

PSI Credit Card Hearing Clips

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Bank Chief to Apologize for Overcharges

Chase Executive, Burdened Customer to Testify in Senate on Credit Card Practices

By KATHLEEN DAY
Washington Post Staff Writer

The chief executive of Chase Card Services, one of the nation's five largest credit card issuers, will apologize to Congress today for charging a financially strapped customer $7,500 in interest charges and late fees on purchases of $3,200, the company said yesterday.

Richard J. Srednicki's apology before the Senate permanent subcommittee on investigations will follow testimony by the customer, Ohio resident Wesley Wannemacher, on how Chase's penalty fees and interest charges made his initial bill triple over six years.

The hearing by the subcommittee, part of the Homeland Security and Governmental Affairs Committee, will examine credit card industry practices that subcommittee Chairman Carl M. Levin (D-Mich.) says are "unfair" and "unethical."

The hearing follows a Senate Banking Committee hearing in January on credit card industry practices. The two are part of a wider focus by the new Congress, now controlled by Democrats, on financial practices that affect rank-and-file consumers, including those in the home-lending and retirement-savings industries.

Wannemacher has paid the bank $6,300 — nearly twice the amount of his original purchase — since March 2001. At the end of February, he still owed $4,400.

Last week, after subcommittee staff members called Chase for comment on the situation, Chase officials telephoned Wannemacher to say that he no longer owed the bank the $4,400 and that the bank

See DEBT, *D2, Col. 1*

Senate Panel to Hear Testimony On Credit Card Industry Practices

DEBT, *From D1*

erred in imposing so many penalties. Bank officials yesterday said they should have put him in a repayment assistance program in 2005, where many penalty fees and charges would have been waived. Chase said that as a result of his case, it will no longer charge additional over-limit fees after a customer is over his or her limit for more than 90 days.

"Clearly, some companies have stepped over the line," the subcommittee's ranking Republican, Sen. Norm Coleman of Minnesota, said at a briefing yesterday about what subcommittee staffers found after a months-long investigation of credit card industry practices.

Last week, Citigroup, which will also testify today, announced that it would end two policies that consumer groups and some members of Congress have criticized as unfair and abusive — "universal default," under which a cardholder's interest rate on a Citibank card increases if the holder is late on a payment for another, non-Citibank credit card, and reserving the right to raise a customer's credit-card interest rate at "any time for any reason."

Ed Yingling, head of the American Bankers Association, said the actions by Citigroup and Chase reflect a "recognition in the industry that things have become too complicated and that it's working to address these issues voluntarily." He said, "I think you are going to see more of it."

Senate Banking Committee Chairman Christopher J. Dodd (D-Conn.) and Levin have told the industry that it must fix such problems or expect lawmakers to take action, either by pushing bank regulators to tighten lending rules or by introducing legislation banning the practices.

In addition to Wannemacher — whose experience is not uncommon, consumer groups and Dodd, Levin and other lawmakers say — today's hearing will focus on a practice that subcommittee staff say all major card issuers use: charging interest on balances that customers have paid on time.

A typical example works this way, according to Levin and Coleman: A customer charges $5,020 in merchandise and pays $5,000 of it by the payment-due date after getting the first bill. The next bill will include the $20 that wasn't paid but also $34.78 in interest charges on the entire $5,020.

If the customer had paid the entire $5,020, no interest charge would have been imposed. In short, credit card companies eliminate the grace period in which no interest is charged if the balance isn't paid in full every month. This practice hurts millions of customers who pay their bills on time, the senators said.

Bank of America, which will also have an executive testifying today; Discover; and Capital One, based in McLean, are the other top issuers besides Chase and Citigroup. The five control 80 percent of the credit card market.

Senator blasts credit cards for 'sky-high' rates, fees

By Marcy Gordon
The Associated Press

WASHINGTON — An Ohio man whose $3,200 credit card debt mushroomed to $10,700 with interest and fees told his story Wednesday to senators who denounced the industry for confusing billing practices and shifting interest rates.

Executives of three major banks defended their credit card practices as responsible and responsive to consumers' needs in testimony at the hearing of the Senate Homeland Security and Governmental Affairs' investigative subcommittee. Those from Citigroup and Chase said their companies were eliminating some practices — including the one that hit Wesley Wannemacher of Lima, Ohio, with over-limit fees on his Chase card account 47 times even though he exceeded his credit limit only three times.

The interest charges and fees on Wannemacher's account more than tripled his debt despite his having made payments averaging $1,000 a year over six years, noted Sen. Carl Levin, D-Mich., the subcommittee's chairman.

"Unfair? Clearly, I think," Levin said. He said an investigation by the panel found that "sky-high interest charges and fees are not uncommon in the credit card industry. While the Wannemacher account happened to be at Chase, penalty interest rates and fees are also employed by Bank of America, Citigroup and other major credit card issuers."

Richard Srednicki, CEO of Chase Card Services, apologized to Wannemacher in his testimony. "In this case, we simply blew it," he said.

Srednicki said the company will no longer charge over-the-credit-limit fees to customers who have been in a chronic over-limit position for 90 days.

Wannemacher used a new Chase card in 2001 and 2002 to pay for expenses mostly related to his wedding. He had $3,200 in purchases, interest charges of $4,900, 47 over-limit charges totaling $1,500, late fees of $1,100, for total

▶ Changing policies, 1B

charges of $10,700 as of February. He paid $6,300, leaving a $4,400 balance, which Chase agreed to waive after he contacted the subcommittee staff.

Sen. Norm Coleman of Minnesota, the panel's senior Republican, said high interest rates on credit cards, "hefty fees and crippling penalties impede more and more hard-working families from pursuing their American dream."

The problem is worsened, he said, by the "impenetrable" language of credit card disclosures provided to consumers.

Though the card practices in question are legal, Levin is threatening possible legislation to ban them as a way to spur the industry to make voluntary changes.

Costly credit card fee traps

Multiple interest rates: You're often charged different interest rates for purchases, cash advances and balance transfers. And most issuers apply your payments first to the balance with the lowest interest rate before applying them to higher-rate balances. Other traps:

$39 — **Late and over-the-limit fees**
Card issuers charge up to $39 each time you pay late or exceed your account limit. Many issuers now set cut-off times for when the payment must be received during the day, making it easier to pay late.

3% — **Cash advance and balance-transfer fees**
Most issuers have lifted the cap on these fees, which used to be $50 to $75. Issuers now generally charge 3% of the cash advance or balance transferred.

↑32% — **Penalty rates**
Your interest rate can soar to 32% if you pay late or exceed your credit limit just once.

↑32% — **Universal default**
Even if you pay your bill on time, some issuers will still raise your rate to up to 32% if you pay late on some other creditor's bill.

Some card issuers also jack up rates on consumers who pay late on some other bill, such as a mortgage or utility bill. Citi dropped this practice last week, and others are expected to follow suit.

"Because it's a competitive market, issuers are always looking at what competitors are doing and how customers are responding," says Nessa Feddis, senior federal counsel at the American Bankers Association.

Consumer groups say banks are moving in the right direction in dismantling some punitive policies. The looser policies are not typically retroactive, though. So consumers hit by these fees in the past won't get a refund.

Also, "The bigger picture here is that there is still a lot that needs to be done in terms of (credit card) practices," says Curtis Arnold of CardRatings.com, an information site. "Hopefully, this will be the start of some positive changes in the industry that are long overdue."

USA TODAY .com

Have you had bad experiences with credit card fees? Join the conversation and tell us your stories at money.usatoday.com.

USA Today 3/7/07

Credit card firms get less punitive

Citi, Chase change some fee, rate policies

By Kathy Chu
USA TODAY

In a break for consumers, major banks are rethinking — and in some cases dropping — a handful of credit card policies that have been widely criticized.

Citi said last week that it will no longer raise interest rates for customers who pay on time to Citi but late to some other creditor. Chase, meantime, has dropped a two-cycle billing policy, in which it looked at a customer's average daily balance over two months to calculate interest. Those who didn't pay off their balances at the end of a month paid more interest than under traditional billing methods.

Chase says it's also easing up on some over-the-limit fees and working to simplify credit card disclosures to make them easier to understand.

▶ Senator blasts fees, rates, 2B

The fledgling trend by large credit card issuers to roll back certain punitive policies comes as a Democrat-led Congress steps up scrutiny of rising interest rates and record-high credit card fees. The top three issuers — Bank of America, Chase and Citigroup — said at a hearing Wednesday of the Senate Permanent Subcommittee on Investigations that they were working to simplify card fees and disclosures. Earlier this year, a Senate banking panel examined credit card marketing and disclosures.

"The Senate hearings are having an impact," says Kirsten Keefe of Americans for Fairness in Lending, an organization of consumer advocates. "Consumers are fed up."

In recent years, banks have become more aggressive in imposing fees and raising interest rates, says Robert McKinley of CardWeb.com. Many banks now hit you with fees of up to $39 per incident if you pay your bill one minute late or spend $1 past your credit limit. On top of this, some banks impose record-high penalty interest rates of up to 32% on those who pay late or spend past their limit just once.

USA Today
3/9/07
EDITORIAL

We've been listening

Opposing view:
Issuers promote financial literacy for the few who struggle with debt.

By Ed Yingling

Credit cards have undergone enormous change in recent years, and it's appropriate to assess the impact this change has had on consumers. We have been listening to consumers and to concerns raised by some members of Congress, and we agree there are things we can and should do better.

For instance, it's clear that disclosures of terms and conditions must be updated to reflect modern, multiple-featured cards. The bottom line: Each customer must have disclosures that are concise, clear and comprehensible. We're already working to make that happen, and we support a Federal Reserve review of disclosures that's going on now.

That said, it's important to keep credit card trends in perspective. More than half of Americans pay their balances in full every month. Credit card balances make up only about 3% of the debt carried by American households, and that percentage has actually decreased in recent years.

According to government studies, intense competition has lowered interest rates, eliminated most annual fees and ensured greater consumer choice.

Few would question the unparalleled convenience, flexibility and safety that credit cards afford consumers. The benefits to the economy are also clear: Credit cards facilitate online commerce, and they allow "mom and pop" stores to compete with mega-retailers.

Because they are so convenient, it's also easy to forget that when consumers use a card for credit, they are taking out a loan for which they offer no collateral. This makes a credit card loan riskier than other loans. But thanks to investments in technology and risk management, credit cards have become more widely available than ever before.

Certainly, a small minority of consumers struggle to manage their debt. That's why the credit card industry's extensive efforts to promote financial literacy are so important. In addition to the American Bankers Association Education Foundation, banks across the country offer education and credit counseling to help increase financial literacy in their local communities.

For consumers, plastic is the most preferred method of payment today. We need to make sure the many benefits of credit cards are not lost as we continue to improve the credit card customer's experience.

Ed Yingling is president and CEO of the American Bankers Association.

When interest rates hit 32%, there ought to be a law

Our view:
Under fire on Capitol Hill, card issuers alter abusive policies.

Wesley Wannemacher of Lima, Ohio, charged $3,200 on a new Chase credit card in 2001 to help pay for his wedding. That put him $200 over his credit limit — and into a riptide of penalty fees and interest rates.

Wannemacher told a Senate panel Wednesday that he had paid Chase $6,300 over six years, nearly double his initial debt. Despite that, he still had a balance of $4,400.

Like Wannemacher, millions of consumers have been caught in spiraling debt as credit card issuers have flooded them with solicitations, then squeezed them with record-high fees and usurious interest rates for the slightest infractions. Such rates would be illegal in several states, but not in the states that the issuers call home.

For years, the Republican-controlled Congress ignored consumer outcries as the industry flooded Washington with campaign cash to protect its outrageous practices. Now, with the Democrats in control and probing those practices, the industry has made a few grudging changes. But some of the most egregious policies remain:

- Many card issuers hit consumers with penalty rates of up to 32.24% for a variety of infractions, most commonly late payments. Adding to the unfairness, the sky-high rates can apply to customers' entire balance, not just new charges.
- Some issuers impose these onerous rates on cardholders who pay them on time, but are late paying another creditor. That's akin to a mortgage holder raising your rate because you paid your phone bill late. Citi announced last week that it was dropping this much-criticized practice.
- Many banks impose fees of up to $39 — nearly three times what they were in 1995 — for paying even one minute late or going over a credit limit. In one of the most abusive practices, the fee is imposed repeatedly every month the customer remains over his limit. That's what happened to Wannemacher on his Chase account. Chase said it would end that practice.



By Jay Mallin, Bloomberg News

Wannemacher: Testifies in the Senate about how he tried to pay off $3,200 on a credit card over six years.

These egregious practices, sky-high rates and the dense language that obscures them are plainly designed to suck consumers dry. Issuers surely have a right to rein in those who don't pay their bills, but only in a way that enables customers to get out of debt — not buries them in it. Lenders who are so incompetent that they extend credit to people who can't handle it deserve some of the blame and some of the bill.

With all the traps awaiting consumers, issuers should have to disclose every rule and penalty in clear English. Instead, a federal study last fall confirmed what just about every customer knows: The fine-print disclosures are too complicated for many consumers to understand.

Moves in recent days by Chase and Citi to end some punitive practices are helpful, but consumers can't rely on the good graces of issuers feeling heat from Capitol Hill.

Wannemacher's six-year struggle to pay off his ballooning debt with Chase shows why. Only after he agreed to testify before the Senate did Chase suddenly call and forgive his $4,400 balance.

Unless Congress is planning to intervene individually in the case of every consumer caught in a web of credit card debt, it should set some markers to ensure that credit card issuers behave better than loan sharks.

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NBC News Transcripts

SHOW: NBC Nightly News 6:30 PM EST NBC

March 7, 2007 Wednesday

LENGTH: 475 words

HEADLINE: Growing problem of **credit card** debt

ANCHORS: CAMPBELL BROWN

REPORTERS: LISA MYERS

BODY:

CAMPBELL BROWN, co-anchor:

NBC News IN DEPTH tonight, the big and growing problem of **credit card** debt in this country. And some horror stories about how easy it is for debt to spiral out of control, thanks to what can be some very confusing and punishing rules. Some top executives of major banks were grilled about it on Capitol Hill today, and here's senior investigative correspondent, Lisa Myers.

LISA MYERS reporting:

Charlie Bassham says that last year he missed a **credit card** payment for the very first time. He got hit with a late fee and his interest rate tripled to more than 32 percent.

Mr. CHARLIE BASSHAM: It's designed, you know, to keep people further in debt for a longer period of time. It just makes the banks richer.

Offscreen Voice: Do you swear that the testimony that...

MYERS: Today top officials of Citi, Chase and Bank of America were confronted about what critics say are abusive practices. They beat a strategic retreat, promising to change a few policies.

Mr. VIKRAM ATAL (Citi Cards CEO): The industry has traditionally kept the right to increase a cardholder's rates and fees at any time for any reason. We are eliminating this practice.

MYERS: Chase even apologized.

Mr. RICHARD SREDNICKI (Chase Bank CEO): In this case, we simply blew it.

MYERS: The apology to Wesley Wannemacher, who went over the credit limit on his card, and on a $3200 debt was charged $7500 in interest and penalties.

Mr. WESLEY WANNEMACHER: There is times where it seems like that no matter how much

you pay, they've got you and you're going to continue to pay until they are happy somehow.

MYERS: A federal investigation found **credit card** interest and fees have skyrocketed. In some cases, consumers actually are paying interest on bills they paid on time. Say your monthly bill is $520 and you pay $500. You'd think you'd pay interest on only $20 the next month. But in fact you'll pay interest on the full amount. It's called average daily balance.

Senator CARL LEVIN (Democrat, Michigan): To charge interest on the money that you've paid in a timely way, it seems to me is outrageous.

MYERS: The industry argues these practices are fair because they're disclosed to consumers. We took their disclosure language to Harvard University to see if students could decipher it.

Unidentified Man #1: To calculate a daily balance for each day prior to the statement's billing cycle...

Unidentified Woman #1: ...we use the following average daily balance...

Unidentified Man #2: ...including new transactions method.

Unidentified Man #3: I couldn't even begin to explain what that meant.

Unidentified Woman #2: It's Greek to me.

MYERS: The companies admit they could simplify disclosure. Lisa Myers, NBC News, Washington.

BROWN: When NIGHTLY NEWS continues in a moment, it will provide quite a view but some think the new platform over the Grand Canyon is just an eyesore.

