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July 30, 2008

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

RE: Proposed Rules for Unfair or Deceptive Acts or Practices
Docket No. R-1314 and Docket No. R-1315

Dear Ms. Johnson:

I am the Chief Financial Officer for Citizens Bank, NA with total assets of approximately \$280 million. The bank employs approximately 100 employees and operates nine full service branches in eastern Kansas. At Citizens Bank, we have serious concerns that the proposed rules included in Docket No. R-1314 and Docket No. R-1315 with respect to deposit account overdrafts will have a considerable adverse effect on our financial institution and will not provide any additional benefits to our customers. We appreciate this opportunity to provide comment on these proposals.

Proposed Changes to Reg AA Subpart D – Overdraft Service Practices

535.32 Unfair overdraft service practices.

(a) Opt-out requirement. (1) General rule

Our bank currently offers an opt-out for consumer accounts in our new account disclosure. The activation of our service is automatic effective 30 days after account opening, and we immediately terminate the service upon customer request. Because some account holders fail to realize the impact of fees on their overall financial position, the consumer’s decision to opt out of the program may sometimes follow rather than precede their use of our overdraft service. It is noteworthy that a considerable number of our customers request this service and find value in the convenience element the service provides.





We work with our customers, regularly educating them about the resources available to them, including alternative sources of overdraft protection and the operational elements of our overdraft services. In the event that they do not elect to opt out before fees are assessed, we are responsive when they choose to opt out of future overdraft service usage. This process is fair to the consumer and should be expressly permitted by any final rules.

(2) Opt out for electronic channels.

Allowing the customer to opt-out of using overdraft protection funds for certain types or channels of transactions, like ATM or debit card transactions would not be technically feasible under our current processing system. Likewise, our deposit operations systems currently do not have the capability to differentiate between types of debit card transactions, e.g. card present (point of sale) transactions vs. card not present (phone authorizations). The programming required to allow this option would be beyond our control, and at the discretion of our core processor. If the core processor was unable or unwilling to make the programming changes, the costs would be prohibitive for our institution to try and program a system outside the core to accommodate such an opt-out feature.

(b) Debit holds.

Activation of overdraft service on debit holds would result in significant manual handling of all overdrafts. Overdrafts handled throughout the bank locations would require manual account review to determine if debit card holds are in place. If our bank was required to accommodate this change as drafted, it would require that we extend the processing window for items to minimize errors. The operational impact of this proposed change would create excessive costs, undue staff burden and increase the possibility of bank error.

Proposed Changes to Reg DD, 12 CFR Part 230 – TRUTH IN SAVINGS

230.10 Opt-out disclosure requirements for overdraft services.

(a) General rule. (4) Limits on fees charged.

We do not agree that there should be a maximum amount on the fees charged per day, as recommended in the existing proposal. We believe that the regulators should require an internal policy at each financial institution to develop consistent procedures in assessing overdraft fees rather than mandating a regulatory maximum.





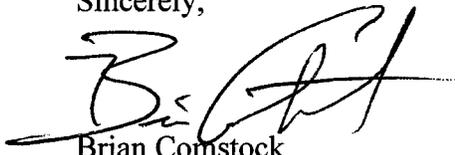
**CITIZENS
BANK, N.A.**

Another area in which comments have been requested is on whether or not the order payments post requires regulation. We understand that there have been arguments on both sides of this issue. If you post smallest to largest, consumers may have fewer overdrafts and therefore reduced fees. However, they may fear their rent or mortgage payments may be returned unpaid. If you post largest to smallest, they have a better chance of having their mortgage or rent paid but possible more overdraft fees if several items are trying to clear. Our bank has chosen a different route and pays items in check number order. We feel this area needs no regulatory intervention and is a decision that is best left to the individual bank. There can be a consumer benefit, and possible hardship, either way.

Consumers should be held accountable to use the funds available to them in their account. Customers who manage their account poorly and pay the most in overdraft fees often do not open their account statements, rendering the additional opt-out requirements useless. However, for those consumers who do not abuse overdraft services, these programs are beneficial.

I thank you for allowing me the opportunity to express our bank's comments and thoughts during this period. We would urge you to consider lightening the regulatory burden and cost this requirement would cause our industry.

Sincerely,



Brian Comstock
Chief Financial Officer

