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March 27, 2009

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

Re: Docket No. R-1343

Dear Ms. Johnson:

This comment letter is submitted in response to the notice of proposed rulemaking ("Proposed Rule") and request for public comment by the Federal Reserve Board published in the Federal Register on January 29, 2009. The Proposed Rule would amend Regulation E, which implements the Electronic Fund Transfer Act, and seeks to provide consumers certain protections relating to the assessment of overdraft fees. The Proposed Rule would address issues regarding the ability of a financial institution to assess an overdraft fee for paying automated teller machine ("ATM") withdrawals and one-time debit card transactions that overdraw a customer's account.

We recognize that in certain cases, financial institutions may have charged customers overdraft fees that either the customers did not anticipate or that the customers believed were disproportionate in amount to the value of any overdraft service received from the financial institution. However, it is our credit union's experience that our members generally do not *expect* to incur overdrafts. Our credit union provides *automatic* overdraft protection from a member's savings account to cover overdrafts but we find that members are often reluctant to sign up for formal overdraft loan programs. Members appreciate the availability of an overdraft service when an overdraft does occur resulting in our ability to clear a check versus returning it NSF. In some cases, this service enables customers to avoid more significant adverse economic consequences, such as merchant fees for returned checks or worse consequences.

We do **not** offer overdraft protection to our credit union members via ATM or Debit cards since we do not have a way to alert at the time of the ATM withdrawal or the Debit card purchase that the transaction will result in an over drawn account AND a overdraft fee.

The Board has identified a number of issues in the Proposed Rule and, in some cases, has proposed alternative approaches to addressing them. We believe that the appropriate resolution of these issues is critical to our ability to continue to serve our members effectively.

We believe that financial institutions should be able to vary the terms of accounts that opt out of overdraft fees to reflect the differences between customer accounts where the customer opts out and those where the customer does not. However, we believe that such differences should not be designed to coerce customer choices. In fact, allowing such price differentials would remove any financial incentive that depository institutions might have to attempt to artificially influence such choices.

Thank you for the opportunity to comment on this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Sommer". The signature is written in a cursive style with a large initial "D".

Dennis Sommer
President
Alliance Credit Union