LOAD-DATE: March 8, 2007

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NBC News Transcripts

SHOW: Today 7:00 AM EST NBC

March 7, 2007 Wednesday

LENGTH: 805 words

HEADLINE: CEOs of **credit card** companies go before Congress to discuss industry practices

ANCHORS: MEREDITH VIEIRA

REPORTERS: LISA MYERS

BODY:

MEREDITH VIEIRA, co-host:

And we are back at 7:41. Do you ever feel the pressure when that **credit card** bill comes in the mail and it is time to pay up? Well, this morning, the tables are being turned and it is the **credit card** companies themselves on the hot seat in front of Congress. NBC's senior investigative correspondent Lisa Myers has more.

Lisa, good morning.

LISA MYERS reporting:

Good morning Meredith. Today, the CEOs of the top three **credit card** companies in this country: City, Chase, and Bank of America, are being grilled under oath about industry practices, which critics say are abusive and designed to keep millions of Americans in debt.

For Charlie Bassham, paying his **credit card** bills on time, every time, was a priority. And sometimes it was tough.

Mr. CHARLIE BASSHAM: We're a middle class family facing all of the pressures that most families face. And do not live extravagantly.

MYERS: But last year, after missing a payment by a couple of days for the first time, he was slapped, not only with a late fee but also a higher interest rate, raised from 10.4 percent to a staggering 32.3 percent, leaving him struggling to make monthly payments.

Mr. BASSHAM: I really couldn't believe it. And I'm sitting here thinking, that is what they think of you. They don't care. You're just a number. You're just an account. All they want is the interest.

MYERS: A recent government investigation found that in the last several years the **credit card** industry has piled on a complicated scheme of fees, practices and interest rates that significantly increase consumer costs. Late fees and over-the-limit fees have more than

doubled. Payments are first applied to balances carrying the lowest interest rate. A single late payment can drive up interest rates on other **credit cards.** And when a consumer fails to pay his entire monthly balance, interest is still charged on the amount paid, as well as on what's not paid.

Senator CARL LEVIN (Democrat, Michigan): To charge you interest on the money that you've paid in a timely way, it seems to me is outrageous.

MYERS: Of course, all these costs and fees are spelled out by the companies in tiny fine print and in language even a senator with a Harvard law degree is hard pressed to understand.

Senator LEVIN: Well, let me try a few lines. (Reading) "We calculate separate balances subject to finance charge for category A balances and category B balances. Calculating daily balance for each day prior to this statement's billing cycle that had a precycle cash advance balance."

Clear? As mud. Nobody can understand that.

MYERS: The Basshams refinanced their home to pay down their **credit card** debt but are still angry about what happened to them after falling just a little behind.

Mr. BASSHAM: I think it's totally unfair. It's designed--it's designed to, you know, to keep people further in debt for a longer period of time. It just makes the banks richer.

MYERS: Now, one of the goals of today's hearing is literally to shame the CEOs of these companies into abandoning what critics call the most abusive practices, and to get much clearer disclosure language, Meredith, so the consumers better understand just how much trouble they can get into.

VIEIRA: Lisa, there are a lot of people who owe on their **credit cards** and they pay the minimum every month, on time, figuring eventually they will pay down the debt. So what is wrong with that?

MYERS: Well, the ultimate harm, Meredith, is that you'll end up paying a heck of a lot in interest. Take the average American with about $5,000 in **credit card** debt. If your interest rate is around 16 percent, it would take 12 years to pay that off making the minimum payment. And you'll end up paying $2500 in interest. And all that assumes you don't make any new purchases.

VIEIRA: And what are the **credit card** companies saying about all of this?

MYERS: Well, that all their practices are legal and fully disclosed when consumers sign up for a card. The banks also argue that many consumers are paying lower rates than they used to, that it's those considered greater credit risks who get hit with extra fees and higher rates.

VIEIRA: So Lisa, what does a consumer do to avoid being taken advantage of this way?

MYERS: Educate yourself, compare interest rates across cards and try to pay your monthly balance in full. And if you are tempted to put a big ticket item on plastic, there are Web sites that have calculators that let you plug in your debt and your interest rate and learn just how long it will take off to pay that money--how long it will take to pay off

all that money, which may give you second thoughts.

VIEIRA: OK, Lisa Myers, thank you very much.

MYERS: You bet.

VIEIRA: Up next, the amazing story of the dog who fell through the ice, but lived, thanks to a dedicated firefighter. We're going to meet all involved, right after this.

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ABC News Transcript

SHOW: WORLD NEWS WITH CHARLES GIBSON 6:30 PM EST

March 7, 2007 Wednesday

LENGTH: 588 words

HEADLINE: CREDIT CRACKDOWNS;
HIGH-PROFILE CHANGES FOR CREDIT CARD COMPANY POLICIES

ANCHORS: ELIZABETH VARGAS

REPORTERS: LISA STARK (WASHINGTON, DC USA)

BODY:

CONTENT: CHASE CREDIT SERVICES, CITIBANK, WESLEY WANNAMAKER, RICHARD SREDNICKI, SENATOR CARL LEVIN, SENATOR CLAIR MCCASKILL, SENATOR CHRISTOPHER DODD, CREDIT CARD DEBT

ELIZABETH VARGAS (ABC NEWS)

(Off-camera) Good evening. For anyone who is open to credit card bill only to suffer a shock reading the sky-high interest charges, it was a gratifying day on Capitol Hill. Senators summoned the banks that issued these credit cards to explain what many have called abusive credit card practices. 190 million people in the US have credit cards and more than half of us carry a balance on our cards each month. Credit card debt totals $879 billion, a lot is at stake for consumers and for the banks, which make a lot of money when we charge it and fail to pay in full. ABC's Lisa Stark joins me now from Washington with the latest. Lisa?

LISA STARK (ABC NEWS)

(Off-camera) Well, Elizabeth, the credit card business is certainly a profitable one. Those companies make their money primarily on our interest charges, but also, increasingly, on higher and higher fees and penalties. And those practices were under scrutiny today.

GRAPHICS: CREDIT CRACKDOWN

LISA STARK (ABC NEWS)

(Voiceover) Top executives with three major credit card companies were dragged up to Capitol Hill today, under fire for what some lawmakers say are outrageous fees and charges. The committee chair, angry at industry practices that can make it impossible for consumers to get out of debt.

SENATOR CARL LEVIN (CHAIRMAN

I don't believe that the average consumer understands it, believes it, thinks
it's fair, and I don't either.

LISA STARK (ABC NEWS)

(Voiceover) Take Wesley Wannemacher. He put $3200 on his Chase credit card
five years ago, but that was $200 over his credit limit, a slip-up that Chase
seized upon, charging him $7500 in fees and interest.

WESLEY WANNAMAKER (CONSUMER)

It was fees and interest we all accrued over and over and over again in, you
know, despite whatever payments, or, or attempts I tried to make to resolve it.
It was a continuing, ongoing problem.

LISA STARK (ABC NEWS)

(Voiceover) In what may be a first, Wannemacher got an apology today from the
head of his credit card company.

RICHARD SREDNICKI (CEO

In this case, we simply blew it. Our policies and procedures failed and we
deeply regret it.

LISA STARK (ABC NEWS)

(Voiceover) Lawmakers blasted the industry for everything from charging interest on portions of the bill paid on time to mailing millions of solicitations to consumers struggling to get out of debt.

SENATOR CLAIRE MCCASKILL (DEMOCRAT

It's like, you know, sending a six-pack of beer to somebody who's on their
30th day of sobriety, you know? And saying, you know, 'Why don't you just have
another drink?"

LISA STARK (ABC NEWS)

(Voiceover) In light of the hearings, Chase announced new limits on fees punishing people for going over their credit limits, and Citibank, in full-page
ads, is promising reforms, too, on interest rate increases. But it's unclear if
these high-profile changes will be enough to head off a congressional crackdown.

SENATOR CHRISTOPHER DODD (CHAIRMAN

Whether by regulation or by legislation, we're gonna give the consumèrs what
they deserve here.

LISA STARK (ABC NEWS)

(Off-camera) Now, the Democratic-controlled Congress has already held two hearings on this issue so, clearly, it's a top priority. Lawmakers will say they
will wait to see if these companies improve on their own. If they don't, they
are threatening to step in.

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ABC News Transcript

SHOW: GOOD MORNING AMERICA 7:14 AM EST

March 7, 2007 Wednesday

LENGTH: 767 words

HEADLINE: GMA CONSUMER ALERT;
CREDIT CARD FEES

ANCHORS: DIANE SAWYER, ROBIN ROBERTS

REPORTERS: ROBIN ROBERTS (NEW YORK, NY USA), ELISABETH LEAMY (WASHINGTON, DC USA)

BODY:

CONTENT: CREDIT CARD, CONGRESS, DEREK LEE, SENATOR CARL LEVIN, TRAVIS PLUNKETT, AMERICAN BANKERS ASSOCIATION

GRAPHICS: CONSUMER ALERT

ROBIN ROBERTS (ABC NEWS)

(Voiceover) All right. Sam, thank you. Now to a 'GMA" 'Consumer Alert" about your credit card. You know those tricky fees, baffling penalties. Today, a Senate committee will grill top credit card industry executives about whether those extra charges are really justified. More than a third of us pay some sort of credit card penalty each and every year.

ROBIN ROBERTS (ABC NEWS)

(Off-camera) Consumer correspondent Elisabeth Leamy joins us live now from Capitol Hill. A lot of folks are watching this, Elisabeth.

GRAPHICS: GMA CONSUMER ALERT: CREDIT CARD FEES

GRAPHICS: CONGRESS INVESTIGATING TODAY

ELISABETH LEAMY (ABC NEWS)

(Off-camera) Oh, yes. The hearing will take place right in this room at 10:00 this morning, Robin. The credit card industry is not happy about the black eye it could get today. In fact, some are taking a preemptive strike. Look at this

full page Citibank ad, and other banks are going into damage control mode.

DEREK LEE (CREDIT CARD CUSTOMER)

The frustration is beyond belief.

ELISABETH LEAMY (ABC NEWS)

(Voiceover) Derek Lee paid off one of his credit cards because he wanted to cancel it. But six months later, he still hasn't been able to, because the card company keeps charging him mysterious fees that keep the account open.

DEREK LEE (CREDIT CARD CUSTOMER)

It's unfair. It's unethical. And I, I'm concerned not only for myself but for other people because in my case, what it did is it dropped my FICO credit score by 69 points.

ELISABETH LEAMY (ABC NEWS)

(Voiceover) He's not alone. A recent government accountability office investigation targeted the following moneymaking tactics by credit card companies.

GRAPHICS: CREDIT CARD TACTICS

ELISABETH LEAMY (ABC NEWS)

(Voiceover) Trailing interest, the company charges interest on your entire purchase even if you've already paid part of it off. Universal default, you make a late payment on one card, but other card companies use that as an excuse to raise your rate with them. And lowest interest first, if you're being charged multiple rates for different types of transactions, your lowest rate purchases get paid off first, making the high interest items last longer. And then there's the written agreement. Some fees aren't even in it and investigators found the agreements baffling, as do many.

PEDESTRIAN (FEMALE)

Finance charge is calculated...

PEDESTRIAN (FEMALE)

...by multiplying the daily balance at...

PEDESTRIAN (FEMALE)

...each segment of your account...

PEDESTRIAN (MALE)

...e.g. cash advance, purchase, special transfer and special purchase by the
corresponding daily...

PEDESTRIAN (FEMALE)

Oh, it's just very difficult.

PEDESTRIAN (FEMALE)

I can tell you right now, I don't get this.

ELISABETH LEAMY (ABC NEWS)

(Voiceover) Senator Carl Levin is so outraged that he called hearings, even
though his committee on homeland security and governmental affairs isn't exactly
the typical forum.

TRAVIS PLUNKETT (CONSUMER FEDERATION OF AMERICA)

It's been a long time coming. Congress clearly has been - asleep at the
switch, until now.

ELISABETH LEAMY (ABC NEWS)

(Off-camera) The American Bankers Association told 'GMA," credit cards are an
important part of our economy, but agreed that the disclosures that come with
them need to be updated to reflect today's modern cards. Meantime, advice for
consumers, only carry a couple of cards. The fewer you have, the less fees you
have to worry about.

GRAPHICS: GMA TAKEAWAY

GRAPHICS: CARRY ONLY 1-2 CARDS

GRAPHICS: AUTOMATIC PAYMENTS

ELISABETH LEAMY (ABC NEWS)

(Off-camera) Consider - setting up an automatic monthly payment, so you won't
incur any late fees.

GRAPHICS: DON'T CARRY A BALANCE

ELISABETH LEAMY (ABC NEWS)

(Off-camera) Better yet, just don't carry a balance, pay on time and in full,
and you won't have to worry about any of this, Robin.

ROBIN ROBERTS (ABC NEWS)

(Off-camera) Easier said than done for a lot of people with today's economy.
But, Elisabeth, you were saying at the beginning of your report, there in the
hearing room, credit card companies are truly concerned, they're truly concerned
today about, there could be real change?

ELISABETH LEAMY (ABC NEWS)

(Off-camera) Well, I think they're worried because this issue is getting so
much attention, so you are seeing them make some voluntary changes on their own,
anything to stave off government imposing changes on them. So, yeah, we could
see some, some improvements.

ROBIN ROBERTS (ABC NEWS)

(Off-camera) As I said, people are gonna be watching. Elisabeth Leamy in DC.
Thanks so much.

LOAD-DATE: March 7, 2007

6 of 88 DOCUMENTS

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CBS News Transcripts

SHOW: The Early Show 7:00 AM EST CBS

March 8, 2007 Thursday

LENGTH: 348 words

HEADLINE: Senate holds hearings about predatory credit practices

ANCHORS: TRACY SMITH

REPORTERS: SHARYL ATTKISSON

BODY:

TRACY SMITH, anchor:

Many Americans are caught in a credit crunch, drowning in mushrooming debt. Now Congress is addressing the problem, sending credit card issuers a warning about so-called predatory practices. CBS News correspondent Sharyl Attkisson has that story.

SHARYL ATTKISSON reporting:

On Capitol Hill, senators sent a message to the credit card industry: If you don't fix the problems, we will.

Senator CARL LEVIN (Democrat, Michigan): What's it like once you're in debt to try to pay that debt off, when the interest on it is 30 percent annually?

Mr. WESLEY WANNEMACHER (Credit Card User): It feels like every month you take one step forward, but two steps back.

ATTKISSON: Wesley Wannemacher knows how quickly credit card debt can spiral out of control. He charged $3200 on his Chase bank card, but couldn't keep up payments, and ended up owing $4900 in interest, $1500 for charging over his limit, and $1100 in late fees. The $3200 charge ballooned to $10,700.

Mr. WANNEMACHER: Every time the phone would ring, it gets hard to breathe, and you're not sure whether you should even answer it or not.

ATTKISSON: He paid off thousands, but couldn't seem to get out of the hole no matter how hard he tried. Then suddenly, when he agreed to testify before the Senate committee, the bank decided to waive what he owed.

Mr. WANNEMACHER: I was asked on a Thursday to testify today, and the following Monday a representative of Chase called me on the telephone to let me know that they've reviewed my account and decided they are forgiving my balance.

Mr. RICHARD SREDNICKI (Chief Executive Officer, Chase Bank Card Services): I assure you that Mr. Wannemacher is not an example of how we strive to do business.

ATTKISSON: The CEO of Chase Bank Card Services and other top bank executives

told senators they're voluntarily changing some policies that have been called predatory.

But some senators are still pressing for new laws to force the industry to be clear and fair with consumers who are collectively in for about $800 billion in credit card debt. Sharyl Attkisson, CBS News, Capitol Hill.

LOAD-DATE: March 8, 2007

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CNN

SHOW: PAULA ZAHN NOW 8:00 PM EST

March 7, 2007 Wednesday

TRANSCRIPT: 030701CN.V99

SECTION: NEWS; International

LENGTH: 8060 words

HEADLINE: Target: Dick Cheney?; America's Crushing Credit Card Debt

BYLINE: Deborah Feyerick, Carol Costello, John Roberts, Paula Zahn, Ted Rowlands

GUESTS: Jean Chatzky, Keith Boykin, Lauren Lake, Darrell Ankarlo

HIGHLIGHT:

What will the guilty verdict for Lewis "Scooter" Libby mean for his former boss, Vice President Dick Cheney? Who is to blame for Americans' staggering amount of credit card debt? Will a Florida city manager be fired because he wants to become a woman? Why is infertility considered so embarrassing to some couples?

BODY:

PAULA ZAHN, CNN ANCHOR: Good evening, everybody. Thank you all for joining us.

ZAHN: Out in the open tonight, something no one likes talking about, because it's so painful, so humiliating, the enormous amount of credit card debt we Americans owe, $876 billion of it.

And, today, three top executives of major credit card companies defended themselves on Capitol Hill, because Congress is investigating the late fees, the bounced-check fees, the sky-high invest rates that have a stranglehold on so many of us.

