

**From:** "Craig Larson" <CraigL@starionfinancial.com> on 08/05/2008 10:05:05 AM

**Subject:** Regulation AA

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

Re: Unfair or Deceptive Acts or Practices, OTS-2008-0004

Ms. Johnson:

Starion Financial has 8 Domestic Branches located in 2 states. Established in 1969, Starion Financial is the largest community bank in several North Dakota cities. Our legacy is a style of banking that leans heavily on integrity and community involvement. We work decisively and manage our banks by local decisions.

I respectfully submit this comment letter on regulations being considered by the Federal Reserve, NCUA and the OTS known as Unfair and Deceptive Practices Act (UDAP). I oppose these regulatory changes for the simple fact that these proposals will limit the services we provide our customers.

These regulations will significantly impact our overdraft protection programs and credit card accounts and the increased costs caused by the proposed changes will harm our marginal consumers. To control risks, we may be forced to deny some consumers access to certain services such as debit cards, a benefit our consumers have come to depend on.

In regard to the Overdraft Services portion of the proposal, I'd like to comment that most of Starion Financial's customers welcome overdraft protection. In addition, requiring the opt-out notice in every statement cycle where there is an overdraft is information overload for consumers and unnecessarily expensive and burdensome – fee information on the statement should be enough and an annual notice and opt-out is sufficient and more likely to be noticed.

Finally, a number of points in this proposal will present undue operational challenges that will have to be reflected in our charges and fees. For example, restricting rate increases for existing balances will be difficult operationally and may cause overall interest rates to rise to compensate for potential future risks that cannot be assigned to individual performance. Handling holds and reconciling transactions will be costly causing banks to eliminate the hold process as a means to control the risk and instead require merchants to be responsible for the risk going forward.

In closing, writing a rule based on UDAP will create an unlevel playing field since the requirements will be limited to depository institutions and not apply to non-bank issuers. I feel the Federal Reserve, Office of Thrift Supervision, and National Credit Union Administration have proposed these changes with little thought to community bankers and the rural consumers they serve.

Sincerely,

Craig Larson  
President & CEO  
Starion Financial