

Subject: Regulation AA

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Comments:

Federal Reserve Credit CARD overdrafts Federalreserve.gov Consumer Information Regulation AA under the Proposed rules for credit cards and overdraft services. The over the limit, late payment and the written message that credit cards companies can raise the interest rate at anytime for any reason is enough to drive a person insane. It is legalized rape of the unsuspecting consumer who is a card holder. Charging interest on the fee/s is an additional insult. Some card companies have changed the loan fee to a purchase so that they can charge interest at a higher rate then a promotional rate. Teaser rates that switch to higher rates in a 3 or 6 or so months period. The latest is the mailing of a reduction in a credit limit and charging a card holder an over the limit fee. They were charged it one time and did not increase the interest rate, surprised me. The card holder did pay enough to reduce the account below the new reduced limit, don't know what would have happened to the over the limit fee if the card holder hadn't reduced the account below the new limit. The banks issued credit cards to most anyone regardless of credit condition of the to be card holder. They were usually for smaller amounts of credit line. These classes of credit cards being issued, by any prudent manager, were of high risk of collection. This is were card

totals would rise to 2 , 3 or 4 or more times the credit line of the card holders credit line. These transactions were made up of fees charged by the banks, the previous hearing has exposed this. The banks used these type of accounts to get regulators to have pity on the banks and used the news media to get the public to condemn those who were not making adequate, timely monthly payments, the card companies were successful because the mass of the public agreed that the card companies were being ripped off by these classes of card holders. I think the game plan was to get the public to accept the fees and blame the cards holders that were not paying their bills, but should never have been issued a credit card in the first place. I know that the counter will be that the government wanted everyone to have a credit card. Yes I am sure that there new cards holders that were on paper a poor risk, but paid their bills promptly. This practice of issuing credit to all and regardless of ability to pay, sending credit cards to ALL college freshmen is not the action of a prudent manager. It may be a manager playing the numbers and calculating that the good ones would far outweigh bad ones. I guessed it worked and the manger got a high five and a bonus for increasing revenues and profits. I didn't find out about this until 3:30 today Aug 4, 2008. Solution to the over the limit fee. Late payment fees are to high because of a monopoly or power pricing. It will be illegal to charge and over limit fee because the credit card companies have the knowledge and know-how to program their computers to reject any transaction that would put the card holder over their credit limit. First a burden of proof on the card company that the card applicant is credit worthy and able to handle the credit limit to be issued to a new credit card recipient or deny credit to this applicant. Now if the company does not want the burden knowing the card applicant has a excellent risk, then make the credit card company responsible for having issued a card to a applicant that isn't credit worthy. This means charging no fees for over the limit of the card holder who turns out to be unworthy of having a credit card. The card companies with proper research can determine what the applicants limits will be. The card company determines the applicant can handle a credit limit of \$3000. The card company determines that \$2,5000 of charges will cause a flag to be issued. When a transaction puts the card holder over \$2,500, the account is tagged and all future transaction will be refused. If one transaction will put the card holder over the limit the transaction will be refused. The card holder will be told that one transaction over \$2,500.00 will honored as long as the transaction doesn't go over \$3,000.00 and if it does, the transaction will be refused. Now get with the department of transportation. Get a law that states that every member of board of directors and all employees of a bank be required to have a computer in their automobile that will issue them a speeding ticket each time the automobile exceeds the speed limit. The fees will be based on the

excess speed over the limit. 1 to 5 miles over the limit: \$30'00 6 to 10 miles over the limit \$50.00 11 to 20 miles over the limit \$100.00 May the over the limit fees could be applied to each member in the automobile. Lonnie L Crane - Philippi WV 26554