

From: "Harris Factor" <hgfact@gmail.com> on 05/08/2008 02:00:04 PM

Subject: Regulation AA

In response to your request for public comments on your proposed rule to prohibit the currently extant unfair practices used by banks and other credit card issuers, I submit the following:

It's about time!! Your proposals, while not going nearly far enough in controlling/regulating the avaricious practices of the credit card industry, are at least a good start. All of them make eminently good sense.

I have personally experienced the unfair and illogical practices of these credit card companies which apply generic, computer-driven criteria, without ever taking into account individual circumstances, to charge interest rates so obscenely high that Mafia loan sharks would redden in shame and to apply these rates to balances accrued in the past. The latter practice is akin to an ex post facto law, which is constitutionally prohibited.

In my own case, I have never (not once) been late in making a payment, never (not once) missed a payment from any creditor or credit card issuer yet have had my interest rates raised by several card companies/banks with the explanation that I carried too many balances and had too much credit available. The illogic is stunning--the fact that I was never late on any of those "too many" balances and never missed a payment on any of those "too many" cards carried no weight whatsoever.

All of the practices your proposed rules are designed to address need implementation. Specifically:

The so-called double cycle billing should clearly be prohibited.

The proposed requirement that payments be applied to balances with different interest rates in the way that most benefits the consumer, rather than the credit card company, is very important.

But probably the most important of your proposals is the one that would prevent the application of newly established interest rates to old balances that were accrued when a lower interest rate was in effect. The standard caveat used by all these credit card issuers (to the effect that "We can change the interest rate applicable to your balances at any time, for any reason" should be specifically banned from usage.

Your proposed rules should be put into effect as soon as legally possible. The anguished bleating of the banks and other credit card issuers and their lobbying organizations should be ignored. The public should, at long last, be protected from their greed.

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