

From: Liberty First Credit Union, David D Tagart
Subject: Reg E - Electronic Fund Transfer

Comments:

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Proposal: Regulation E - Electronic Fund Transfer
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This needs to be called either a PROPOSED REGULATION or PROPOSED AMENDMENT TO THE REGULATION. It is very misleading to call it a "proposed clarification." What in the world is a proposed clarification? As I stated in my earlier comment on this topic, your staff's PowerPoint presentation was in error. Instead of correcting their mistake you are now re-writing the Regulation to match their PowerPoint. We have a policy that we do not allow overdrafts at ATM's or at POS's. A member could write a check which clears before the POS item posts. It only appears that the POS item overdraw the account. The other problem is that merchants preauthorize transactions by running them for \$1. If the actual transaction is for more than the member has in the account, it creates an inadvertent overdraft. Of the 3 parties involved here, we should be the last punished for the overdraft. The member needs to be responsible for their own finances and the merchants should be required to run the authorization for a larger amount.

With our technology how hard could it be to have the member pick their own level of authorization? They want \$20 of gas pick the \$20 level. At the time of every debit card we have a reasonable belief that there will be no overdraft and therefore no fee. Your proposal said that allowing institutions like ours to abide by the exception would be different treatment for different institutions. Is that really a problem? This is the United States and we are free to change our banking relationships whenever we want. We do not need the government to interfere with competition. Today, all institutions are free to choose if they want a policy prohibiting overdrafts at ATM's and POS's. Likewise, if we want to add the additional service of allowing our members to overdraw their accounts with their debit cards we could do that. You really should leave the exception alone and revise your PowerPoint.

David Tagart,
Liberty First Credit Union