

From: Richard Merritt, Cleveland Hts, OH
Subject: Electronic Fund Transfers

Comments:

Mar 13, 2009

Federal Reserve Board Email comments

Dear Email comments,

Based on several previous experiences with three area banks (Cleveland area), I very strongly support a comprehensive bill to reform bank practices in this area. This bill should contain mandatory punitive sanctions for failure to comply with its provisions so that banks cannot just get away with such abusive practices as a cost of "doing business".

There are several aspects that I would like to mention specifically:

-- The reordering of transactions easily tops the list. Banks are deliberately abusing this as a means of "enhancing revenues".

This must stop.

-- Charging multiple fees, or piggy-backing fees on top of other

charges related to a single transaction or group of transactions from a single day. For example, charging daily fees or periodic fees for uncured overages. -- I once had an overage of less than \$17 which I cured the same day as it posted, which continued to generate O/D fees, accumulating to over \$350, due to the re-ordering of transactions and additional arrearage caused by the banks charges. Never resolved, despite my best efforts. I offered bank to pay \$72 in fees for my very minor O/D, but they insisted on no less than \$180. Screw them! -- In legal parlance, this would be called "unjust enrichment".

(Just what did they do to earn this money?!);

-- Closely tied to re-ordering the transactions, is the practice of the bank to provide a customer with an account balance that does not reflect pending charges -- that the bank has knowledge of -- and then whacking the customer with o/d fees when the customer draws out money that they thought they had due to this information. The bank has real time info and has NO legitimate excuse for this behavior. This is another highly abused practice that needs to be forcefully reined in;

-- The amount of the fees themselves. The bank processes most of these transactions electronically and the assessment and extraction of these fees is done without human intervention. These fees are excessive. The banks often defend them as having a "punitive" component to allegedly deter the practice of overdrafts, yet will gleefully allow you to keep the account open as long as you can afford to pay their fees and they are making gobs of money from you. It's like loan-sharking without the goons.

Based on my observations, the banks and credit card companies are unethical policies which invoke fees for petty and abstruse transgressions to skirt usury laws and unfairly take advantage of consumers. Due to the legal nature of many of these banks, notably banks with the N.A. designation which fall under the purview of the OCC, consumers have virtually no practical recourse to cure wrongs

visited upon them by the banks. -- One cannot simply haul them into small claims court or even municipal or state supreme court to have their grievances addressed and justice done. The banks hold all the cards -- and brother, don't they know it!

In addition to a bill that curbs the abusive practices directly, consumers need to have a legal mechanism that is easily accessible in order to give effectiveness to such curbs and provide recompense when

it is due. No doubt the banks will resist such a measure and have to be dragged kicking and screaming into it, but it is the only way to ensure

that they will actually stop doing these unfair and unethical (and what should be illegal!) practices.

Thank you for considering my points.

Please allow me the chance to opt-in to overdraft services. This is the only way that I will truly feel protected.

Sincerely,

Mr. Richard Merritt
Cleveland Hts, OH 44118-3543