



THE | COASTAL | BANK

August 1, 2008

Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th St. and Constitution Ave., NW
Washington, DC 20551

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street, NW
Washington, DC 20552
ATTN: OTS-2008-0004

VIA ELECTRONIC SUBMISSION

Re: FRB Docket No. R-1314; OTS Docket No. OTS-2008-0004; Unfair or Deceptive Acts or Practices; 73 *Federal Register* 28904; May 19, 2008

Dear Agencies:

On behalf of The Coastal Bank, I'd like to thank you for the opportunity to comment on the proposed rulemaking under Unfair or Deceptive Acts or Practices issued on May 19, 2008. We believe the adoption of the proposal will have adverse effects on our institution as well as our customers.

The proposal states that "...consumers often lack sufficient information about key aspects of their account." We disagree. In this technically advanced culture, with Internet "real time" banking, telephone banking and other free services, there has never been a time when customers were more aware of the status of their accounts at any given moment. We believe in our customers. They understand that the prudent management of account balances is the responsibility of the account holder and not that of an outside agency. Upon the opening of an account, our customers are advised of the terms and fees. They are more than aware that a fee may be charged in the event of an overdraft and would much prefer paying a fee when an overdraft is accommodated, than to suffer the myriad of problems that could arise when a check is dishonored, to say nothing of the personal embarrassment that occurs. The Coastal Bank practices discretionary payment of overdrafts in certain circumstances that may inadvertently occur. In addition, we offer overdraft protection options which allow customers some "breathing room" in the event an error occurs and an account becomes overdrawn. The overdraft protection programs we offer have been well received by our customers and highly successful. A formal "opt-out" provision as outlined in the above proposal is not necessary and would send confusing messages to our customers.

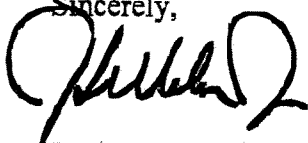
The proposal for a partial opt-out of ATM and debit card transactions is technically unfeasible under our current processing system and could not be implemented without extraordinary time and expense. Even assuming the extraordinary amount of time,

expense, and the complexities of reprogramming our current processing system could be overcome, the partial opt-out provision would adversely affect customers who use debit cards for recurring payments.

The Federal Reserve and OTS also seek comment on transaction clearing practices. We strongly oppose any regulatory mandate of any specific processing order. This would be highly impractical from a technological standpoint. Moreover, allowing individual customers the choice of alternative processing orders would be nearly impossible to manage.

Thank you for the opportunity to express comments during this period and for your consideration.

Sincerely,



J. Thomas Wiley, Jr.
Chairman, President and Chief Executive Officer
Coastal Bankshares, Inc. and The Coastal Bank