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January 3, 2011

Via E-Mail

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

Re: Docket No. R-1393 and RIN No. 7100-AD55

Dear Ms. Johnson:

We respectfully submit this letter on behalf of Think Finance, Inc. regarding the proposed rule relating to open-end (not home-secured) credit plans that the Board of Governors of the Federal Reserve System (“Board”) published in the November 2, 2010 *Federal Register*¹ (the “Proposed Rule”). We specifically write with regard to language contained in the Proposed Rule which would revise the definition of “credit card account under an open-end (not home-secured) consumer credit plan” contained in Section 226.2(a)(15) of Regulation Z².

Under the Proposed Rule, any account or card through which a line of credit might be accessed – including a debit card or a payment network-branded³, prepaid card – would qualify as a “credit card account” for purposes of 226.2(a)(15), and thus require the provision of disclosures required for open-end credit contained in Regulation Z. Think Finance is concerned that the Proposed Rule would result in confusion for those consumers who choose debit cards and/or payment network-branded, prepaid cards specifically because they are *not* credit. Think Finance is particularly concerned that such confusion will result in consumers losing access to both the debit card and network-branded, prepaid card products which allow them to navigate today’s financial world.

¹ 75 *Fed. Reg.* 67458-67509.

² 12 C.F.R. 226 *et seq.*

³ By “payment network branded, prepaid card” Think Finance refers to a card product that contains the American Express, Discover, MasterCard or Visa logo which on which a consumer may pre-load a dollar amount.

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In America today, many necessity-driven financial transactions – including Internet retail transactions – require some form of payment network-branded card. For those who choose not to use bank-issued credit cards – and for those who do not qualify for such credit cards – a payment network-branded, prepaid card allows for the completion of retail transactions, including hotel reservations, rental car reservations and airline reservations. By inserting unnecessary credit disclosures to a product that is sought out for its non-credit status, Think Finance fears that consumers will feel driven away from the payment network-branded, prepaid cards that they have come to rely upon, and will be forced out of mainstream commerce.

In order to avoid this result, Think Finance respectfully requests that the Board revise the Proposed Rule so that only those cards issued solely for access to a credit account fall within the definition of “credit card account,” as follows:

Subpart A—General

* * * * *

Section 226.2—Definitions and Rules of Construction

* * * * *

2(a)(15) Credit card.

* * * * *

2. Examples.

* * * * *

ii. In contrast, credit card does not include, for example:

* * * * *

C. An account number or an account access device (such as a check, debit card, general purpose reloadable prepaid card, or other access device associated with the account number) that accesses a credit account, unless the account number or account access device can access an open-end line of credit solely to purchase goods or services. For example, if a creditor provides a consumer with an open-end line of credit that can be accessed by an account number or other account

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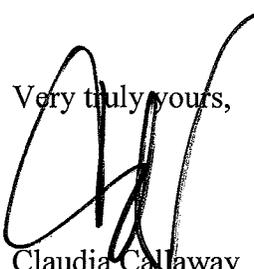
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access device in order to transfer funds into ~~another~~ an asset account (such as ~~an asset account~~ a checking account, general purpose reloadable prepaid card account, or other account established primarily to hold consumer funds, whether or not such account is held with the same creditor), the account number or account access device is not a credit card for purposes of § 226.2(a)(15)(i). However, if the account number or access device can ~~also~~ access the line of credit to use loan funds only in order to purchase goods or services (~~such as an account number that can be used to purchase goods or services on the Internet~~), at point of sale, including the Internet, and not to transfer funds into an asset account, the account access device is a credit card for purposes of § 226.2(a)(15)(i). Furthermore, if the line of credit can also be accessed by a card (such as a debit card ~~or prepaid card~~), that card is a credit card for purposes of § 226.2(a)(15)(i).

Adoption of the language set forth above would reduce the confusion that would necessarily be caused by providing credit disclosures with a non-credit product.

If I may answer any questions regarding the above letter, please do not hesitate to contact me at 202.625.3590. Thanking you in advance for your consideration, I am,

Very truly yours,



Claudia Callaway

CC: