

From: Mike Maasen
Subject: Regulation Z - Truth in Lending (Credit Card Act)

Comments:

To Whom It May Concern:

Helzberg Diamonds is a large and well respected retailer of jewelry and watches, operating in over 230 stores in 39 states. Consumer financing options are the lifeblood of big ticket retailers such as Helzberg Diamonds. We need to have an easily understood way to help our customers finance their purchases in ways that both help the customers and that are cost effective for us, the retailer. We are in the business of serving our customers ethically and we plan to be around for another 94 years.

We understand that the Federal Reserve Board of Governors is proposing a rule to implement Section 109 of the Credit CARD Act. We believe the relevant language of the Section is:

"A card issuer may not open any credit card account for any consumer under an open end consumer credit plan, or increase any credit limit applicable to such account, unless the card issuer considers the ability of the consumer to make the required payments under the terms of such account."

While we generally request income information when we open an account , our credit partner routinely increases lines based on credit bureau information and the customers demonstrated ability to pay. In these situations, income is not particularly informative in those instances. Asking for it is an unnecessary intrusion. No reasonable entity wants to sell something to a customer that the customer cannot pay for. We have been in business for over 94 years by serving customers ethically and with a goal of a long term relationship of trust with our customers.

We do believe that requiring us to validate or insure that the customer's self-reported income data is accurate would be a tremendous burden on us at the point-of-sale. This would, undoubtedly, reduce our sales dramatically and seriously impact the national economy.

Your proposed language establishes a significantly higher standard than what we believe Congress intended. Under your proposal, before we could either open an account or increase the line for an existing account, we (or our underwriting partner) would have to determine a consumer's ability to make reasonably estimated minimum required payments by specifically assessing either the consumer's income or assets in light of the consumer's current obligations. Your proposal makes this evaluation mandatory. The proposed rule requires card issuers to have reasonable policies and procedures in place to consider the designated information. Such an examination (which conceivably could require the submission of a financial statement detailing the consumer's assets and obligations) would essentially make point of sale too cumbersome to continue. (Our underwriting partner does currently require these reports for large lines - typically over \$20,000.)

We are not opposed to reasonable requirements to collect income or ability to

pay data. And we are not opposed to using this data to evaluate their ability to pay - we do that now. We are opposed to a requirement that forces us to look at a cardholder's entire financial situation to evaluate their ability to pay. This puts our business in a very peculiar situation with our customer and one that, frankly, our customers neither want nor expect.

Thank you,

MICHAEL J MAASEN
HELZBERG DIAMONDS