

**Subject:** Regulation AA

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**Proposal:** Regulation AA - Unfair or Deceptive Acts or Practices

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**Comments:**

This proposal regarding Unfair or Deceptive Acts or Practices by the credit card industry (Reg. AA) does not go far enough in prohibiting unethical billing practices by credit card companies, especially as it allows credit card companies to continue to alter the terms of the credit card agreements, including the length of the payment period, unilaterally and without adequate disclosure to their customers. By way of example, Chase Card Services, with whom I have a credit card account, had sent me my monthly statement with a balance due date of July 30, even though my last statement had a balance due date of July 5, which I had paid in full as usual. When I had called Chase Card Services, the representative advised me that the period within which to make payment on the balance due had been shortened, even though Chase had not informed me in advance of the change in payment period and payment date. If I had not reviewed my statement carefully, I would have paid the balance due on or around August 5, when the payment of the balance on the card was customarily due. Nowhere on my most recent statement was it indicated that the payment period and the payment due date had been changed. The Chase Card Services representative told me that this was not a human decision but a decision made by a computer, which I did not

believe. When I asked to speak with the representative's supervisor, I was then disconnected. I do not believe that I was the only Chase Card customer who had his or her payment period changed unilaterally and without adequate notice. I believe that this was a deliberate and unconscionable decision by Chase to maximize their fees from cardholders such as myself who do not carry balances from month to month and only pay an annual fee on their cards. The proposed regulations are inadequate because they do not require the credit card companies to clearly advise their customers of changes to their agreements, including advising of the change in the payment period and payment due date in bold on the statement itself. Additionally, the Federal Reserve needs to take action to force unethical companies like Chase to disgorge their profits from such practices as they are intentional and solely aimed at extracting fees from unwary customers who are not sophisticated enough to detect when they have been taken advantage of by their credit card company. Finally, I would question whether oversight of the credit card industry by the Federal Reserve, an unelected body, is enough, given the rapacity and political might of the credit card industry. For an organization whose governors are selected from, and return to, the banking industry to discipline errant credit card companies is too much like having the fox guard the hen house. Based upon my experience with Chase Card Services, I fully agree with Harvard Law School Professor Elizabeth Warren that there needs to be congressional action to create a financial products safety commission to exercise control over the unscrupulous and usurious credit card industry. Sincerely, Colin V. Gallagher Attorney-at-law San Francisco, CA