

From: kbusse@ameritech.net on 06/03/2008 12:50:03 PM

Subject: Regulation AA

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

Dear Federal Reserve Board Director,

Recent proposed rules do not sufficiently protect AMERICAN FAMILIES from the banking industry's abusive overdraft "protection" practices, where customers unwittingly become frequent short-term borrowers through high-cost debit cards. Such abuse is predatory lending, costs AMERICAN FAMILIES \$17.5 billion annually in overdraft charges, and adversely impacts the financial stability of AMERICAN FAMILIES and our economy. We cannot afford to give banks another free ride at the expense of AMERICAN FAMILIES and TAXPAYERS who unwittingly become bail-out partners (e.g., the sub-prime mortgage debacle).

Recently, my son opened a checking account at TCF, where TCF steered him toward a no-minimum balance checking account with a debit card that TCF strongly encourages over the use of checks and credit cards, which offer less costly overdraft protection.

Knowledge of TCF's unscrupulous overdraft "protection" abuse arrived via U.S. mail in a "Special Handling Notice" five (5) days after an overdraft event. The notice stated that "[Three] items listed as "PAID" were honored by [TCF] even though [his] account did not have sufficient available funds." [emphasis added] The Special Handling Notice itemized an \$8.75 overdraft resulting from three charges (\$1.94, \$3.82, and \$10.10) totaling \$15.86. On that day my son's account began with \$7.11, and because Congress and the Fed allow banks to manipulate the processing sequence of debits and deposits (first debits highest to lowest then deposits, rather than chronological order) the three items resulted in three \$33.00 overdrafts totaling \$99.00. To add insult to injury, during the five days it takes a Special Handling Notice to arrive via snail mail, TCF provides no electronic notice of additional overdrafts. All told, by the time knowledge of the overdrafts arrived, four additional overdrafts came to light, and seven overdraft charges had exacted \$231.00 from my son.

Barring the four additional overdraft charges, had TCF processed the three items in chronological order my son would have incurred just one overdraft that day. And, when the three overdrafts alone are considered, the \$99.00 service charge on an \$8.75 overdraft equates to an annual percentage rate of over 1,131 percent!!! A financially detrimental charge whether a youth minister or engineer.

Afterward, my son kept a watchful eye on his balance. Nevertheless, without notice, each ATM balance inquiry exacted an additional \$1.50 fee. Finally, "opting out" of TCF's dishonorable overdraft "protection" program required my son to draft his own "opt-out" letter, and mail it in a self-addressed, self-stamped envelop to a TCF corporate office, separate and apart from where he established his checking account.

It is a sad day in America when there is no shame among an entire industry that exacts its earnings by preying on the hard-earned wages of AMERICAN FAMILIES. Worse yet, I am sickened how the banking industry must view returning MILITARY MEN and WOMEN as market potential.

I strongly urge your support of banking rules that (i) require transparent disclosure of overdraft programs at the time a customer opens an account, including examples of such costs and their implied annual percentage interest rates ("APR"s), (ii) allow customers to "opt-out" at the time an account is established, (iii) warn the customer when a transaction may trigger a fee, (iv) allow customers to cancel a transaction that may trigger a fee, and (v) prohibit banks and other financial institutions from manipulating the order of check clearing to increase service charges.

Sincerely,
Ken Busse
1316 E. Elm Street
Wheaton, IL 60187