Deborah Feyerick was in Washington for the hearing. She's just filed this report for us.

(BEGIN VIDEOTAPE)

DEBORAH FEYERICK, CNN CORRESPONDENT (voice-over): If you have ever paid down
a credit card debt, then this will sound familiar.

SEN. CLAIRE MCCASKILL (D), MISSOURI: I look at the amount of money she's paid
over the years, and it is just mind-boggling.

FEYERICK: Missouri Senator Claire McCaskill telling a packed room how hard it
was for her own mom, who wound up buried by fees and interest rates.
MCCASKILL:
In many instances, they are completely taking advantage of people that don't
understand what it is they're being subjected to, in terms of all those monthly
fees and penalties.

FEYERICK: A fluke? Not likely.

(on camera): If you knew then what you know now, would you ever have charged
your wedding on that credit card?

WES WANNAMACHER, STRUGGLING WITH CREDIT CARD DEBT: No, no, not at all.

FEYERICK (voice-over): Wes Wannamacher's $3,200 wedding debt ballooned to
more than $10,000 in added interest and penalties. Why? Chase Bank hit him 47
times with extra fees for going over his spending limit.

WANNAMACHER: You know, it just -- it just really seemed like there was no end
in sight.

FEYERICK: According to the Government Accountability Office, 48 percent of
credit card holders in 2005 were hit with a late fee or a fee for going over
their credit limit, even those who paid on time.

SEN. CARL LEVIN (D), MICHIGAN: I believe it's wrong for people to pay
interest on debt which they pay on time.

FEYERICK: Credit card companies make the rules, with no oversight and no
regulation. If you pay a bill late, even when it's unrelated, you may get hit
with higher interest rates. And the burden of figuring it all out rests on
you.

ALYS COHEN, STAFF ATTORNEY, NATIONAL CONSUMER UNION LAW CENTER: If there were
poisonous food or medication put on the shelves, no one would say, read this and
learn that it's poison. Learn not to buy it. They would be taken off the
shelves. And we want the same thing for credit.

FEYERICK: The credit card companies defended their practices, which are technically all legal.

UNIDENTIFIED MALE: ... about the profitability

FEYERICK: Executives from Chase, Bank of America, and Citigroup saying credit cards give credit to people who otherwise would be shut out. They all left without comment immediately after the hearing.

An industry spokesman explaining to consumers why it is the way it is:

KEN CLAYTON, AMERICAN BANKERS ASSOCIATION: I think it's important for them to understand that this is a loan. It's an unsecured loan to millions of people every day, only based on the promise...

UNIDENTIFIED MALE: One of the first things that tipped us off was, we started getting phone calls.

FEYERICK: Filmmaker James Scurlock traveled the country, talking to people about credit card debt.

JAMES SCURLOCK, FILMMAKER: A lot of people said, look, you would think $50,000, $100,000 of credit card debt, there would be a Ferrari in my driveway, or a Porsche, or something. But they go back to the statements. It's groceries, you know, medical bills, just everyday things, necessities.

FEYERICK: When Chase Bank found out Wes Wannamacher was testifying, they dropped the more than $4,000 he still owed, blaming it on human error.

SEN. NORM COLEMAN (R), MINNESOTA: They -- they're charging for things that you wouldn't have any idea that you're being charged for. I think that is abusive. I think that is -- is predatory. I think that has to change.

(CROSSTALK)

FEYERICK (on camera): Would you go so far as to say it's a little bit criminal?

COLEMAN: No, I'm going to stop...

FEYERICK: OK.

COLEMAN: I'm going to stop short of it...

FEYERICK: OK.

COLEMAN: ... because, in fact, if you -- if you plow through and you read all the stuff in that little contract that you signed, it's there.

FEYERICK: Right.

COLEMAN: But, on the other hand, if you don't have three college degrees, you
probably wouldn't find it.

FEYERICK: OK.

(voice-over): Deborah Feyerick, CNN, Washington.

(END VIDEOTAPE)

ZAHN: With me now, a journalist who has written an awful lot about how you
can beat credit card debt -- that's if you listen to her -- Jean Chatzky, author
of the bestseller "Make Money, Not Excuses: Wake Up, Take Charge, Overcome Your
Financial Fears Forever." She also hosts her own show on XM Radio.

Glad to have you with us tonight.

JEAN CHATZKY, AUTHOR, "MAKE MONEY, NOT EXCUSES: WAKE UP, TAKE CHARGE, AND OVERCOME YOUR FINANCIAL FEARS FOREVER": Nice to see you.

ZAHN: Thank you.

So, you know, we know that millions of Americans are maxing out on their credit cards. And I -- and I wanted to share with our audience now part of a television commercial, a very popular one for LendingTree...

CHATZKY: Yes.

ZAHN: ... that pokes fun at this trend. Meet Stanley Johnson.

(BEGIN VIDEO CLIP, LENDINGTREE AD)

UNIDENTIFIED ACTOR: Like my car? It's new. I even belong to the local golf
club.

How do I do it? I'm in debt up to by my eyeballs. I can barely pay my finance
charges.

(END VIDEO CLIP)

ZAHN: All right. We laugh when we see that commercial.

CHATZKY: We do.

ZAHN: But how many Stanley Johnsons are out there?

CHATZKY: There are too many, unfortunately. What happened...

ZAHN: Is it millions of Americans?

CHATZKY: It is millions.

And what happened over the last five, 10 years, where we have had historically low interest rates, is about half of America have used those wisely. They completely revamped their balance sheets. They paid down debt. They upped their savings.

But the other half got in trouble. They spent more than they earned. They charged an awful lot of debt. They have got interest that's now ratcheting up. And they have to figure out a way to deal with it.

ZAHN: And, when you talk about interesting -- or interest ratcheting up, we heard in this piece from Senator Norm Coleman, you know, these lending companies under -- under fire for some very cute charges.

CHATZKY: Curious charges.

ZAHN: Buyer, beware.

Walk us through these curious -- is that -- is that a more accurate way of describing? Cute? Curious?

CHATZKY: You know, I -- Cute. Curious.

ZAHN: Questionable.

CHATZKY: Exactly.

I think a lot of these charges -- people are on the hook to really read the fine print.

And -- and, quite frankly, many of us don't. And the fine print is too difficult to understand. So, when we look at these charges, the one that's probably most under fire today was the universal default rate, which is when a credit card company increases your interest rate when you're late or when you go over limit on a different credit card.

And, so, you're -- you're on the hook for a credit card that you're not necessarily late on. And that doesn't quite seem fair. It's one that even the credit card companies have had a lot of trouble defending.

Trailing interest has come under fire, also. That's when you pay your bill on time, you think, but you still get hit with interest. And this policy of a lowest interest rate first, you know, when people change balance -- change their balances, switch balances, a lot of other fees are attached.

And, often, your balance transfer comes under a different rate than your new purchases, which is under a different rate than your cash advances. And you have to be careful which one is getting charged the highest interest rate.

ZAHN: So you just have to look at your statement clearly and understand that you could face some of these surcharges?

CHATZKY: You know what people really need to understand is how much they are charging on their credit cards. And I know that that sounds like a lot of common sense, but really we have no idea these days, many people, how much we have coming in, how much we have going out, how much we're spending, and where it's going. And that's the first step. That's the first step to taking financial responsibility for your own life.

ZAHN: So who are you madder at, us or the bank?

CHATZKY: No. You know what? I think that there are a lot of parties responsible here. But when you come right down to it, if you use your credit cards wisely, then they're a useful tool. It's when you tart to get ahead of yourself, then these fees start to layer on, that you get in trouble.

So we need to pay more attention, the banks clearly need to get clearer about the different fees that they are imposing on people. Make it easier for people to understand. And hopefully we'll all come out a little bit better in the end.

ZAHN: Meantime, you want Stanley Johnson to grow up. CHATZKY: I would like Stanley Johnson to grow up. I enjoy the commercial, but, yes, a little bit of growing up would be good.

ZAHN: All right. Jean Chatzky, thank you so much.

Appreciate your advice.

LOAD-DATE: March 7, 2007

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The NewsHour with Jim Lehrer

SHOW: NEWSHOUR 6:00 PM EST

March 8, 2007 Thursday

TRANSCRIPT: 030800cb.112

SECTION: NEWS; International

LENGTH: 7036 words

HEADLINE: House Democrats Present Plan to End Iraq War

BYLINE: Judy Woodruff, Margaret Warner, Jeffrey Brown

GUESTS: James Clyburn, Jan Schakowsky, Peter DeShazo, Miguel Tinker-Sales, Kathleen Day

HIGHLIGHT:

House Democrats presented a plan Thursday on how to deal with the Iraq war.
Kwame Holman reports on the proposed plan and differences within the party over
when to leave Iraq. President Bush left Thursday on a five nation tour of Latin
America. Margaret Warner reports on the president`s plans and then speaks with
analysts about the challenges the president faces in trying to re-energize relations

BODY:

JUDY WOODRUFF: Good evening. I`m Judy Woodruff. Jim Lehrer is away.

On the NewsHour tonight: the news of this Thursday; then, the Democratic divide over when to pull troops out of Iraq, as seen by House Majority Whip James Clyburn and Representative Jan Schakowsky; a preview of President Bush`s
five-nation Latin America trip aimed at renewing relations; and a look at new
scrutiny of credit card rules and penalties.

(BREAK)

JUDY WOODRUFF: Finally tonight, new questions about the credit card industry
and the fees they charge. Jeffrey Brown has the story.

JEFFREY BROWN: Last year, Americans used more than 600 million credit cards to buy more than $1.8 trillion in goods and services. Today, the average American family has more than $9,000 in credit card debt.

And with the continuing increase in the use of credit cards, the amount of debt, and the number of personal bankruptcies, lawmakers are taking a closer look at the practices of the highly profitable credit card industry.

Among the policies under scrutiny: so-called universal default, where interest rates *on one* credit card are raised because a customer fails to pay another credit card bill on time; over-the-credit-limit fees charged to customers who are over their limit; and charging interest on an entire credit card balance, even when customers have made timely payments.

Yesterday, executives of three major banks were called before a Senate subcommittee to defend those policies. Senator Carl Levin is calling for ending some practices and requiring clearer disclosure of credit card rules for consumers.

SEN. CARL LEVIN (D), Michigan: I don`t believe that the average consumer understands it, believes it, thinks it`s fair, and I don`t either.

JEFFREY BROWN: Norm Coleman, the panel`s top Republican, agreed.

SEN. NORM COLEMAN (R), Minnesota: Industry has gone too far, pushed too far, and needs to clean up its act.

JEFFREY BROWN: In one example, Ohio resident Wesley Wannemacher testified that he was charged more than $7,000 in interest charges and late fees for $3,200 in purchases he`d made with a Chase credit card.

WESLEY WANNEMACHER, Witness to Congressional Hearing: It feels like every month you take one step forward, but two steps back, you watch that 30 percent and the other fees just continue to grow your balance. It`s a feeling similar to riding in a submarine, when the water pressure is really high, and every time the phone would ring, it`s hard to breathe, and you`re not sure whether you should even answer it or not.

JEFFREY BROWN: Richard Srednicki, the CEO of Chase Card Services, apologized to Wannemacher.

RICHARD SREDNICKI, Chase Card Services: In this case, we simply blew it. Our politics and procedures failed, and we deeply regret it.

JEFFREY BROWN: Chase has forgiven the remainder of Wannemacher`s debt and said it would no longer charge over-the-credit-limit fees. Citigroup, the

country`s largest financial institution, also announced it, too, would eliminate
some interest rate increases.

VIKRAM ATAL, Citigroup Inc.: These changes redefine our relationship with every single one of our customers.

JEFFREY BROWN: The problem of credit card debt, already familiar in many American homes, is now the subject of "Maxed Out," a new documentary that opens
tomorrow in a number of cities around the country.

Kathleen Day was at yesterday`s hearing. She covers personal finance issues
for the Washington Post and joins us now.

KATHLEEN DAY, Washington Post: Hi.

JEFFREY BROWN: One of the basic issues here is whether consumers understand
the rules, understand the fees, the charges they may face, right?

KATHLEEN DAY: I think there`s a consensus -- even the credit card companies
agree -- most consumers don`t really understand the boiler plate disclosures.
Have you tried to read one? If you ask anyone, I think if those executives had
been asked to explain line by line what their disclosures mean, they wouldn`t
have been able to. I think everyone agrees on that.

JEFFREY BROWN: Is the issue there -- I mean, we all get all of this. Is the
issue whether it`s in the fine print or whether it`s even there at all?

KATHLEEN DAY: Well, it`s supposed to be in bigger print and in easy-to-understand language. Regulators attempted to do that several years ago.

But as these credit card products have become more complex, with all different kinds of varying rates depending on how you use it, the disclosures
have lengthened and become more complicated. And regulators are trying to figure
out ways -- they are working on a project now to make this stuff clearer.

But I think the senators, consumer groups, and some states` attorneys general
feel that those clarifications of disclosures haven`t come fast enough or soon
enough to save people.

JEFFREY BROWN: Now, the case of Mr. Wannemacher, who we saw at the hearing,
you were there yesterday...

KATHLEEN DAY: Yes, the guy charged $3,200 for his wedding.

JEFFREY BROWN: Yes, now how did those fees build up?

KATHLEEN DAY: Well, he had a $3,000 limit. So when he went over it by $200, they slapped on a fee. And, of course, they let him go over it, but then they start raising his interest rates, because then he's considered a higher risk because he's gone over his limit. Then he fell behind on some payments.

They raise it more. They put on late fees. They continue to charge interest on the fees that they've put on. It spirals out of control. And instead of just extracting a higher interest rate for someone they consider to be a higher risk, I think consumer groups and the senators yesterday were arguing the company's policies made that person riskier. They were actually pushing him into financial difficulty. They weren't just charging him more because of his difficulties; they were pushing him into it.

JEFFREY BROWN: And were they suggesting, the consumer groups and the senators, that this is a fairly common -- I mean, was that an extreme case or is that a fairly common example?

KATHLEEN DAY: I think it's too common. I don't think it's the majority of credit card customers, but I think there are many people who are living check to check who fall into financial difficulty in this country. I don't think it's an isolated case.

I think yesterday's hearings dealt with two issues. One were onerous fees and charges that pushed someone who isn't making a lot of money over the edge and maybe he shouldn't have been extended all that credit in the first place. That's one issue.

The second issue are practices that are imposed on rank-and-file people who are not in financial difficulty, and the senators were saying may be legal, but unethical. And one of those is charging you on interest on a bill you've paid.

JEFFREY BROWN: Yes, explain that. So is this if you've paid -- you've paid in a timely fashion?

KATHLEEN DAY: Right.

JEFFREY BROWN: But you haven't paid it all?

KATHLEEN DAY: Right. And this is what's in the fine print. They don't spell out. I didn't understand this, and now I certainly do.

If you charge $5,020 -- this was an example yesterday -- on a credit card, and you get your bill, and it's due on a certain date, and you pay $5,000 of it, you will get a bill the next month -- and you paid on time -- you will get saying you owe the residual $20, which no one disputes, but you'll also get an interest charge of $34.

That's more than the residual, because they will go back and charge you an interest rate on the entire $5,020. Whereas if you'd pay $5,020, they give you a grace period.

In other words, they eliminate the grace period on interest rates on being charged an interest rate if you pay it in full, but if you pay most of it, but not all of it, they impose the interest charge on all of it. I don't think most Americans with a credit card understand that.

JEFFREY BROWN: Is it legal?

KATHLEEN DAY: That is legal. All the major credit cards do it, but Levin and Coleman yesterday were questioning -- I think there's a question of, first, do people understand the product they're buying?

And, separately, I think Levin is saying he thinks that's an unconscionable -- he thinks that's not right. You shouldn't be charged for something you've paid. But before you even get there, people should at least understand it.

JEFFREY BROWN: Now, we saw in the clip one of the bank officials was apologizing to Mr. Wannemacher, certainly. What were they saying more generally about these kinds of practices now that the spotlight is on?

KATHLEEN DAY: Well, the spotlight on them has certainly made them change their tune very quickly in two weeks. And, by the way, they haven't done everything wrong.

I mean, part of the reason this has come to be is that many more people can get credit now, because credit card companies are much better able to assess the risk of individuals. The question is whether they've gone too far.

They're saying mea culpa. They're saying that some of their practices have become -- perhaps have stepped over the line, as Senator Coleman put it, but, you know, you have to wonder.

This Mr. Wannemacher was asked to testify on a Thursday. And for seven years, he's been arguing with the credit company, "Please, can you just waive some of the late fees?" He's already paid double what he owed. He said, "Please, I need some relief."

