

November 24, 2008

Mr. John Dugan
Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

Re: Prepaid Reloadable Cards/Stored Value Cards

Dear Comptroller Dugan:

Consumers Union, the nonprofit publisher of *Consumer Reports*,[®] National Consumer Law Center (NCLC) on behalf of its low income clients, Consumer Federation of America, U.S. PIRG and Consumers Action respectfully request that the Office of the Comptroller of the Currency require that the nationally chartered banks it oversees participate in prepaid card, also called stored value card, programs only if the programs are designed to qualify for FDIC insurance on a per cardholder basis.

Consumers should have peace of mind that the funds on their prepaid cards are protected. Consumers rely on these funds for important household funds, sometimes in lieu of traditional bank accounts. We have found a prepaid card, which accepts direct deposit of pay and benefits, on the market in which the terms and conditions state:

“FUNDS REPRESENTED BY YOUR CARD BALANCE THAT ARE ACCESSIBLE WITH YOUR CARD ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER STATE OR FEDERAL GOVERNMENT AGENCY AND ARE SUBJECT TO RISK OF LOSS.”

To protect these funds, the OCC should make certain that prepaid card funds are either kept in individual accounts or if the funds are pooled, that the funds qualify for deposit insurance on a pass-through basis.

The FDIC recently clarified that funds underlying prepaid cards, or stored value cards, qualify for deposit insurance on a pass-through basis when held in a pooled account. The FDIC's new General Council Opinion No. 8 (GC8) issued on October 31, 2008, lays out the criteria for pass-through coverage.

No nationally chartered bank should participate in any prepaid card programs unless the funds are either held in individual accounts in the name of the cardholder or are held in a pooled account that meets the FDIC's "pass-through" requirements: 1) the account records at the insured depository institution must disclose the existence of a custodial relationship; 2) the records of the insured depository institution or records maintained by

the custodian or other party must disclose the identities of the actual owners of the funds and the amount owned by each such owner; and 3) the funds are owned by the cardholders.

We look forward to working with the Office of the Comptroller of the Currency to make safe the funds held on prepaid cards, or stored value cards, that many Americans rely upon.

Sincerely,

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