

From: Alayne Spaulding  
Subject: Electronic Fund Transfers

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Comments:

Please protect the consumers' rights and financial well-being by requiring that institutions get a consumer's specific permission prior to providing overdraft protection and require that consumers specifically opt in before any fees could be assessed for an overdraft authorization.

An important aspect of crafting the language should protect against the institution "bundling" the opt in language with other on-line agreements that consumers routinely click "I Agree" or "I Accept" in order to have electronic access to their account.

The overdraft fees uniquely target - and financially devastate - average Americans who are struggling to make ends meet in a difficult economy and who are just trying to make it pay check to pay check, people who are just trying to tread water as they sink further into the red.

The insidious nature of the overdraft fees and fees on the overdraft fees operate as legal theft because the fees are deducted from the account balance immediately. This often has the ricochet effect of causing otherwise adequately funded transactions to overdraft, thereby causing the consumer to incur even more overdraft charges.

If a group of transactions are processed together and there are insufficient funds to cover all the transaction, institutions are allowed under current law to choose to process larger transactions first and the smaller transactions last. Thus, the first large transaction that is paid into overdraft depletes the account funds and incurs an overdraft charge which further depletes the account funds available for the smaller transaction, forcing them into overdraft, each one incurring an additional overdraft fee (usually about \$37.50 per transaction).

The institution can also charge the consumer "continuing overdraft" fees on the overdraft fees it initially imposed.

The orchestrated compounding overdraft fees create an immediate financial hole that can add up to hundreds of dollars in bank fees before the consumer even knows that there is a problem. Prior to the consumer being notified (usually snail mail) by the institution that the account is overdrawn, the consumer may continue to unwittingly use the debit/check card to pay for items that s/he would not have purchased had the consumer known that his or her account was overdrawn and each purchase would each incur and overdraft charge.

It is in this way that overdraft fees, whether institutionally-orchestrated or institutionally-encouraged, operate as a bonanza for the institutions, yielding them unrivaled profits on what amounts to unregulated, non-negotiated payday loans where all the terms are completely in the institutions' favor. The consumer is powerless to mitigate the disproportionate financial damage.

As a result, a \$4.00 latte would cost approximately \$41.50 and a \$3.00 parking meter would cost approximately \$40.50. This is an untenable situation

for the consumer.

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