Suddenly, the Monday morning after he's agreed to testify, he gets a call from Chase saying, you know, "We're going to forgive the $4,500 more we say you owe us." They were going to charge him $10,700 for a $3,200 bill.

Suddenly, they say, "You know what? We erred." And he asked them. He said, "Does this have anything to do with my agreeing to testify?" And they said no, but, of course, the officials I talked to said, of course, it was brought to our attention, and we want to fix it.

JEFFREY BROWN: It was just a couple years ago, of course, that there was this bankruptcy bill that was passed to make it harder for people to declare personal bankruptcy.

KATHLEEN DAY: It's harder to wipe out debt through bankruptcy. And this was pushed by the credit card industry and Levin, Senator Levin, and Senator Chris Dodd, who's now chairman of the House Banking Committees, these are senators who thought at the time that this was passed, that they said, OK, if you're going to make it harder for people to declare bankruptcy, make it easier for them before they get into trouble to understand how these products can spiral out of control.

People don't understand, if you have a thousand-dollar debt, and you only pay a minimum balance of $15 a month, it's going to take you years and years and years to pay it off, and you're going to be accumulating lots of interest rate. You're going to pay hundreds and tens of thousands more in interest.

JEFFREY BROWN: The politics, of course, has changed in two years, and thus -- but it sounds as though Republicans are also pushing here.

KATHLEEN DAY: Well, it`s hard not to when you see a case like Mr. Wannamaker`s. But when the bankruptcy bill passed, the industry fought it tooth
and nail. There was a compromise. There was a kind of boilerplate disclosure.
But now, suddenly, I think the credit card industry is much more amenable to clear disclosure.

JEFFREY BROWN: All right. Kathleen Day of the Washington Post, thanks very
much.

KATHLEEN DAY: Thank you.

We`ll see you online and again here tomorrow evening, with Mark Shields and
David Brooks, among others. I`m Judy Woodruff. Thank you, and good night.

LOAD-DATE: March 9, 2007

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National Public Radio (NPR)

SHOW: All Things Considered 8:00 PM EST

March 6, 2007 Tuesday

LENGTH: 566 words

HEADLINE: Congress Takes Up Complaints on **Credit Cards**

ANCHORS: MICHELE NORRIS, MELISSA BLOCK

BODY:

MICHELE NORRIS, host:

This is ALL THINGS CONSIDERED from NPR News. I'm Michele Norris.

MELISSA BLOCK, host:

And I'm Melissa Block.

Today, executives from some major banks were on the hot seat on Capitol Hill for the **credit card** fees and penalties they charge. One bank executive apologized to an aggrieved customer at the hearing. He said that in his case, the bank had simply blown it.

More from NPR's Jack Speer.

JACK SPEER: Testifying at today's hearing, Wesley Wannemacher said he learned the hard way how a relatively small charge on his **credit card** could quickly get out of control. In 2001, Wannemacher run up $3,200 on his credit to pay for his wedding, including a photographer and flowers. He says he agreed to come to Washington to testify so others wouldn't have to go through what he did.

Mr. WESLEY WANNEMACHER (Chase **Credit Card** Customer, Lima Ohio): I'm only here to let people know what happened to me. From September of 2001 to February of 2007, I've paid Chase over $6,300. If they hadn't reviewed my account, I would have paid another $6,110 on a $3,200 debt.

SPEER: JP Morgan Chase, the company that issued Wannemacher his card, recently agreed to waive the rest of his debt. And the CEO of Chase Card Services, Richard Srednicki, in a rare public mea culpa, acknowledged things never should have gone as far as they did.

Mr. RICHARD SREDNICKI (CEO of Cardmember Services, JP Morgan Chase & Co.): I want to begin my remarks with a public apology to Mr. Wannemacher. We have policies and procedures in place at Chase to identify customers like him who have fallen into deep financial trouble and are finding it difficult to work their way out. In this case, we simply blew it.

SPEER: What emerged from today's hearing was the fact the Democratic Majority Congress is focusing much more intently on bank lending practices. Subcommittee chairman, **Carl Levin,** was clearly skeptical as he questions Srednicki about whether **credit card** customers understand the fine print.

Senator CARL LEVIN (Democrat, Michigan): You think most customers understand that the grace period only applies to people who pay their bill in full every month? You think most people understand that? Mr. Wannemacher sure didn't.

Mr. SREDNICKI: I think that the large majority of our customers do understand that sir.

Senator LEVIN: Well, I disagree with that.

SPEER: As a result of recent hearings, several banks, including Chase and Citigroup are announcing changes. Chase says it will no longer charge customers additional fees after a **credit card** customer exceeds their credit limit for more than 90-day period. Last week, Citigroup said it will end two controversial practices. One, the so-called universal default, in which a card holder can be penalized for being late on a different **credit card;** and the other, a policy that allows banks to raise interest rates at any time.

Ed Yingling heads the American Bankers Association. He agrees the industry needs to do better.

Mr. ED YINGLING (President, American Bankers Association): The product has gotten very complicated. It is difficult for consumers to understand. And the industry recognizes that.

SPEER: Today's hearing comes at a time Americans continue to wrap their **credit card** debt. At the end of the last year, the Federal Reserve estimated outstanding **credit card** debt in the U.S. totaled between $750 billion and $800 billion.

Jack Speer, NPR News, Washington.

LOAD-DATE: March 7, 2007

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National Public Radio (NPR)

SHOW: Day to Day 4:00 PM EST

March 7, 2007 Wednesday

LENGTH: 559 words

HEADLINE: Credit Fees

ANCHORS: MADELEINE BRAND

BODY:

MADELEINE BRAND, host:

From NPR News, this is DAY TO DAY.

Credit card companies are under scrutiny today. In Washington, lawmakers have called on them to end what they say are abusive fees, penalties and interest rates. At a congressional hearing, senators threatened to limit or even outlaw some of the lending fees and marketing practices if the credit card companies don't police themselves.

Joining us with more is John Dimsdale from MARKETPLACE. And John, I have to say, you know, it is really hard sometimes to figure out how the fees and the interest rate charges are calculated on my credit card statements. I can't quite figure it out.

JOHN DIMSDALE: Oh, that's right. And that's just one of the many complaints raised by senators who are looking into this credit card practice at today's hearing.

Senate investigation subcommittee members heard from one Chase cardholder who was hit with a $7,500 bill in interest and penalties on purchases of only $3,200. Over six years, he paid Chase more than twice what he borrowed and still owed more than $4,000 until just a few days ago, when committee members contacted Chase and the company agreed to wipe his bill clean and the head of the company apologized to him at today's hearing.

But the chairman of the committee, Michigan Democrat Carl Levin, says many

people don't understand the terms of the loans that they take out when they use
a credit card.

Senator CARL LEVIN (Democrat, Michigan): Many consumers think that credit cards provide them with a grace period before interest is charged. Not true. If
you owe money on your card from the prior month, there is no grace period on new
purchases. Each of those purchases racks up interest charges from day one. I wonder how many working families understand that.

DIMSDALE: Senator Levin says this practice of eliminating the interest-free
period once a consumer begins carrying a balance is unfair and costs credit card
users tens of millions of dollars every year.

BRAND: And how are the credit card companies responding?

DIMSDALE: Well, they say that they're being fairly compensated for a risk that they take when they lend money to consumers on a revolving basis every month. These are unsecured loans, meaning it's not like a mortgage or a car loan
where there's a tangible asset the bank can recover should the consumer default
on the loan.

They say their fees and interest rates are fully disclosed and customers are
welcome to pay off the loans anytime and forgo additional charges. And they say,
you know, we're banks. We're out to earn our shareholders the best return. We're
constrained by market competition, which is just another reason why they don't
think there should be any government limits on them.

BRAND: Well, Congress can impose those limits. What are they talking about?

DIMSDALE: Limits on the kinds and the size of fees, better disclosure of the
charges and the interest rates so that consumers can comparison-shop among different cards, for example. There's also talk of restrictions on the kinds of
solicitations that banks can send out to potential customers.

One senator called credit card mailings a type of predatory lending, making
people think that they're getting free money in the mail.

BRAND: Thank you, John. John Dimsdale of Public Radio's daily business show
MARKETPLACE. And MARKETPLACE is produced by American Public Media.

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SHOW: News & Notes 9:00 AM EST

March 8, 2007 Thursday

LENGTH: 3199 words

HEADLINE: Walgreens Suit, Senate Credit Hearings

ANCHORS: FARAI CHIDEYA

BODY:

FARAI CHIDEYA, host:

This is NEWS & NOTES. I'm Farai Chideya.

CHIDEYA: I want to move on to one last topic getting huge amount of play. Yesterday, Congress held hearings on what some might call credit card abuse. With consumer's crunched by debt, the Senate Permanent Subcommittee on Investigations is looking into complaints of unjustified fees and penalties on credit card bills.

Senator Carl Levin is chairman of the subcommittee, and he says credit card companies need to lighten up.

Senator CARL LEVIN (Democrat, Michigan) Stop charging consumers a fee to pay their bills and stop imposing abusive fees and excessive penalty interest rates. As one Michigan businessman expressed it to the subcommittee, I don't blame the credit card issuers for putting me into debt, but I do blame them for keeping me there.

CHIDEYA: Now there are other studies and figures showing that Americans are actually spending more money than they make, so it's not really a surprise that people are in credit card debt. But should it be illegal to pursue some of the strategies that credit card companies have in order to put additional fines and to raise interest rates at will?

Julianne, you're an economist, what do you think?

Ms. MALVEAUX: I think that Levin is right on the money here. This is an absurd situation, Farai. It's, you know, everybody who's in business is entitled to make a profit, but this is where you have literally usury. In addition to people paying some 30 percent interest if they missed a payment or two, then you have a $25 to $50 late fee that will be imposed time and time and time again. That's how the gentleman in question who was testifying got into trouble.

Then you've got this thing called the universal default clause, which means, okay, I pay my American Express bill on time every month, but I don't pay Visa on time. So American Express accesses me through Visa and now they say I'm going to charge you more money. So the universal default clause says one credit problem with one isolated company can wreck my entire payment schedule with every company.

Again, credit card companies bare some culpability here. Farai, in 2004, four billion credit card solicitations went out; there are 300 million Americans. The average person got eight credit card solicitations. You know, teenagers get them. College students get them. And of course then they get the card and then they use it, that's why they get it, you know, and then we pass this bankruptcy legislation that makes it more difficult for people to declare bankruptcy. We prioritize the repayment of credit cards over the payment of child support.

So Levin was right on time to bring these people in and to at least let them know that people are watching. The laws vary state by state about percentage of interest, but no one has began to regulate all these late and ancillary fees. And that's something I think that's legitimate for the Congress and state legislatures to look at.

CHIDEYA: Walter, though, in business isn't it really, as the phrase goes, what the market will bear?

Mr. FIELDS: No. Because this is the equivalent of piling on in sandlot football, where someone is tackled and then you get 30 other people to jump on the pile. This is what credit card companies do. They just pile on and they pile on these fees. And as someone who ran a business for 11 years, I will tell you dealing with them is extremely difficult because, first of all, you can't understand the terms of the contract. If you read the terms of your credit card, you can get someone who is an expert in contract law...

CHIDEYA: I've had, like, five pages show up. It's, like, we've made a change,
five pages of...

Mr. FIELDS: You can't read it.

CHIDEYA: ...fine print.

Ms. MALVEAUX: What does it mean? What does it mean? Tell me in English what
it means.

Mr. FIELDS: And I think Julianne makes a point in terms of the aggressiveness
of marketing of credit card companies. My daughter is eight and she has received
mail from credit card companies. It's ludicrous what's happening out here in terms of they reel you in, they suck you in, you get the card and you make payments. You can even pay off your credit card and they will charge you a fee
based upon the balance that you were paid off. It is absolutely ridiculous, and
now finally Congress looks like they're going to do something about it.

CHIDEYA: Ron, we'll end with you on that point. Is there an appetite in Congress, in the government, to make some changes in the law?

Mr. CHRISTIE: Well, I think there is an appetite to have oversight hearings,
which as Walter said, it seems to be is long overdue. But these credit card companies have been piling on year after year. They make a lot of money. I don't
begrudge anybody who works hard for making a profit. But for having been one who
in college got a lot of these solicitation letters, applied for the cards, used
the cards, ran up a lot of debt, and then you start paying off the debt and you
still get charged interest fees - from a personal standpoint I can tell you enough is enough.

These guys need to be held accountable. And those small, little, teeny tiny
pieces of paper that you get with your credit card statement, you can get a magnifying glass to read it, you still can't understand it, and they're just making money hand over fist. Enough is enough.

CHIDEYA: All right. On that note we've got to end here. Ron Christie, vice
president of the lobbying firm D.C. Navigators and former special assistant to
President George W. Bush. He is here with me at NPR headquarters in Washington,
D.C. And political consultant Walter Fields and economist and author Julianne

Malveaux, the president and CEO of Last Word Productions Inc. was at New York.
Thank you so much.

Ms. MALVEAUX: Thank you, Farai.

Mr. FIELDS: Thank you.

Mr. CHRISTIE: Thank you.

LOAD-DATE: March 8, 2007

Pollock, Dave (Levin)

From: Corporate Video, Inc. [corporatevideo@newspoweronline.com]
Sent: Wednesday, March 07, 2007 3:04 PM
To: Pollock, Dave (Levin)
Subject: Corporate Video, Inc. Search 'Levin/Andringa' Found 9 Stories

Michigan TV coverage re credit cards

Search 'Levin/Andringa' Found 9 Stories



Sen. Levin Nationwide Television News "carl levin*" OR "sen* carl levin" OR "sen* levin" OR "sander levin*" OR "sandy levin*" OR "cong* levin Date Range: 2007/02/20 To 2007/03/07

1. MAR 7 2007 8:00AM CT **Bloomberg On the Markets**
BLOOMBERG, NATIONAL **Run Time: 4:13**

[**08:17:44 AM**] I SHOULD ALSO MENTION ALSO THAT ON CAPITOL HILL TODAY EXECUTIVES FROM BANK OF AMERICA, J.P. MORGAN, AND CITIGROUP WILL FACE CONGRESSIONAL SCRUTINY OVER CREDIT FEES AND INTEREST RATES CREDIT CARD FEES. AND LONGTIME INDUSTRY CRITIC, CARL LEVIN, CALLED THE HEARING AS CHAIRMAN OF HOMELAND SECURITY INVESTIGATIONS OF PREVENTION-PRUDENTIAL SAYS THE HEARINGS REFLECT TIMES ARE CHANGING UNDER THE DEMOCRATS ON CAPITOL HILL. LAST WEEK CITIGROUP SAID IT WILL STOP RAISING RATES AND CUSTOMERS THAT FAIL TO READ PAGE OF LOANS ON THE OTHER BANKS, SOMETHING REFERRED TO AS UNIVERSAL DEFAULT. UP NEXT WE WILL RUN TO THE CHICAGO MERCANTILE EXCHANGE AS WE WALK TO THE OPENING BELL THIS WEDNESDAY MORNING.

2. MAR 7 2007 10:30AM CT **CNN Today** **Nielsen Audience: 426,686**
CNN-CABLE, NATIONAL

[**10:49:38 AM**] RIGHT NOW, THE SENATE IS HOLDING A HEARING ON CREDIT CARD PRACTICES. EVEN THOUGH THEY'RE LEGAL, THE SENATE IS CRITICIZING CHARGING BALANCES PAID ON TIME BUT NOT IN FULL AND ALSO INFOCUSS, THE SO-CALLED DOUBLE BILLING CYCLE WHICH ELIMINATES THE INTEREST-FREE PERIOD WHEN A CUSTOMER STOPS PAYING IN FULL AND STARTS CARRYING A BALANCE. AMERICANS ARE BOGGED DOWN BY $850 BILLION IN CONSUMER DEBT AND SENATOR CARL LEVIN, THE PANEL'S CHAIRMAN SAYS CREDIT CARD COMPANIES ARE MAKING IT WORSE BY PUSHING PEOPLE INTO A DOWNWARD SPIRAL OF DEBT. EXECUTIVES FROM CITIGROUP, CHASE ARE WAITING TO TESTIFY BUT THEY'RE NOT WAITING TO TAKE ACTION AND LAST WEEK SAID THEY'D STOP RAISING INTEREST RATES FOR CUSTOMERS WHO FAIL TO PAY OTHERS ON TIME. THAT'S BEEN A PROBLEM, TOO AND CHASE SAYS IT WILL NO LONGER CHARGE A SEPARATE FEE FOR CUSTOMERS WHO CHRONICALLY EXCEED THEIR CREDIT LIMIT.

