

From: Nancy Baunis  
Subject: Electronic Fund Transfers

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Comments:

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

Attention: Docket No. R-1377

Re: Gift Certificates, Store Gift Cards and General-Use Prepaid Cards  
Proposed Rules

Dear Ms. Johnson:

I would like to provide my input to the debate on gift cards. I have had nothing but pleasant experiences with gift cards. No one has ever forced me to buy them. I buy them, as do others, by my own choice.

I would be willing to bet that the majority of problems consumers have experienced are related to not having a full understanding of the terms and conditions of the gift cards. I have no problem with the government regulating disclosure requirements, but please do not attempt to pass overly restrictive conditions that will surely kill the market for gift cards.

Issuers do not issue gift cards without costs. Revenues must cover general operating expenses as well as processing costs. The processor does not stop charging for maintenance of the account if the gift card is not used for an extended length of time.

With that in mind, I would like to add some personal anecdotal experiences that illustrate the benefits of choosing gift cards:

- I have been told by so many of my friends that their children no longer want presents. They prefer gift cards.
- I do like to shop for gifts. Part of the experience is picking out just the right gift for the recipient. But I understand the preference for gift cards. So one year, I gave my teenage son a nice leather wallet for his birthday. Inside was a gift card. This Christmas my friend was having trouble deciding what to get his 22 year old son for Christmas. He was reluctant to buy a gift card because he wanted wrapped presents under the tree. I told him to go to a clothing store that kids really like and buy a sweatshirt and stick a gift card in the pocket. Problem solved.
- I attended a wedding in another state. Security has become such a hassle at the airport, and I had no desire to carry a gift, breakable or otherwise with me. So I bought a Bed, Bath, and Beyond gift card. Easy enough to carry!

I am sure that if I asked both purchasers and recipients of gift cards, the pleasant experiences would far outweigh the negative experiences. I feel it is so important to maintain a viable environment that promotes a competitive

marketplace for gift cards.

I appreciate your help with this!

Regards,

Nancy Baunis  
Cards and Payments Consultant