

From: "david j. lafond" <djl@grad.umass.edu> on 06/12/2008 04:20:32 PM

Subject: Regulation AA

Jun 12, 2008

Federal Reserve Board Email comments

Dear Email comments,

Please enact the proposed new credit card rules as soon as possible. I am writing as someone who has NEVER had a 90-day late and has a very good credit history and yet I have also been subjected to late fees ranging from \$29 to \$39 and in another instance had my 0% rate from a

balance transfer increased to 18.90% with no notification for missing a

payment deadline. In at least 2 instances where I missed a deadline by 1

or 2 days I was charged late fees and in both cases my payment due date had changed--it was moved earlier--after being the same for at least a few months.

In trying to be a good citizen, I have elected to accept electronic statements from all my card issuers. In one case where the card issuer changed the payment due date, I also did not receive the statement notification e-mail. I've had such experiences with CitiBank most recently, Washington Mutual, Chase (before it became JP Morgan Chase) & others.

I find it particularly appalling to be charged a late fee the first month that a billing due date was changed and moved earlier. In one case, I'd lost internet access for several days due to computer problems at home & I'd been paying the particular account on-line for months. I realized the bill was due at work & called the card issuer to explain the situation & they said they couldn't do

anything because I didn't have a late fee posted on my bill yet. It was the due date but it was after 5:00 pm--I went on-line at the office after work & paid the bill & also entered a request to have any late fee waived on the card issuer's website when I paid the bill but still got hit with a \$39 late fee the next statement. I subsequently received an e-mail denying my request with the only explanation being that my reason was "not appropriate." I had another instance in which I mailed a payment 6 days in advance of the due date & it was only going from western Massachusetts to Providence, RI but it

posted 3 days late on my account and I was charged a late fee. I called & complained & in that one instance, the late fee was cancelled. That's the only time I've had a late fee cancelled in instances which were not or at least not entirely my fault. I've also had the experience of a card issuer persuading me to try a

service add-on, e.g., coverage for identity theft charged as a rate per \$100 of balance. That charge is posted as "new purchase" each

month & those balances are the last to be credited because of the

practice of crediting payments to the lowest rate balance first. So the interest on the nominal monthly charge for a service many of the card issuers really press people to accept just continues to pile up. Card issuers have no compunction about gouging people with fees and/or interest rate spikes no matter whether you always pay more than the minimum due & maintain a substantial payment record.

i am not one of those people going bankrupt with credit card debt (though my debt is substantial) & i have not defaulted on any debt--EVER. i believe it when i read that card issuers make more money

on the fees they charge people and the penalty interest rates than they do on their basic interest earnings. i don't object to REASONABLE late fees but i do object to moving target due dates and usurious increases in interest rates.

The Congress should NEVER have passed legislation in 2001 putting credit card issuers into line in bankruptcies. They want all the

benefits of a free, unregulated market for their business but when they issue cards to everyone and anyone & then have the expected and predictable percentage of full defaults, they want protection against it. To me, it's just a cost of doing business that way. For every bankruptcy before that legislation in which they lost entire outstanding balances, i would bet there are hundreds of other accounts

where people are paying the minimum due and treading water and on which the card issuer is making money hand over fist.

If card issuers want to play fast and loose and issue cards to everyone, they have to take responsibility for the risks & not make

it up by bilking the rest of us. Many of the same banks are up to their necks in bad debt because of their holdings in sub-prime mortgages;

again, if they want to play the game that way, then they have to accept the downside. If some banks fail because they have behaved so irresponsibly, so be it. We--the consumer and taxpayer--should not be bailing out banks who thought they could spin gold out of an upward-spiralling housing market by persuading people to take loans they could never afford. The banks who manage their business that way should suffer the consequences.

Enacting the proposed new credit card rules is a good place to start

but of course much more has to be done to rein in the financial sector.

The same kind of irresponsible decision-making and sloppy management

that preceded the Great Depression is evident in the industry today and

despite the hits the banking sector has taken, without clear regulation i believe they will continue to carry on this way.

Thank you for your consideration.

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Sincerely,

Mr. david j. lafond
70 Brown Ave
Holyoke, MA 01040-3502