3. MAR 7 2007 12:00PM ET **General Programing Noon**
CSPAN2-CABLE, NATIONAL

[**12:00:03 PM**] I WOULD ECHO THE COMMENTS OF MY COLLEAGUES, SENATOR. AS AN EXAMPLE, WE HAVE OVER 300 PRODUCTS AVAILABLE THROUGH OUR CITI CARDS BUSINESS, SO IT IS AN OPTION SET THAT WE'VE CREATED FOR CUSTOMERS. ON OUR INTERNET SITE, IF YOU DECIDE YOU WANT A CREDIT CARD FROM US, WE ASK YOU A NUMBER OF QUESTIONS AND YOU CAN SELF-SELECT DOWN INTO THE PRODUCTS AND FEATURES YOU WOULD LIKE AND REDUCE THE LEVEL OF OPTIONALITY, BUT IT IS A COMPLEX CHOICE FOR CUSTOMERS TO MAKE AMONGST ALL THE DIFFERENT CREDIT CARDS THAT ARE AVAILABLE, AND ANYTHING THAT WE AS INDUSTRY LEADERS DO, AS WELL AS SUPPORTED BY YOUR COMMITTEE AND SENATOR LEVIN'S SORT OF FOCUS ON THIS WOULD BE SORT OF POSITIVE TO THE INDUSTRY.

MR. CHAIRMAN, IN CLOSING, I WOULD JUST SAY THAT LOOKING BACK AT THE BANKING COMMITTEE HEARING WE HAD A MONTH OR SO AGO AND THIS HEARING TODAY, SEVERAL OF OUR WITNESSES HERE INDICATED THEY'VE CHANGED PRACTICES, THAT MAYBE DIDN'T STAND UP TO THE LIGHT OF DAY, AND THAT'S A VERY GOOD THING, AND I THINK THAT'S PART OF OUR RESPONSIBILITY TO INVITE THEM TO APPEAR BEFORE US AND TO HOLD OUT AND QUESTION THOSE PRACTICES AS WE ARE DOING. IT'S JUST UNFORTUNATE THAT A LOT OF THE OTHER THOUSANDS OF ISSUERS OR A NUMBER OF THE OTHER THOUSANDS OF ISSUESERS WHOSE PRACTICES ARE FAR LESS DEFENSEIBLE THAN THOSE HERE TODAY COULD NOT UNDERGO THE SAME SCRUTINY.



4. MAR 7 2007 9:00AM CT **Headline News** **Nielsen Audience: 206,477**

HLN-CNN, NATIONAL **Run Time: 1:11**

[**09:20:37 AM**] THERE YOU SEE IT, THAT'S A LIVE SHOT FROM THE HEARING RIGHT NOW. NOW, POLICIES UNDER FIRE FOR BEING UNFAIR, FOR BEING CONFUSING, BEING TOO OPAQUE FOR PEOPLE TO UNDERSTAND THEM. THOSE ARE SOME OF THE WORDS THAT HAVE BEEN USED BY THE CHAIRMAN, WHO'S CARL LEVIN, A DEMOCRAT FROM MICHIGAN. THAT'S NOT WHO YOU ARE LOOKING AT RIGHT NOW. THE PROBLEM IS SOME OF THOSE POLICIES CAN BE SO PUNISHING THAT A MINOR MISS CAN TRAP PEOPLE IN QUICKSAND.



5. MAR 7 2007 12:00PM ET **WOOD Noon News** **Nielsen Audience: 45,685**

WOOD-NBC, GRAND RAPIDS-KALAMAZOO-BATTLE CREEK, MI, **Run Time: 2:22**

MARKET RANK: 39

30-Second Ad Equivalency: $200

[**12:14:15 PM**] THEY'RE LOOKING INTO POSSIBLE "ABUSES" BY THE MAJOR ISSUERS OF CREDIT CARDS TO MILLIONS OF AMERICANS. TODAY, A SENATE COMMITTEE IS TAKING UP THE ISSUE ON CAPITOL HILL. MICHIGAN SENATOR CARL LEVIN SAYS HIS PANEL HAS UNCOVERED ABUSIVE PRACTICES LIKE SO CALLED "DOUBLE-CYCLE BILLING. IT ELIMINATES THE INTEREST-FREE PERIOD FOR A CONSUMER WHO MOVES FROM PAYING HIS FULL BALANCE EVERY MONTH TO CARRYING A BALANCE. THAT BRINGS IN TENS OF MILLIONS OF DOLLARS TO BANKS THAT ISSUE CREDIT CARDS.



6. MAR 7 2007 12:00PM ET **WOTV Noon News** **Nielsen Audience: 4,229**

WOTV-ABC, GRAND RAPIDS-KALAMAZOO-BATTLE CREEK, MI, **Run Time: 2:22**

MARKET RANK: 39

30-Second Ad Equivalency: $125

[**12:14:15 PM**] THEY'RE LOOKING INTO POSSIBLE "ABUSES" BY THE MAJOR ISSUERS OF CREDIT CARDS TO MILLIONS OF AMERICANS. TODAY, A SENATE COMMITTEE IS TAKING UP THE ISSUE ON CAPITOL HILL. MICHIGAN SENATOR CARL LEVIN SAYS HIS PANEL HAS UNCOVERED ABUSIVE PRACTICES LIKE SO CALLED "DOUBLE-CYCLE BILLING. IT ELIMINATES THE INTEREST-FREE PERIOD FOR A CONSUMER WHO MOVES FROM PAYING HIS FULL BALANCE EVERY MONTH TO CARRYING A BALANCE. THAT BRINGS IN TENS OF MILLIONS OF DOLLARS TO BANKS THAT ISSUE CREDIT CARDS.



7. MAR 7 2007 12:00PM ET **WZZM Noon News** **Nielsen Audience: 28,725**

WZZM-ABC, GRAND RAPIDS-KALAMAZOO-BATTLE CREEK, MI,

MARKET RANK: 39

30-Second Ad Equivalency: $125

[**12:05:17 PM**] BUT SIX MONTHS HAVE GONE BY AND THE CARD COMPANY IS STILL CHARGING HIM FEES. SOT DEREK LEE: "IT'S UNFAIR, IT'S UNETHICAL, AND I AM CONCERNED NOT ONLY FOR MYSELF, BUT FOR OTHER PEOPLE BECAUSE IN MY CASE WHAT IT DID IS IT DROPPED MY FICO CREDIT SCORE BY 69 POINTS. SENATOR CARL LEVIN, WHO CONVENED THE SENATE PANEL, BELIEVES EXCESSIVE FEES ARE MAKING IT HARDER FOR MILLIONS OF AMERICANS TO CLIMB OUT OF CREDIT CARD DEBT. SOT LEVIN: "OUR INVESTIGATION HAS SHOWN SKY HIGH FEES ARE NOT UNCOMMON IN THE CREDIT CARD INDUSTRY. EXECUTIVES FROM MAJOR CARD- ISSUING BANKS ARE TESTIFYING TODAY.



8. MAR 7 2007 12:00PM ET **Noon News** **Nielsen Audience: 50,170**

WJRT-ABC, FLINT-SAGINAW-BAY CITY, MI, MARKET RANK: 66 **Run Time: 1:05**

30-Second Ad Equivalency: $200

[**12:12:13 PM**] KAREN) A SENATE PANEL IS TAKING A LOOK AT COMPLEX BILLING AND INTEREST-RATE PRACTICES FOR CREDIT CARDS. CRITICS SAY THESE PRACTICES CONFUSE CONSUMERS AND CAN PUSH THEM DEEPER INTO DEBT. MICHIGAN SENATOR CARL LEVIN CHAIRS THE PANEL. HE SAYS AN INVESTIGATION BY HIS PANEL FOUND "ABUSIVE" AND CONFUSING PRACTICES BY CREDIT CARD COMPANIES THAT CAN INCREASE FINANCIAL PAIN FOR MANY FAMILIES. WEATHER TOSS SKYCAM & BIG WEATHER WEATHER CHAT OUT



9. MAR 7 2007 12:00PM ET **Noon News** **Nielsen Audience: 25,363**

WLNS-CBS, LANSING, MI, MARKET RANK: 112 **Run Time: 1:34**

30-Second Ad Equivalency: $175

[**12:25:51 PM**] A ARING IS UNDERWAY THIS AFTERNOON. THAT MAY HELP REDUCE YOUR CREDIT CARD BILLS. MICHIGAN SENATOR CARL LEVIN SAYS TOO MANY AMERICANS ARE BEING DRIVEN DEEPER INTO DEBT BY TRICKY CREDIT CARD BILLING AND INTEREST-RATE PRACTICES. THEY'RE LEGAL. BUT LEVIN IS THREATENING POSSIBLE LEGISLATION TO OUTLAW THEM.

Pollock, Dave (Levin)

From: Corporate Video, Inc. [corporatevideo@newspoweronline.com]
Sent: Thursday, March 08, 2007 10:04 AM
To: Pollock, Dave (Levin)
Subject: Corporate Video, Inc. Search 'Levin/Andringa' Found 25 Stories

Search 'Levin/Andringa' Found 25 Stories



Sen. Levin Nationwide Television News "carl levin*" OR "sen* carl levin" OR "sen* levin" OR "sander levin*" OR "sandy levin*" OR "cong* levin Date Range: 2007/02/21 To 2007/03/08

1. MAR 8 2007 8:30AM ET **General Programing 8:30AM**
CSPAN, NATIONAL

[**08:38:59 AM**] SENATOR BLASTS CREDIT CARDS FOR SKY HIGH RATES AND F"S. IN OHIO MAN WHO'S $3200 CREDIT CARD DEBT MUSHROOMED TO $10,700 WITH INTEREST AND FEES TOLD HIS STORY WEDNESDAY TO SENATORS WHO DENOUNCED THE INDUSTRY FOR CONFUSING BILLING PRACTICES AND SHIFTING INTEREST RATES. CARL LEVIN, SENATOR, WAS THE CHAIR OF THE COMMITTEE. AND HERE'S WHAT HE HAD TO SAY ABOUT THE CREDIT CARD HEARING. TODAY WE ARE FOCUSING ON INDUSTRY PRACTICES AFFECTING THREE FUNDAMENTAL ASPECTS OF CREDIT CARDS. ... ON CNN WITH SENATOR LEVIN AND I PLAN TO WRITE TO HIM AND SENDING THE DOCUMENTS OF WHAT I'M PAYING AND MY BILLS ARE. THEY HAVE ALSO TWO LIKE IF I WOULD GET A BILL BECAUSE I'M OVERWHELMED AND NOW HIT WITH MORE BILLS THAN I CAN MANAGE. AND YOU CALL THEM UP TO MAKE A PAYMENT SO IT'S ON TIME AND THEY WANT TO CHARGE YOU A FEE.

2. MAR 8 2007 4:00AM ET **General Programing 4:00AM**
CSPAN, NATIONAL

[**04:16:43 AM**] CITICARDS. IF YOU DECIDE YOU WANT A CREDIT CARD, WE ASK YOU QUESTIONS AND YOU CAN SELECT THE PRODUCTS AND FEATURES YOU WANT AND REDUCE THE LEVEL OF OPTIONS. IT IS A COMPLEX DECISION TO MAKE A AMONGST ALL THE CREDIT CARDS THAT ARE AVAILABLE, AND ANYTHING THAT WE AS INDUSTRY LEADERS CAN DO, AS WELL AS SUPPORTED BY YOUR COMMITTEE AND SENATOR LEVIN TO FOCUS ON THIS WOULD BE POSITIVE TO THE INDUSTRY. IN CLOSING, I WOULD JUST SAY THAT LOOKING BACK AT THE BANKING COMMITTEE HEARING THAT WE HAD A MONTH OR SO AGO AND THIS HEARING TODAY, SEVERAL OF OUR WITNESSES HERE HAVE CHANGED PRACTICES, MAYBE DID NOT STAND UP TO THE LINE, AND THAT IS A PRETTY GOOD THING. I THINK THAT AS PART OF OUR RESPONSIBILITY, TO INVITE THEM BEFORE US, AND TO HOLD OUT AND QUESTIONED AS PRACTICES AS WE ARE DOING.

3. MAR 8 2007 2:30AM ET **General Programing 2:30AM**
CSPAN, NATIONAL

[**02:48:05 AM**] I WOULD INSTRUCT REPRESENTATIVES THAT TRY TO TALK TO ME TO TALK TO MY CREDIT COUNSELOR. AROUND THIS TIME I SAW A NEWS ARTICLE MENTIONING CENTER 11 SENATOR LEVIN. THEY WANTED ME TO CONTACT HIS OFFICE, SO I DID. OVER THE LAST FEW MONTHS, THEY HAVE TRIED TO CONVINCE ME NOT TO ENROLL IN DEBT MANAGEMENT, AND THEY ASK FOR DIRECT PAYMENTS.

4. MAR 8 2007 8:30AM ET **General Programing 8:30AM**
CSPAN2-CABLE, NATIONAL

[**08:40:00 AM**] IT IS SORT OF AN OPTION THAT WEAVE SET4 4 OUR CUSTOMERS ON THE WEB *SITE. IF* YOU WANT A CREDIT CARD FROM US, WE ASK A NUMBER OF QUESTIONS, AND YOU CAN SELECT DOWN INTO THE PRODUCTS AND FEATURES YOU WOULD LIKE AND REDUCE THE LEVELS OF OPTION ALTALT. AND ANYTHING THAT WE AS INDUSTRY LEADERS DO AS WELL AS SUPPORTED BY YOUR COMMITTEE AND **SENATOR LEVIN'S** SORT OF FOCUS UNDERSTAND ON THIS WOULD BE POSITIVE TO THE INDUSTRY. MR. CHAIRMAN, IN CLOSING, BY SAY THAT LOOKING BACK TO THE BANKING COMMITTEE HEARING THAT WE HAD A MONTH OR SO AGO AND THIS HEARING TODAY, SEVERAL OF OUR WITWAS INS HERE INDICATED THEY'VE CHANGE UNDERSTAND PRACTICE. MAYBE THEY DIDN'T STAND UP TO THE LIGHT OF DAY, AND THAT'S A VERY GOOD THING.

5. MAR 8 2007 7:00AM ET **General Programing 7:00AM**
CSPAN2-CABLE, NATIONAL

[**07:15:01 AM**] I WOULD INSTRUCT REPRESENTATIVES THAT TRY TO TALK TO ME TO TALK TO MY CREDIT COUNSELOR. AROUND THIS TIME I SAW A NEWS ARTICLE MENTIONING CENTER **11 SENATOR LEVIN.** THEY WANTED ME TO CONTACT HIS OFFICE, SO I DID. OVER THE LAST FEW MONTHS, THEY HAVE TRIED TO CONVINCE ME NOT TO ENROLL IN DEBT MANAGEMENT, AND THEY ASK FOR DIRECT PAYMENTS.

6. MAR 8 2007 5:00AM CT **Headline News** **Nielsen Audience: 187,888**
HLN-CNN, NATIONAL **Run Time: 0:15**

[**05:32:58 AM**] THE CHIEF EXECUTIVE FOR CHASE BANK'S CARD SERVICES, "OUR POLICIES FAILED, AND WE DEEPLY REGRET IT. DEMOCRATIC **SENATOR CARL LEVIN** SAYS, LEGISLATION MAY BE NEEDED TO STOP THE PRACTICES.

7. MAR 8 2007 5:00AM ET **Morning News** **Nielsen Audience: 1,005**
WEYI-NBC, FLINT-SAGINAW-BAY CITY, MI, MARKET RANK: 66 **Run Time: 4:23**
30-Second Ad Equivalency: $25

[**05:16:24 AM**] THE MINT STRUCK 300 MILLION OF THE COINS. THE WASHINGTON DOLLARS ARE THE FIRST IN A SERIES OF PRESIDENTIAL COINS SLATED TO RUN UNTIL 20-16. **SENATOR CARL LEVIN** CHAIRS THE PANEL ON CAPITOL HILL THAT'S LOOKING INTO CREDIT CARD GRACE PERIODS, INTEREST RATES AND FEES. HE SAYS CREDIT CARD COMPANIES-ARE PUSHING AMERICANS DEEPER AND DEEPER INTO DEBT. ... SOT **SEN. CARL LEVIN** "BY NICKEL AND DIMING 10'S AND MILLIONS OF CONSUMERS, CREDIT CARD COMPANIES REAP THE PROFITS. "CREDIT CARD COMPANIES COLLECTED MORE THAN 17 BILLION DOLLARS IN PENALTIES ALONE IN 2006. HIDDEN FEES, EXPERTS SAY, THAT ADD UP TO TROUBLE FOR THE CONSUMER.

