

Subject: Regulation AA

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

Dear Federal Reserve Board Director,

Yes! There is something very fishy when your bank takes advantage of withholding 70% of a deposit made from another financial institute's check. The excuse for it is the instrument needs to clear before giving you full credit. During the process they charge you over drafts, which later are reversed. And while this is taking place and if your monthly statement is mailed to you, and if it happens to be just a day or two, it will show you had over drafts. And if you need a copy of it for some financial transaction, it reflects a negative image.

The kicker here, they still make money from you even if they do reverse the charges in two ways.

1.- They can earn interest from the over draft by investing it or lending it. As your money is held hostage, it's there income and you only get a black mark on your bank statement.

2.- Even when your account is accredited, you end up from a dollar to five dollars short. You call them and the answer is: "There was a glitch in the system and you are assured you will get the underpayment back." How many bank customers will actually notice and get angry of this practice? Just a few.

It has only happened to us a very few times, but it does make you wonder how many times during a month this practice takes place across the country? The number could be very high, as if you are only conservative, the ballpark figure could be in the millions, as it depends on the number of bank customers.

At one time there was something called "Check Guaranty." The banks did not charge fees, but not all of the customers were granted such privilege. You had to have a long relationship with them and a clear banking history.

And, YES, the customer should be given the option to sign up for it and the bank should provide the necessary information of the cost for the over draft, with its proper exclusions (i.e. increase on the cost of processing the transaction). Which now brings us to analyze the real cost the banks incur while they take such an action. We need to know why the fees are so high. There should be a breakdown of the process to justify the charges on an over draft.

We hope we have provided you with additional tools in order to

make a more and better decision when analysing the proposed regulations and make it more friendly for the customer than for the banks.

Sincerely,

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