
From: Tim Rogan [mailto:timrogan@hotmail.com]

Sent: Tuesday, August 24, 2010 5:21 PM

To: Overdraft Comments

Subject: overdraft comments

Dear Sir or Madam,

The proposed overdraft legislation provides little protection to the consumer yet seems to provide little guidance or penalty to banks and other financial institutions in levying high fees to the consumer. Currently, most banks are generating fees in excess of 100% per year on overdraft fees which will reduce the number of checking accounts and provide more barriers for people to obtain checking accounts. By obtaining checking accounts and eliminating or reducing the need for cash, the government can better track illegal and excess cash that is coming into the system. If the need for cash decreases by the use of debit cards and electronic transfers at the retail level, the need for excessive amounts of currency will drop.

The proposed 6 overdraft limit before counseling occurs means that a consumer would have to have over \$200 in fees before he would get a call from the bank with alternatives. I would like to propose that if you receive 2 overdraft fees within a 6 month time frame, your debit card privileges would be immediately suspended. In addition, having an option that allows your debit card not to work if your balance drops below a certain amount. Such as \$100 or \$200. Since the majority of Americans do not use a checking register, having a balance option if it goes below a certain amount that goes to your phone or other email account would reduce the need to the consumer.

Also, the proposed legislation does not define piling on. For example, Say in the morning you have a balance of \$100 but 4 checks totaling \$90 but you make a visit to for your morning coffee and spend \$11. The bank could get you on 4 overdrafts in theory. If the money is taken out of the checks first, then only one overdraft would occur. There are programs in existence that provides the highest fees to the bank rather than the consumer. The program should always favor the consumer.

Mistakes caused by bank personnel. From time to time computer systems hold checks due to reading difficulties of the routing or account numbers thus holding the check in limbo and causing an overdraft. Or multiple overdrafts. If the bank causes the problem, then interest and penalties should be applied to the bank.

The need for a government hotline to intervene when you can show a pattern of unresponsive complaints to resolve your problem without taking up litigation with the named bank. Banks can have free run on causing problems yet do not have any penalties in timely responding to complaints. Currently the law allows a 5 year look back on any account yet the consumer only has a few days to initiate a complaint.

Last, we want to promote the usage of checking accounts and debit cards in our society. Increasing overdraft fees allows inefficient banks to make more profits when this money is needed in the economy to purchase goods and services. Smaller credit unions have overdraft fees of less than \$15 per occurrence yet bigger banks can charge \$35 or more per time. We need a system that teaches habitual users of these fees to get relief. Otherwise more people will go back to a cash economy and avoid the banking system.

Thank you.

Sincerely,

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