to set up an account--with a credit union.

Second experience, same time period, another son. Newly wed, his older brother got a checking account. It also came with a debit card. Different bank, same city. He and his wife were told that the debit card would not allow them to go into overdraft. His wife was young and inexperienced, just learning how to handle an account. Every month the card allowed them to overdraft and the bounced check fees are \$34/check. My son used payday advances to cover the overages, these only allow money in \$20 incriments with a \$2 charge on each. Since he was being paid every 2 weeks and the bank collects on these straight from the direct deposits, he was now paying \$34.00 plus \$4.00 to cover each instance. Imagine, overdrafting by \$5.00 then cost you \$38.00!

Third experience. One of my sons is on permanent disability. He only gets \$563.00 a month for Social Security. His medications are not on the \$4.00 list at WalMart, his rent is \$400.00 a

month. Utilities are about \$100.00 a month. His meds cost about \$60.00 a month. If you add this up you will see that no money has been left for food, or clothing. His Social Security checks are direct deposited into a checking account. If he does anything to make money it is taken out of his Social Security for a different month. He has ended up homeless because he could not afford rent--because of these debit card overdrafts. He HAS to take his meds, people have to eat. He eats at the homeless shelter many times a week, just to make ends meet. With the price of energy having gone up so high his utilities went up higher than he could afford, he paid them to keep the heat on, that put him into overdraft, he used the payday advance, hoping the weather would warm up and lower the utility bill for the next month, thus getting into a cycle of one payday advance after another. that same \$120.00 utility bill ended up costing him \$296.00 over a three month time period and he became homeless. He is 36 years old and didn't want to be a further pull on my or his brother's bank accounts because we are all struggling with the recession.

Sincerely,
Sandra Lawson
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