8. MAR 7 2007 8:00PM CT **Bloomberg Now**
BLOOMBERG, NATIONAL

[**08:00:11 PM**] AND YOU SAW THE COMPANIES RESPONDED IN AN AWKWARD SPOT. HE'S TRYING TO BUILD A CASE. AND **SENATOR LEVIN** WILL INTRODUCE THAT BILL THAT THE INDUSTRY WILL BE VERY MUCH OPPOSED TO. BUT THE REALITY IS SORRY, GO AHEAD, FINISH YOUR THOUGHT. THE CHALLENGE IS THAT **SENATOR LEVIN'S** COMMITTEE DOES NOT HAVE JURISDICTION OVER THIS LEGISLATION. THAT'S IN THE JURISDICTION OF THE BANKING COMMITTEE AND SENATOR DODD IS THE CHAIRMAN OF THAT COMMITTEE AND ALSO A CRITIC OF THE INDUSTRY, BUT SO FAR HE HAS BEEN LEANING AGAINST TRYING TO PASS LEGISLATION BECAUSE HE REALIZES THAT HIS COMMITTEE IS SOMEWHAT SPLIT ON THE ISSUE AND THE CREDIT CARD INDUSTRY ACTUALLY HAS ALLIES ON THAT COMMITTEE. AND, CHUCK, IF THE LEGISLATION WERE TO COME TO PASS, PERHAPS **SENATOR LEVIN'S** BILL COME TO THE FLOOR AND THE SENATE, WHAT IS IT IN THAT LEGISLATION THAT WOULD BE MOST DISTASTEFUL TO THE CREDIT CARD INDUSTRY? WHAT ARE THEY WORRIED ABOUT? WHEN **SENATOR LEVIN** COMES OUT WITH HIS BILL YOU'LL SEE PROBABLY AN EFFORT FOR HIM TO PROHIBIT CERTAIN FEES, PUT CERTAIN RESTRICTIONS ON INTEREST RATES, ON WHEN THEY CAN BE CHARGED, ON CERTAIN ACCOUNTS, AND IT'S THE PROHIBITIONS THAT WILL REALLY DRAW OPPOSITION FROM THE INDUSTRY. AND THAT'S WHAT THEY'LL WANT TO AVOID. SO THESE ARE SAVVY COMPANIES. ... SENATOR DODD AND **SENATOR LEVIN** HAVE A REPUTATION FOR BEING CRITICAL OF THE CREDIT CARD INDUSTRIES. I THINK WE'RE GOING TO SEE HEARINGS ON THE HOUSE SIDE AS WELL. BUT, AGAIN, I THINK ANY LEGISLATIVE PUSH WILL START, AGAIN, WITH **SENATOR LEVIN** AND I THINK YOU WOULD SEE THE ADMINISTRATION PROBABLY LINE UP MORE IN THE STREE CAMP ON THIS ONE. CHUCK MARR OF LEHMAN BROTHERS, POLITICAL ANALYST, KEEPING TRACK OF THINGS AS WELL. THANKS FOR JOINING US, CHUCK.

9. MAR 7 2007 5:00PM CT **Bloomberg Live**
BLOOMBERG, NATIONAL

[**05:00:12 PM**] THIS IS THE SECOND HEARING ON THE ISSUE THIS YEAR. THE COMMITTEE ON INVESTIGATION HELD IT TODAY. **CARL LEVIN** BROUGHT WESLEY WANAMAKER, A YOUNG FATHER FROM OHIO, TO TALK ABOUT HOW WILL YOU HAVE ROUGHLY $3,000 HE CHARGED ON A CHASE CARD BALLOONED TO OVER $10,000 IN DEALT BECAUSE INTEREST CHARGES, AND OVERTHE LIMIT FEES. TODAY HE GOT SOMETHING UNUSUAL

10. MAR 7 2007 4:00PM CT **Bloomberg Live**
BLOOMBERG, NATIONAL

[**04:00:14 PM**] HE'S TRYING TO BUILD A CASE AND HE'LL INTRODUCE A BILL SOON THAT WILL BE VERY TOUGH AND THE INDUSTRY WILL BE VERY MUCH OPPOSED TO. FINISH YOUR THOUGHT? THE CHALLENGE IS THAT **SENATOR LEVIN'S**

COMMITTEE DOES NOT HAVE JURISDICTION OVER THIS LEGISLATION. THAT'S IN THE JURISDICTION OF THE BANKING COMMITTEE. SENATOR DODD HAS ALSO BEEN A CRITIC OF THE INDUSTRY, THE CHAIRMAN, BUT SO FAR HE'S BEEN LEANING AGAINST TRYING TO PASS LEGISLATION BUT HE REALIZES THAT HIS COMMITTEE IS SOMEWHAT SPLIT ON THE ISSUE AND THE CREDIT CARD INDUSTRY HAS ALLIES ON THAT COMMITTEE. ... I THINK WHEN SENATOR LEVIN COMES OUT WITH HILL HIS BILL, YOU'LL SEE AN EFFORT FOR HIM TO PROHIBIT CERTAIN FEES, PUT CERTAIN RESTRICTIONS ON INTEREST RATES, ON WHEN THEY CAN BE CHARGED ON CERTAIN COUNTS. IT'S THE PROHIBITIONS THAT WILL DRAW OPEN ... ANY LEGISLATIVE PUSH WILL START AGAIN WITH SENATOR LEVIN AND I WOULD THINK YOU'D SEE THE ADMINISTRATION PROBABLY LINE UP MORE IN THE INDUSTRY CAMP ON THIS ONE. CHUCK MARR OF LEHMAN BROTHERS. THANK YOU SO MUCH FOR JOINING US.

11. MAR 7 2007 6:00PM CT **On the Money** **Nielsen Audience: 195,582**
CNBC-CABLE, NATIONAL **Run Time: 0:27**

[**06:21:31 PM**] A SENATE PANEL ARE NOW LOOKING INTO CREDIT CARD THIEVES THAT CAN CATCH CONSUMERS OFF GUARD. MICHIGAN SENATOR CARL LEVIN SAYING THE COMMITTEE HAS ALREADY FOUND WHAT HE CALLED ABUSIVE PRACTICES BY CREDIT CARD COMPANIES THAT KEEP FAMILIES IN DEBT. MELISSA, THAT'S YOUR DOT-COM TICKER. MELISSA: THANK YOU VERY MUCH.

12. MAR 7 2007 1:30PM CT **Live From...** **Nielsen Audience: 357,083**
CNN-CABLE, NATIONAL **Run Time: 1:31**

[**01:34:37 PM**] ALSO IN FOCUS, THE SO-CALLED DOUBLE BILLING CYCLE WHICH ELIMINATES THE INTEREST-FREE PERIOD AS SOON AS A CUSTOMER STOPS PAYING IN FULL AND STARTS CARRYING A BALANCE. AMERICANS ARE BOGGED DOWN BY $850 BILLION OF CONSUMER DEBT. EVEN THOUGH THESE FEES SOMETIMES GET WAIVED, AS IN ONE CASE CITED AT TODAY'S HEARING, SENATOR LEVIN SAYS THAT'S SIMPLY NOT GOOD ENOUGH. THAT DECISION DOES NOT RESOLVE THE PROBLEM OF EXCESSIVE CREDIT CARD FEES AND SKY HIGH INTEREST RATES THAT TRAVEL TOO MANY HARD-WORKING FAMILIES INTO A DOWNWARD SPIRAL OF DEBT. APPARENTLY THE PRESSURE FROM CONGRESS IS HAVING SOME EFFECT.

13. MAR 7 2007 11:30PM ET **General Programing 11:30PM**
CSPAN, NATIONAL

[**11:43:01 PM**] I WOULD INSTRUCT REPRESENTATIVES THAT TRY TO TALK TO ME TO TALK TO MY CREDIT COUNSELOR. AROUND THIS TIME I SAW A NEWS ARTICLE MENTIONING CENTER 11 SENATOR LEVIN. THEY WANTED ME TO CONTACT HIS OFFICE, SO I DID. OVER THE LAST FEW MONTHS, THEY HAVE TRIED TO CONVINCE ME NOT TO ENROLL IN DEBT MANAGEMENT, AND THEY ASK FOR DIRECT PAYMENTS.

14. MAR 7 2007 2:00PM CT **Headline News** **Nielsen Audience: 175,610**
HLN-CNN, NATIONAL **Run Time: 1:46**

[**02:19:55 PM**] CONGRESS IS REALLY TRYING TO MAKE THINGS EASIER. THERE IS A PANEL GOING ON TODAY THAT EXAMINES FOCUSING ON THE CONFUSING BILLING AND INTEREST RATE PRACTICES. COMMITTEE CHAIRMAN CARL LEVIN SAID THE METHODS PUSH CONSUME NEARS A DOWNWARD SPY RAVEL DEBT. SOME OF THE PRACTICES CHALLENGED BY THE COMMITTEE INCLUDES RAISING FEES ON CUSTOMERS, HOW PENALTIES ARE IMPOSED AND INTEREST RATE HIKES ON PEOPLE WHO HAVE FAILED TO PAY OTHER CREDITORS ON TIME. NOW WHILE THESE METHODS ARE ALL ABSOLUTELY LEGAL, THE PANEL IS CONSIDERING MEASURES TO PUSH CREDIT CARD COMPANIES TO COMPLY AND TO MAKE THEM LESS PREDATORY.

15. MAR 7 2007 11:30PM CT **Charlie Rose**
PBS, NATIONAL

[**12:02:47 AM**] SUSIE: CHASE IS CHANGING ITS OVER-THE-LIMIT FEE POLICY, WHILE CITI LAST WEEK DROPPED THE UNIVERSAL DEFAULT CLAUSE FROM ITS CARDS. JEFF, THAT CLAUSE ALLOWED RATE HIKES FOR ANY REASON. JEFF: SUSIE, WHILE THOSE PRACTICES ARE LEGAL, SUBCOMMITTEE CHAIRMAN CARL LEVIN THREATENED THE INDUSTRY WITH TIGHTER REGULATIONS IF IT DOESN'T SHAPE UP. NOW, LET'S TAKE A LOOK AT SOME STOCKS IN THE NEWS TONIGHT.

16. MAR 7 2007 5:30PM CT **Nightly Business Report**
PBS, NATIONAL **Run Time: 1:17**

[**05:41:24 PM**] SUSIE: CHASE IS CHANGING ITS OVER-THE-LIMIT FEE POLICY, WHILE CITI LAST WEEK DROPPED THE UNIVERSAL DEFAULT CLAUSE FROM ITS CARDS. JEFF, THAT CLAUSE ALLOWED RATE HIKES FOR ANY REASON. JEFF: SUSIE, WHILE THOSE PRACTICES ARE LEGAL, SUBCOMMITTEE CHAIRMAN CARL LEVIN THREATENED THE INDUSTRY WITH TIGHTER REGULATIONS IF IT DOESN'T SHAPE UP. NOW, LET'S TAKE A LOOK AT SOME STOCKS IN THE NEWS TONIGHT.

17. MAR 7 2007 4:00PM ET First 4 — Nielsen Audience: 64,312
WDIV-NBC, DETROIT, MI, MARKET RANK: 11 — Run Time: 0:46
30-Second Ad Equivalency: $550

[**04:21:42 PM**] RESCUE 4 YOUR FINANCIAL FUTURE. WE'RE KEEPING A CLOSE EYE ON YOUR CREDIT CARD DEBT TODAY BECAUSE A SENATE PANEL IS LOOKING AT HOW COMPLICATED THE BILLING AND INTEREST RATE PRACTICES ARE. CARL LEVIN IS HEADING THE INVESTIGATION IN WHY COMPANIES HAVE MADE IT HARD TORE PAY OFF CREDIT CARD DEBT. THE BOTTOM LINE IS THIS: THE USE OF MULTIPLE AND VARIABLE INTEREST RATES, TOGETHER WITH ANTI-CONSUMER PAYMENT ALLOCATION RULES CONFUSE CONSUMERS ABOUT WHAT INTEREST RATES APPLY TO WHAT DEBTS, WHEN. AND SEVERAL MAJOR CREDIT CARD COMPANIES TESTIFIED.

18. MAR 7 2007 5:30PM ET WOOD 5:30pm News — Nielsen Audience: 73,893
WOOD-NBC, GRAND RAPIDS-KALAMAZOO-BATTLE CREEK, MI, MARKET RANK: 39 — Run Time: 3:21
30-Second Ad Equivalency: $450

[**05:56:39 PM**] THEY SELECTED MORE THAN $17 BILLION IN PENALTY. HIDDEN FEES EXPERTS SAY ADD UP TO TROUBLE FOR CONSUMERS. CARL LEVIN SITS ON THE COMMITTEE. BY NICKEL AND DIMING TENS OF MILLIONS OF CONSUMER ACCOUNTS, CREDIT CARD COMPANIES REAP LARGE PROFITS. SEVERAL BANKS AND CREDIT CARD COMPANIES HAVE APPARENTLY PLEDGED TO MAKE FINE PRINT MORE UNDERSTANDABLE.

19. MAR 7 2007 5:30PM ET WOTV 5:30pm News — Nielsen Audience: 6,186
WOTV-ABC, GRAND RAPIDS-KALAMAZOO-BATTLE CREEK, MI, MARKET RANK: 39 — Run Time: 2:37
30-Second Ad Equivalency: $300

[**05:57:23 PM**] THEY SELECTED MORE THAN $17 BILLION IN PENALTY. HIDDEN FEES EXPERTS SAY ADD UP TO TROUBLE FOR CONSUMERS. CARL LEVIN SITS ON THE COMMITTEE. BY NICKEL AND DIMING TENS OF MILLIONS OF CONSUMER ACCOUNTS, CREDIT CARD COMPANIES REAP LARGE PROFITS. SEVERAL BANKS AND CREDIT CARD COMPANIES HAVE APPARENTLY PLEDGED TO MAKE FINE PRINT MORE UNDERSTANDABLE.

20. MAR 7 2007 5:30PM ET WWMT 5:30pm News — Nielsen Audience: 41,100
WWMT-CBS, GRAND RAPIDS-KALAMAZOO-BATTLE CREEK, MI, MARKET RANK: 39 — Run Time: 4:39
30-Second Ad Equivalency: $1,000

[**05:47:49 PM**] TODAY, EXECUTIVES FROM THREE MAJOR CREDIT CARD COMPANIES TESTIFIED ON CAPITOL HILL. A SENATE PANEL IS INVESTIGATING HOW THEY DO BUSINESS. MICHIGAN SENATOR CARL LEVIN IS PART OF THE GROUP LOOKING INTO THE ISSUE. HE IS THREATENING POSSIBLE NEW LITIGATION TO OUTLAW SOME OF THE PRACTICES THE CREDIT CARD COMPANIES ARE USING. IT CALLS ITSELF THE 'LOW COST AIRLINE" BUT SPIRIT IS THE FIRST U.S. CARRIER TO START CHARGING TRAVELLERS FOR EVERY CHECKED BAG.

21. MAR 7 2007 5:30PM ET WZZM 5:30pm News — Nielsen Audience: 40,671
WZZM-ABC, GRAND RAPIDS-KALAMAZOO-BATTLE CREEK, MI, MARKET RANK: 39
30-Second Ad Equivalency: $200

[**05:31:49 PM**] MANY ARE FRUSTRATED WITH THEIR CREDIT CARD BILLS. ESPECIALLY WHEN IT COMES TO SURPRISE INCREASES IN THEIR INTEREST RATES. SENATORS, INCLUDING MICHIGAN'S CARL LEVIN, WANT ANSWERS FROM THE MAJOR CREDIT CARD COMPANIES. AT A HEARING IN WASHINGTON TODAY. THE COMPLEX AND CONFUSING PRACTICES OF CREDIT CARD COMPANIES WERE QUESTIONED.

22. MAR 7 2007 5:00PM ET News — Nielsen Audience: 4,015
WEYI-NBC, FLINT-SAGINAW-BAY CITY, MI, MARKET RANK: 66 — Run Time: 4:49
30-Second Ad Equivalency: $50

[**05:17:25 PM**] CREDIT CARD COMPANIES ARE GETTING ASKED SOME TOUGH QUESTIONS ON CAPITOL HILL TODAY- AND A MICHIGAN SENATOR IS LEADING THE WAY. DEMOCRATIC SENATOR CARL LEVIN CHAIRS THE PANEL THAT'S LOOKING INTO CREDIT CARD GRACE PERIODS, INTEREST RATES AND FEES. HE SAYS CREDIT CARD COMPANIES- ARE PUSHING AMERICANS DEEPER AND DEEPER INTO DEBT. ... SOT SEN. CARL LEVIN "BY NICKEL AND DIMING 10'S AND MILLIONS OF CONSUMERS, CREDIT CARD COMPANIES REAP THE PROFITS. CREDIT CARD COMPANIES COLLECTED MORE THAN 17 BILLION DOLLARS IN PENALTIES ALONE IN 2006. HIDDEN FEES, EXPERTS SAY, THAT ADD UP TO TROUBLE FOR THE CONSUMER.

