



NEWS RELEASE

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DORA Submits Comments on Proposed Rule Regarding Unfair or Deceptive Acts or Practices in Credit Cards and Overdraft Loan Programs

DENVER – The Department of Regulatory Agencies (DORA) issued comments today on the proposed rule, "Regulation AA - Unfair or Deceptive Acts or Practices." This joint proposed rule was issued on May 2, 2008 by the Federal Reserve Board, the Office of Thrift Supervision and the National Credit Union Administration, as a step to reform abusive credit card practices. The rule would define certain practices in credit cards and in overdraft loan programs as unfair or deceptive. Individuals and organizations were given until August 4 to submit comments on the proposed rule to the Federal Reserve Board.

The proposed rule would protect consumers from specific unexpected increases in the interest rate charged on pre-existing credit card balances, forbid credit card companies from imposing interest charges using the "two-cycle" billing method, require that consumers receive a reasonable amount of time to make their credit card payments, and prohibit the use of payment allocation methods that unfairly maximize interest charges and deprive the consumer the benefit of promotional interest rates.

"The Department of Regulatory Agencies (DORA) welcomes the proposed rule and supports the important consumer protection it offers," said Rico Munn, Executive Director of DORA. "With access to credit tightening in this economic downturn, we need credit card providers to be held accountable to the fair standards outlined in this rule, which give consumers the access and protections necessary to boost the economy."

The comments submitted by DORA today address specific recommendations, including detailed revisions and expanded language to maximize consumer protection; and provide consumer options and clarify certain items so as to be more specific, inclusive and understood by consumers. Submitted comments will be shared among the three agencies and are available to be viewed by the public. The proposed rule and public comments may be viewed on the Federal Reserve website www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.

The Federal Reserve Board said it decided to take action after it received over 2,000 comments from individual consumers describing how they were treated unfairly by credit card companies. DORA is proud to participate in this process and feels it is an important step toward the protection of consumers.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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