

From: Cerium Component Software Inc., John Hicks

Subject: Electronic Fund Transfers

Comments:

Yes, I favor the proposed rule change to Regulation E (electronic fund transfers) on overdraft protection.

I favor the stricter alternative, requiring opt-in. Require banks to get an explicit opt-in from customers for overdraft protection.

Bank abuse of Overdraft Protection is worse than bank abuse of credit card fees: banks take immediate cash from customers, and ambush incoming cash banks compound these penalty fees daily

Once upon a time, banks used penalty fees to caution customers against overspending. Now they trick customers into overspending, and trap customers in a cycle of overspending.

In the abuse of Overdraft Protection:

Banks knowingly write bad checks to themselves from customer funds.

Banks penalize customers for bad checks the bank wrote.

Banks compound this abuse daily.

Having written one bad check to itself yesterday, for example, the bank writes two bad checks to itself today. Soon the unsuspecting customer is chasing a galloping debt, and trying to overtake a flurry of bad checks written by the bank.

As funds arrive to cover the legitimate obligations of the customer and his business, the bank diverts the funds to its own use. The bank throws itself a penalty party at the expense of the customer, his business, his employees, his suppliers.

That bank opens a sinkhole under the customer, his business, and his community. The sinkhole buries the business that cannot climb out against the sinkage.

Somehow banks have opened a similar sinkhole under themselves and the nation. Enact these rules, please, to rescue our economy from the recklessness of such banks.

John Hicks
President
Cerium Component Software Inc.
PO Box 98
Holmes NY 12531