23. MAR 7 2007 5:00PM ET News — Nielsen Audience: 54,678
WNEM-CBS, FLINT-SAGINAW-BAY CITY, MI, MARKET RANK: 66 — Run Time: 0:57
30-Second Ad Equivalency: $450

[**05:58:03 PM**] CRITICS SAY THE COMPLEX BILLING AND INTEREST-RATE PRACTICES OF SOME CARD COMPANIES ARE, IN SOME CASES, PUSHING AMERICANS EVEN DEEPER INTO DEBT. A SENATE COMMITTEE IS TAKING UP THE ISSUE ON CAPITOL HILL TODAY. MICHIGAN SENATOR CARL LEVIN SAYS HIS PANEL HAS UNCOVERED "ABUSIVE" PRACTICES AND

IS THREATENING LEGISLATION TO OUTLAW THEM. THANKS FOR WATCHING TV5 NEWS AT 5:30.



24. MAR 7 2007 11:00PM ET 11:00PM News

Nielsen Audience: 30,496

WILX-NBC, LANSING, MI, MARKET RANK: 112

Run Time: 1:18

30-Second Ad Equivalency: $250

[**11:34:25 PM**] POLICE SAY SHE DROVE HER CAR IN BETWEEN THE TWO TO PROTECT JESSICA. A SENATE HOMELAND SECURITY AND GOVNERNMENTAL AFFIARS SUBCOMMITTEE CALLS SOME PRACTICES BY CREDIT CARD COMPANIES "ABUSIVE" AND "CONFUSING. MICHIGAN **SENATOR CARL LEVIN** CHAIRS THE PANEL. THE SUBCOMMITTEE IS CONSIDERING LEGISLATION TO OUTLAW CERTAIN COMPLEX BILLING AND INTEREST-RATE PRACTICES THAT LAWMAKERS SAY CAN DRIVE PEOPLE DEEPER INTO DEBT. BEST BUY CUSTOMERS SAY THEY WERE DENIED DEALS OFFERED ON THE COMPANY'S WEBSITE WHEN THEY WENT INTO THE STORE.



25. MAR 7 2007 5:00PM ET 5:00PM News

Nielsen Audience: 13,668

WILX-NBC, LANSING, MI, MARKET RANK: 112

Run Time: 3:14

30-Second Ad Equivalency: $125

[**05:32:19 PM**] AND IT JUST MAKES THE BANKS RICHER. AT A SENATE PANEL HEARING WITH CREDIT CARD COMPANIES IN THE HOT SEAT, LAWMAKERS SAY AMERICANS ARE FALLING DEEPER INTO DEBT BECAUSE OF COMPLICATED BILLING PRACTICES AND HIGH INTEREST RATES. SOT **SEN. CARL LEVIN D MICHIGAN**) "BY NICKEL AND DIMING 10'S AND MILLIONS OF CONSUMERS, CREDIT CARD COMPANIES REAP THE PROFITS. CREDIT CARD COMPIES COLLECTED MORE THAN 17 BILLION DOLLARS IN PENALTIES ALONE IN 2006. HIDDEN FEES, EXPERTS SAY, THAT ADD UP TO TROUBLE FOR THE CONSUMER.

Report Generated:	2007/03/08 09:04:24.695 (CT)
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abcNEWS

Hope for Credit Card Consumers

Congress Holds Hearings On Unfair Practices by Credit Card Companies

March 7, 2007 — - In a move that could help consumers, Congress will hold hearings today to discuss the tricky fees and the baffling penalties that credit card companies use to keep their consumers paying off high interest rates and finance charges month after month.

The hearings have banks and credit card companies howling in protest.

Take the example of Derek Lee, who paid off one of his credit cards because he wanted to cancel it. Six months later, he still hasn't been able to because the card company keeps charging him mysterious fees that keep the account open.

"It's incredibly frustrating. It's unfair and it's unethical, and it has dropped my FICO credit score [a measure of credit risk] by 69 points," Lee told "Good Morning America."

Lee is not alone. A recent Government Accountability Office investigation targeted numerous moneymaking tactics used by credit card companies.

Ever heard of trailing interest? It's when a credit card company charges interest on your entire purchase, even when you've paid it off.

What about a universal default? That's when a consumer makes a late payment on one card, but other card companies use that as an excuse to raise interest rates.

And with lowest interest first policy, card companies charge consumers multiple rates for different types of transactions, but only the lowest rate purchases get paid off first, making the high-interest items last longer.

And last but not least is the written agreement, which leaves most consumers scratching their heads. Many fees charged by credit companies are not listed in the written agreement, and even government investigators find them incomprehensible.

Sen. Carl Levin, D-Mich., was so outraged by the GAO report that he called hearings, even though his committee on homeland security and government affairs is not the typical forum for consumer matters.

"It's been a long time coming," said Travis Plunkett of the Consumer Federation of America. "Congress clearly has been asleep at the switch, until now."

In a statement to "GMA," the American Bankers Association said that credit cards were an important part of the American economy, but that the disclosures that came with them needed to be updated to reflect how modern credit cards had changed.

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March 7, 2007

Senate tackles credit billings

Sen. Carl Levin heads subcommittee holding hearings on credit card fee and interest practices.

Gordon Trowbridge / Detroit News Washington Bureau

WASHINGTON – Back in 2001, Wesley Wannemacher did something utterly normal for an American consumer: He bought about $3,200 worth of stuff with his credit card, most of it for his upcoming wedding.

Now, $7,500 in interest charges and fees later, he'll appear today on Capitol Hill as a cautionary tale.

The Ohio man will testify to a special subcommittee chaired by Michigan's Sen. Carl Levin as part of a hearing on what Levin calls unfair and abusive billing practices by the credit card industry. Levin's goal -- applauded by consumer advocates – is to force card companies to reverse practices that can jack up a borrower's interest rate even if they pay their card bill on time, or charge interest on money consumers have already repaid.

"There are millions of families that are kept in debt, that are in over their head, not just because of their own purchases, which they should be responsible for, but because of the abusive practices and the excesses of the credit card companies," Levin said.

The hearing, before the Senate Permanent Subcommittee on Investigations, will include testimony from some of the nation's biggest banks – some of which have begun changing their policies just as Congress focuses on them.

Just before a hearing on the subject before the Senate Banking Committee earlier this year, Chase Bank announced that it would stop using one of the billing practices consumer advocates oppose. And last week, Citibank, another of the nation's largest card issuers, said it was making changes.

Chase said it would stop what is known as double-cycle billing, where consumers are charged interest on their average balance over a two-month period. Citi announced it would end another controversial practice, called universal default, which allows card companies to increase a borrower's interest rate if they're late with a payment on another account, even if they pay their credit card bill on time. In both cases, the banks said the changes had nothing to do with increased congressional scrutiny, a claim Levin said he doubts.

Ken Clayton, director of credit card policy for the American Bankers Association, defended the card industry as bringing "significant benefits to the American consumer." But he said the industry recognizes that disclosures to consumers haven't kept up with the increasing complexity of the card market. "Disclosures have to be updated," he said.

Last year, under then-chairman Sen. Norm Coleman, R-Minn., the Senate panel requested a Government Accountability Office report on credit card practices. Issued in September, the report concluded that most consumers were unable to understand the complicated disclosure statements in which card issuers describe their billing practices.

"Most consumers feel pretty helpless when dealing with credit card companies, and when they have a problem, they find when they read the fine print that they have almost no recourse," said Rick Gamber, director of the Michigan Consumer Federation, a Lansing advocacy organization.

As for Wannemacher, his story seems to be ending well. Despite paying his card company about $6,400 -- double what he originally borrowed -- he still owed $4,400 as of last month. The card company called Wannemacher about two weeks ago, after he was lined up to testify, and forgave the remaining debt, Levin said.

You can reach Gordon Trowbridge at (202) 662-8738 or gtrowbridge@detnews.com.

Cards under fire

Some billing policies Sen. Carl Levin is pressuring credit card issuers to change:

Universal default: Allows a card company to increase your credit rate because you made a late payment on another, unrelated account, such as a mortgage or utility bill.

Vanishing grace period: Lets card company charge interest on money you've already repaid. Example: Say you spend $500 this month on your card, and get a bill April 1. You repay $400, but the company can charge you interest for part of April on the entire $500, not just the $100 left on your balance.

Late fees and over-limit charges: Fees for paying late or going over your credit limit have more than doubled

over the last decade, the Government Accountability Office has found. Many card companies also charge big fees for paying bills online or by phone, even when they're on time.

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Detroit Free Press
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EDITORIAL

Charge into reform of credit card fees

March 7, 2007

While he gets most of his attention as one of the chief critics of the conduct of the war in Iraq, U.S. Sen. Carl Levin plunges today into a domestic issue of enormous impact for Americans: abusive practices by credit card companies.

Dissatisfied with the industry's response to the disturbing findings of a Government Accountability Office investigation of credit card practices that he ordered last year, Michigan Democrat Levin will hold a hearing in Washington today on credit card fees, interest rates and grace periods, with an eye on federal legislation if credit card issuers don't stop taking unfair advantage of consumers.

True, no one forces you to use plastic instead of cash, but the industry sure does a better job of encouraging it than of explaining the costs. Abusive credit card practices have contributed mightily to consumer debt, especially as credit card use has exploded in recent years.

Consumers now use 700 million cards annually to buy nearly $2 trillion in goods and services. The average household carries more than $5,000 in credit card debt with few consumers understanding all the interest and fees they are subject to by not paying off each month's balance.

The hearings should prod credit card companies to better explain the cost of using plastic, but Congress ultimately might have to ban certain practices to really protect consumers.

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OUR VIEW

Charging ahead with credit changes

Sen. Carl Levin, D-Mich., has been on a credit crusade. And his efforts — as well as those who have joined him — appear to be paying off.

At issue are credit cards and the billing and interest rate practices many major banks have been using. The practices at issue are legal, but Levin and other say they are confusing for customers and only serve to land people further in debt.

Raising fees and rates due to financial markets, or because a customer doesn't pay others on time. On time payments being charged interest. These are just a few of the practices under fire.

And don't think big banks are alone in this. Major credit card companies have come under fire for similar practices and misleading marketing.

On one hand we see huge profits for those issuing the credit card bills. And on the other hand? The Associated Press reports there is some $850 billion in consumer debt in America. That makes credit card billing, fee and interest rate policies and marketing methods no small issue.

As Levin and other lawmakers dangle the possibility of legislative efforts to change practices, some major banks and credit card companies are announcing a new day for credit card policies. The investigations are ongoing as hearings take place, as they should be. In the meantime, we applaud the efforts of Levin and others who have tackled this issue. We may just be able to chalk one up for "the little guy" after all.

3-7-08
P. 4

CURRENT NEWS

Congress-Credit Cards,0640
Senate hearing looking at credit card fees

Senate hearing looking at credit card fees
Eds: PMs. Hearing scheduled to begin at 10 a.m.; pre-noon lead expected. Version also moving on national general news and financial services.
With BC-Credit Cards-Charges
By MARCY GORDON
AP Business Writer

WASHINGTON (AP) _ A Senate panel is examining complex billing and interest-rate practices for credit cards that critics say confuse consumers and can push them deeper into debt.

Sen. Carl Levin, D-Mich., chairman of the Senate Homeland Security and Government Affairs subcommittee, said an investigation by his panel found "abusive" and confusing practices by credit card companies that can increase financial pain for many families.

Aides to the Senate subcommittee highlighted the case of Wesley Wannemacher of Lima, Ohio, a Chase card customer who they said got into trouble in his account and ended up paying interest of 30 percent with a $4,400 balance as of Feb. 1.

Wannemacher had $3,200 in purchases, interest charges of $4,900, 47 overlimit charges totaling $1,500, late fees of $1,100, for total charges of $10,700, according to the subcommittee. He paid $6,300, leaving the $4,400 balance _ which Chase agreed to waive after he contacted the subcommittee staff.

"The penalties are repeated and they keep you in debt," Levin told reporters in advance of a hearing Wednesday at which major credit card issuers were expected to testify.

While the credit card practices in question are legal, Levin is threatening possible legislation to outlaw them as a spur to the banking industry for voluntary changes.

Scrutiny from Congress in recent months of the credit card industry already has caused several major banks to begin to eliminate or temper some of those practices, said Levin, who was joined at a briefing by Sen. Norm Coleman of Minnesota, the panel's senior Republican.

Stricter rules for banks laid down by regulators such as the Federal Reserve also may be needed, the two senators said.

Senate Banking Committee Chairman Christopher Dodd and other Democratic senators challenged credit card executives at a hearing in January over rising late fees and other penalties and marketing practices they portrayed as predatory. Dodd, D-Conn., said he was putting the industry on notice that if it doesn't improve practices on its own, legislation may be warranted.

Since Democrats assumed control of Congress in January, they have put a number of consumer issues on the legislative agenda.

With Americans weighed down by some $850 billion in consumer debt, the practices of the robustly profitable credit card industry is a compelling subject for scrutiny.

Levin and Coleman denounced practices they said brought in tens of millions of dollars to banks issuing credit cards, such as charging interest on balances that are paid on time but not in full, and so-called double-cycle billing, which eliminates the interest-free period of a consumer who moves from paying his full balance every month to carrying a balance.

"This investigation has already had some impact," Coleman said.

Citigroup, the nation's largest financial company, announced last week that it was eliminating the practice of so-called universal default _ raising interest rates for card customers because of their failure to pay other creditors on time. In addition, Citigroup said it would no longer make "any time for any reason" increases to the interest rates and fees charged to customers before a card expires and a new one is issued.

Credit card issuers will raise customers' rates and fees, for example, when they believe it is warranted by conditions in the financial markets.

Under Citigroup's new policy, rates and fees will be increased before a card expires only if the customer pays late, exceeds his credit limit or pays with a check that bounces. If the rate is linked to the prime interest rate, it would rise or fall in tandem.

Carter Franke, chief marketing officer of Chase Bank, said Tuesday the company has decided it no longer will charge over-the-credit-limit fees to customers who have been "in a chronic overlimit position" for 90 days.

AP-ES-03-07-07 0334EST

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CURRENT NEWS

Congress-Credit-Cards
Panel Slams Banks Over Credit Practices

Panel Slams Banks Over Credit Practices

AP Photo WCAP108, WCAP110
By MARCY GORDON
AP Business Writer

WASHINGTON (AP) _ An Ohio man whose $3,200 credit card debt mushroomed to $10,700 with interest and fees told his story Wednesday to senators who denounced the industry for confusing billing practices and shifting interest rates.

Executives of three major banks defended their credit card practices as responsible and responsive to consumers' needs in testimony at the hearing of the Senate Homeland Security and Governmental Affairs' investigative subcommittee. Those from Citigroup Inc. and Chase Bank USA said their companies were eliminating some practices _ including the one that hit Wesley Wannemacher of Lima, Ohio, with over-limit fees on his Chase card account 47 times although he went over his credit limit only three times.

The interest charges and fees on Wannemacher's account more than tripled his debt despite his having made payments averaging $1,000 a year over six years, noted Sen. Carl Levin, D-Mich., the subcommittee's chairman.

"Unfair? Clearly, I think," Levin said. He said an investigation by the panel found that "sky-high interest charges and fees are not uncommon in the credit card industry. While the Wannemacher account happened to be at Chase, penalty interest rates and fees are also employed by Bank of America, Citigroup and other major credit card issuers."

Richard Srednicki, the chief executive officer of Chase Card Services, apologized to Wannemacher in his testimony. "In this case, we simply blew it," he said.

Srednicki said the company has decided it no longer will charge over-the-credit-limit fees to customers who have been in a chronic over-limit position for 90 days.

Wannemacher used a new Chase card in 2001 and 2002 to pay for expenses mostly related to his wedding. He had $3,200 in purchases, interest charges of $4,900, 47 over-limit charges totaling $1,500, late fees of $1,100, for total charges of $10,700 as of February. He paid $6,300, leaving a $4,400 balance _ which Chase agreed to waive after he contacted the subcommittee staff.

"Debt seems to invoke a feeling of hopelessness unlike any other problem I've encountered," Wannemacher testified at the hearing. "When a debtor calls you on the phone and you make a minimum payment, you know that you've made no real progress and that in a month, they will be calling again."

