

From: Ernst Stromsdorfer <e_stromsdorfer@hotmail.com> on 06/13/2008 02:15:02 AM

Subject: Regulation AA

Jun 13, 2008

Federal Reserve Board Email comments

Dear Email comments,

Dear Senator Cantwell:

The Consumers Union has given me this venue to tell you of the type of credit card scam we have been subjected to. Approximately two years ago the Discover Card company informed us we had been late on our

payment and that our interest rate was to be raised to approximately 20 percent per annum. Since my wife keeps exact records as to when she mails cards out and compares the mailing dates with check clearance dates on all of our credit transactions, thanks to on line banking, we challenged Discover Card as to the veracity of their claim. We then paid off Discover Card in full - about \$3,000. A few days after this check cleared we got a call from Discover Card asking us to reinstate our credit card. We accused them of a scam, and informed them of the

data we had on hand. Then promised to reinstate us at the old interest rate - about 6.9 per cent or thereabouts, if only we would reinstate.

We told them they were clearly operating a scam and that we would never deal with them again and we would tell all our acquaintances not to as well. This event occurred just as hearings were being held on credit card practices in Congress.

It is also outrageous that the companies can raise their interest rates at will. It seems like theirs is one of the few industries who simply can arbitrarily change their fee structure on transactions that have

been made under previous, entirely different, contractual arrangements.

As a Ph.D. economist, I find this kind of market practice incredible.

What respectable corporation would do business with a firm that could simply rewrite the existing contract on their own to retroactively change the fee structure that had previously been agreed to?

The behavior of the credit card companies is, simply put, a case of heads I win, tails you lose.

Please do something about this situation.

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Sincerely,

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