

July 30, 2008

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

RE: Docket No. R-1314, Proposal to amend Regulation AA, Unfair and Deceptive Acts or Practices

Dear Ms. Johnson and the Federal Reserve Board of Governors:

Thank you for the opportunity to provide my comments to the proposed rules on Regulation AA. I have worked in the credit card industry for a total of nineteen years. The first three years in the prime industry and the past sixteen years in the subprime industry. I have seen first hand the opportunities and benefits that a subprime credit card gives consumers that have less than perfect credit. Consumers attest to the fact that subprime issuers have been the only issuers to provide them credit given their lack of, or poor, credit history.

Having access to credit is important to everyone but especially those with less than perfect credit. Time won't heal bad credit, proving yourself will. A subprime credit card provides consumers with the opportunity to re-establish their credit and graduate to higher limit, better rate cards. Having a credit card allows them to participate in many of the basic consumer transactions such as purchasing goods or services over the Internet, renting a car, booking a hotel or flight, or for use in the event they encounter an emergency situation.

Lack of access to credit for those with low credit scores, or no credit, is an important and growing problem. This problem will be magnified if subprime issuers cut back on their offers or simply exit the market, which is likely to happen if they are required to cap fees or are prohibited to assess fees for issuance of credit. Imposing upfront fees is justified given the risk and expense associated with offering credit to those with less than perfect credit.

Concerning the Federal Reserve's claim that consumers suffer injury when fees are assessed for issuance of credit is only half true. If a consumer has not been fairly disclosed the fees associated with the offer, as required by Truth in Lending, indeed that is harmful. However, the fact is, millions of consumers fully understand the fees and believe that the fees are a small price to pay for the opportunity to obtain credit and to rehabilitate their credit rating. Furthermore, full and clear disclosures provide consumers with the ability to protect themselves and to make informed decisions. Many issuers also provide a refund of the fees if, after the consumer receives the card they decide they do not want it.

It is my opinion that, instead of endorsing restrictions, prohibitions, and limitations on pricing, products and practices, focus on developing more effective disclosures under the Truth in Lending Act and promote consumer education and accountability.

Thank you for your time and for considering my comments.

Sincerely,

Christie Betsworth
Sioux Falls, SD