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Comments:

This rulemaking activity should be discarded. It is a band-aid on an arterial wound. The credit card industry has engaged in abuses too numerous to list, and yet this rulemaking takes baby-steps in tempering, not prohibiting, only some of the most egregious practices. The credit card industry wins because they have staked an outrageous position, only to have this half-hearted measure take back precious little of the ground they have seized. A true reform measure would do the following: Change the interpretation of Federal law that virtually neuters state law and its applicability to these practices; by locating in "bank friendly" states such as Delaware and South Dakota, and then taking advantage of Federal pre-emption, these banks put themselves beyond the reach of reasonable laws and regulations that would prohibit many of their egregious practices. Place a cap of 10 points over prime on interest rates; the usury ceilings that used to govern credit issuers were largely discarded in the 1980s, when the prime rate approached 20% for a brief period - but issuers are still charging those rates, even though the prime rate has been at historic lows for the last eight years. The spread between the prime and the rates charged stood at 6 or 7 points then; it is 20 points now. Most of that spread is profit. If their ingenuity in finding new ways to impose

those extortionate rates on card holders had been spent on their lending practices in the subprime market, the American economy would not be facing a crisis of epic proportions. Recognize that all of these credit agreements represent "contracts of adhesion" which bear no rational relationship to a contract between two willing and equally positioned parties; given that recognition, ban unilateral or retroactive term changes of any kind; Outlaw arbitration as a required method of settling disputes; provide for attorneys' fees and costs to be awarded to the cardholder if they prevail; permit class actions challenging the issuer's practices. In addition, fees must bear a rational relationship to demonstrable costs for the issuers. Prohibit any issuer, on the basis of "standing," from justification of any action relating to the issuance or maintenance of credit, as having a beneficial effect on the availability of credit. These banks are self interested; their conduct demonstrates avaricious greed as opposed to any semblance of concern for the interest of their cardholders. Allowing them to purport to advocate on behalf of their cardholders is a vile charade that demeans the governing process. Require that any collection agency acting for an issuer, or upon the purchase of any debt resulting from a credit card, have complete information available upon request of the cardholder as to the origin and provenance of the debt they are attempting to collect. Too often cardholders are confronted by immediate demands for payments on debts that are no longer identifiable to the consumer by virtue of the chain of title and assignment of new and often confusing identifying information. I have experienced personally a situation in which someone attempted to collect a debt I had paid in full. There are probably a hundred other proposals that should be included. But unless the Federal Reserve plans to make this rule-making a meaningful reform exercise, save the taxpayers some money and stop now.