Sen. Norm Coleman of Minnesota, the panel's senior Republican, said high interest rates on credit cards, "hefty fees and crippling penalties impede more and more hard-working families from pursuing their American dream."

The problem is worsened by the "impenetrable" language of credit card disclosures provided to consumers, he said.

While the credit card practices in question are legal, Levin is threatening possible legislation to outlaw them as a spur to the banking industry for voluntary changes.

Senate Banking Committee Chairman Christopher Dodd and other Democratic senators challenged credit card executives at a hearing in January over rising late fees and other penalties and marketing practices they portrayed as predatory. Dodd, D-Conn., said he was putting the industry on notice that if it doesn't improve practices on its own, legislation may be warranted.

Since Democrats assumed control of Congress in January, they have put a number of consumer issues on the legislative agenda. With Americans weighed down by some $850 billion in consumer debt, the practices of the robustly profitable credit card industry are a compelling subject for scrutiny.

Citigroup, the nation's largest financial institution, announced last week that it was eliminating the practice of so-called universal default _ raising interest rates for card customers because of their failure to pay other creditors on time. In addition, Citigroup said it would eliminate some types of interest rate increases that have been criticized.

Credit card issuers raise customers' rates and fees, for example, when they believe it is warranted by conditions in the financial markets. But under Citigroup's new policy, rates and fees will be increased before a card expires only if the customer pays late, exceeds his credit limit or pays with a check that bounces. Or if the rate is linked to the prime interest rate, it would rise or fall in tandem.

(PROFILE
(CO:Citigroup Inc; TS:C; IG:8300;)
)

AP-NY-03-08-07 0009EST

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CURRENT NEWS

Senators to shine light on credit card practices

March 7, 2007

By John Poirier

WASHINGTON (Reuters) - Legislation may be needed to stop overzealous credit card companies from piling on interest rates and fees that have plunged millions of American families deeply into debt, a senior Democratic senator said on Tuesday.



Credit: REUTERS

A credit card is used in a transaction in an undated publicity photo. Legislation may be needed to stop overzealous credit card companies from piling on interest rates and fees that have plunged millions of American families deeply into debt, a senior Democratic senator said on Tuesday. REUTERS/Vismedia

Click for High Res

On the eve of a hearing on the industry's practices, Carl Levin of Michigan, who chairs the Senate permanent subcommittee on investigations, said too many consumers are suffering from what he called predatory practices and murky fees.

"Millions of families... are kept in debt and are in over their heads not just because of their own purchases... but because of the abusive practices and the excesses of the credit card companies," Levin told reporters.

Testifying before Levin's panel on Wednesday will be executives from Bank of America Card Services, JPMorgan Chase's Chase Bank and Citigroup's Citi Card.

The three companies did not immediately respond to messages asking to comment on the hearing.

Last week, Citigroup, the third-largest U.S. credit card issuer, said it will no longer automatically raise interest rates for cardholders who fail to make payments on other bills. Known as "universal default," the practice has long been criticized by consumer advocates who argue that it victimizes poorer borrowers.

Norm Coleman of Minnesota, the top Republican on the subcommittee, said Citigroup's recent move was encouraging.

"But we need to do more and take a closer look at certain practices and create a more consumer-friendly lending environment," Coleman said.

INTEREST CALCULATIONS

Levin said the hearing will illustrate how credit card companies calculate interest rates to extract the largest possible payments from consumers.

For example, if a credit card holder has a monthly bill of $5,020 and repays $5,000 on time, the customer could owe $55.21 in the next billing cycle, based on an interest rate of 17.99 percent, Levin said.

That new balance includes 43 cents of interest from the $20 balance. But it also includes another $34.78 in interest that was based on the original amount of $5,020 even though $5,000 was paid on time, Levin said.

Another industry practice the senators called "trailing interest" would add an extra interest charge of 38 cents even

if a customer pays off the $55.21 balance on time, Coleman said.

"I also believe (these practices) are predatory and confusing," Coleman said.

Consumer advocates estimate based on Federal Reserve figures that outstanding credit card debt amounted to between $750 billion and $800 billion in November 2006. The industry has more than 640 million credit cards in circulation.

Levin said he hoped credit card issuers would voluntarily halt the practice of charging interest on the money paid on time. But legislation may be needed to force the industry to change its ways and to pressure banking regulators to tighten consumer laws about disclosure of fees.

"I'm not naive. I don't think they are going to do all that is needed," Levin said, referring to the credit card industry.

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CURRENT NEWS

Senate panel scrutinizes credit card practices

March 7, 2007

By John Poirier

WASHINGTON (Reuters) - With the threat of new regulations looming, some credit card issuers on Wednesday promised lawmakers they would ease penalties and simplify tiny-print disclosures that few consumers read.

At a Senate hearing on credit-card practices, a top executive with JPMorgan Chase & Co.'s Chase Bank USA apologized to a 29-year-old Ohio man who repaid twice the amount of a $3,200 bill because of interest and fees.

"It just seemed like there was no end in sight," Wesley Wannemacher told the Senate Permanent Subcommittee on Investigations.

Wannemacher, director of operations at his family-owned Double A Trailer Sales Inc. in Delphos, Ohio, said he was trapped in a cycle of ever-growing fees and penalties for wedding-related purchases. A few days ago, Chase erased another $4,400 he owed as of February 2007.

"Our policies failed, and we deeply regret it," Richard Srednicki, chief executive of Chase Bank's card services, said.

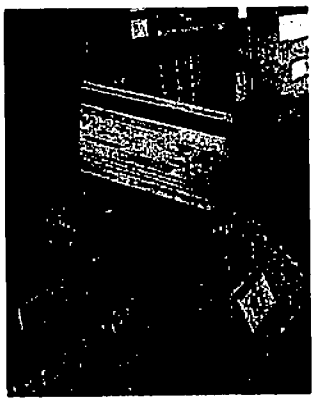
Democrat Carl Levin, the Senate panel's chairman, said legislation may be needed to stop what he called predatory practices by credit cards, such as when companies charge interest and fees on money that has already been repaid.

"Our investigation found that even accounts in good standing are socked unfairly by little known ... practices that inflate interest charges," Levin said.

The high-profile hearing was held a week after Citigroup, the third-largest card issuer, said it will stop automatically raising rates for people who default on payments not directly related to their credit card. The practice is known as "universal default."

Bank of America Credit Card Services President Bruce Hammonds said his company has never used universal default.

Sen. Norm Coleman of Minnesota, the top Republican on the subcommittee, said he was concerned about some industry practices. Coleman praised Chase for erasing Wannemacher's debts and eliminating a practice known as double-cycle billing, which includes tacking on fees based on two prior months.



Credit: REUTERS

A customer swipes a credit card at a gas station in Centennial, Colorado June 26, 2006. Several bank credit card companies, responding to growing pressure from U.S. lawmakers, said on Wednesday they are working to do a better job of explaining fees and charges to consumers. REUTERS/Rick Wilking

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Alys Cohen, a consumer advocacy attorney, said credit card practices are predatory because of the payment structures. "They can't pay back the small amount of principal and they're buried by the fees and interest," she said.

Outstanding U.S. credit card debt amounted to more than $750 billion in November 2006, according to estimates based on Federal Reserve figures. The industry has more than 640 million credit cards in circulation.

The Federal Reserve is already working on new requirements for companies to disclose various payment and fee schedules, lawmakers and executives said.

"We believe it should be a priority to shorten and simplify disclosure language and to focus on the most relevant terms and conditions," Bank of America's Hammonds said.

Levin said he would work with the Senate Banking Committee on legislation to protect consumers from overzealous credit card companies.

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US Senate Panel Aims Spotlight On Credit Card Practices

DOW JONES NEWSWIRES
March 7, 2007 7:34 a.m.

(This article was originally published Tuesday)

WASHINGTON (Dow Jones)--A U.S. Senate panel will hold hearings Wednesday with the aim of spotlighting credit card practices and disclosures, and key Senators hope the prospect of legislation will change the way the industry operates.

The Senate Homeland Security and Governmental Affairs subcommittee on investigations will hear testimony from consumer groups and credit card companies.

The subcommittee's chairman, Sen. Carl Levin, D-Mich., plans to examine interest charges, late penalties and disclosure requirements, among other practices.

In a briefing with reporters, Levin said those and other practices keep "millions of families" in debt, and the subcommittee is going to "bring these abuses into the light of day."

Company representatives slated to testify Wednesday include Bruce Hammonds, president of Bank of America (BAC) Card Services, Richard Srednicki, chief executive of Chase Bank USA and Vikram Atal, chief executive of Citi Cards, a unit of Citigroup Inc. (C).

Senate Banking Committee Chairman Christopher Dodd, D-Conn., has already held hearings on credit card practices. Lawmakers have highlighted practices, which are legal, such as "universal default," when one credit card raises its interest rate when a borrower misses a payment on another card, that they want eliminated.

According to Dodd, there are over 640 million credit cards issued by more than 6,000 companies, and the average family holds $9,300 in credit card debt.

Levin also wants to look at interest charges on credit card debt that is paid on time but not in full.

The subcommittee's ranking member, Sen. Norm Coleman R-Minn., said, "we do need to do more and take a closer look at certain practices and create a more consumer-friendly lending environment."

Coleman said better disclosure would be a good start so that consumers "don't need a PhD in economics to figure this stuff out."

Levin said he wants to be "supportive" of any legislation coming out of the Banking Committee. Just the prospect of legislation, he said, could prove to be a "pressure point" to spur voluntary industry changes.

-By Brian Blackstone; Dow Jones Newswires; 202-828-3397; brian.blackstone@dowjones.com

(Damian Paletta contributed to this article)

Bloomberg.com

Credit-Card Fees Hurt American Consumers, Senators Tell Issuers

By Alison Vekshin

March 7 (Bloomberg) -- U.S. senators investigating the credit-card industry attacked issuers for ``excessive'' fees and other practices they said are driving American families deeper into debt.

The criticism was directed at JPMorgan Chase & Co. and Citigroup Inc., and Bank of America Corp., the nation's three largest credit-card issuers, whose executives are testifying today at a U.S. Senate Permanent Subcommittee on Investigations hearing in Washington.

Credit cards ``have brought families to their knees with excessive late and over-limit fees, making it harder for them to climb out of debt,'' Senator Carl Levin, the subcommittee chairman and a Michigan Democrat, said in opening remarks.

The hearing is the second the Senate has held on the credit-card industry this year, a sign that Democrats who now control Congress are putting increased on consumer issues. Senate Banking Committee Chairman Christopher Dodd, a long-time industry critic, held a similar hearing in January.

Senator Norm Coleman, a Minnesota Republican, said today the industry's high fees and ``jargoned disclosures'' make many families feel the credit-card system ``is rigged against them.''

The industry already is responding to the increased scrutiny. New York-based Citigroup said last week it would stop practicing ``universal default,'' or raising interest rates on credit-card customers who are late in paying other creditors. The company also said it would eliminate account provisions that allow it to raise rates and fees at any time for any reason.

To contact the reporter on this story: Alison Vekshin in Washington at **avekshin@bloomberg.net** .

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Credit execs pledge clear updates on fees

Threatened with legislative clampdown, card issuers want to police themselves

By FAITH BREMNER, Gannett News Service

Thursday, March 8, 2007

WASHINGTON -- Executives from three of the nation's 10 largest credit card companies promised Wednesday to do a better job of telling their customers about fees, penalties and interest rate changes that can turn even a modest credit card bill into a huge debt that takes years to pay off.

During a hearing before a Senate subcommittee, Richard Srednicki, CEO of Delaware-based Chase Bank USA, apologized to one of his cardholders who was charged $7,500 in interest and penalty fees between March 2001 and February 2007 on a $3,200 credit card bill.

Chase officials forgave $4,400 of the fees and interest last week when it learned that the customer, Ohio resident Wesley Wannemacher, was going to testify before the committee.

Committee Chairman Carl Levin, D-Mich., is threatening to introduce legislation to regulate credit card companies if they do not change their practices.

Normally, Chase puts customers like Wannemacher into special programs that limit interest and penalty fees while they try to pay off their debt, Srednicki said. The bank is reviewing its files to see if there are other struggling customers who need special help, he said.

"We believe this case is an exception, not the rule," Srednicki said. "It was caused by human error. We serve 100 million customers, and regrettably, mistakes can happen."

Bruce L. Hammonds, president of Bank of America Card Services, said the Charlotte, N.C.-based bank, the second-largest in the U.S., has never engaged in two practices criticized by lawmakers and consumer groups: The company doesn't raise interest rates if cardholders miss a payment to another creditor and doesn't charge interest based on the cardholder's average balance over two billing cycles, he said.

Bank of America's credit card division is based in Wilmington and employs about 11,000 people, making it the state's largest private employer.

Sen. John Warner, R-Va., complained that some credit card companies set traps that ensnare younger people, causing them to struggle to pay off their debts. He said it's likely Congress will take steps to limit the practices.

"It puzzles me why financial institutions, who have a remarkable history of serving America, have gotten into this business and [have] their names attached to it," Warner said. "I find it so distasteful."

Wannemacher told the Permanent Subcommittee on Investigations how his credit card charges, which he made to pay for his wedding in late 2001, ballooned beyond his ability to repay. Wannemacher went over his $3,000 limit by $200 and although he never made another purchase after early 2002, the bank charged him

over-limit fees 47 times during a four-year period, which added $1,500 to his bill. The bank refused to negotiate a debt settlement, he said.

At first, Wannemacher said, he was surprised his monthly payments of around $200 were not making a dent in his bill.

"Then I became immune to the effect, probably three or four years in," he told the committee. "There's a basic assumption that I had that there's protection against people treating you unfairly."

As a result of Wannemacher's experience, Chase will not impose over-limit fees on an account more than three times in a row, Srednicki told the committee.

Officials with the other two credit card companies -- Citigroup Inc. and Bank of America -- told the committee they already limit their over-limit fees to three times in a row.

In addition, Citigroup this week ran a full-page ad in The Washington Post, promising to eliminate the practice of raising interest rates on customers who have fallen behind on their payments to other creditors and of raising interest rates at any time for any reason.

The executives told the committee they plan to do a better job of informing their customers about their fees and interest rate charges.

"There is always an opportunity to continue to inform consumers about the terms and conditions under which they're taking on credit," said Vikram Atal, chairman and CEO of Citi Cards, Global Consumer Group. "We try each and every day to enhance our interaction with consumers, and we will continue to do that."

Sen. Norm Coleman of Minnesota, the subcommittee's top Republican, criticized the disclosure documents that credit card companies send to consumers.

"The disclosures contained in card agreements are written by and for lawyers with an eye more toward staving off litigation rather than educating consumers," Coleman said.

The bankers all said they could make the disclosures simpler.

American Banker

March 6, 2007 Tuesday

Industry Braces for Round 1 with Levin

BYLINE: Stacy Kaper

SECTION: WASHINGTON; Pg. 1 Vol. 172 No. 44

LENGTH: 1144 words

DATELINE: WASHINGTON

Though Sen. Carl Levin has little legislative jurisdiction over financial institutions, that has not stopped industry lobbyists from fearing the possible fallout from a hearing Wednesday by the Michigan Democrat's subcommittee on credit card fees and practices.

Lobbyists said they worry that the hearing -- featuring witnesses from Citigroup Inc., JPMorgan Chase & Co., and Bank of America Corp. -- will draw significant negative press attention, putting a dent in their reputations and pressuring other lawmakers, like Senate Banking Committee Chairman Chris Dodd, to act.

Any legislation would face an uphill battle, but the hearing in the Senate Permanent Subcommittee on Investigations, of which Sen. Levin is chairman, could add fuel to the fire, observers said.

"It'll be a day where the industry comes under attack. It'll be a day of negative headlines," said Jaret Seiberg, a policy analyst with Washington Stanford Research Group. "But a hearing is not the same as enacting legislation, and getting a bill done is substantially tougher."

The hearing is expected to be the first of several on investigations the panel has been conducting into credit cards.

Practices being investigated include charging interest on debt that has already been paid, vanishing grace periods in which the number of days before interest accrues on charged items has shrunk, payment allocation rules under

which payments are applied first to balances with the lowest interest rates, and charging customers for paying bills online and by phone, said an aide to Sen. Levin.

"It's going to be a typical Levin hearing: very detailed, very earnest, very policy-oriented," the aide said. "We've been focusing this first round on finance charges, interest charges, credit, and grace periods. We really tried to dig beneath the surface and really look at how finance charges and interest rates are applied in real life."

Most lobbyists contacted for this story declined to speak on the record -- or even be quoted anonymously -- for fear of angering Sen. Levin, who has excoriated banks in the past for failings in monitoring money laundering. Indeed, lobbyists consider Sen. Levin so biased against them that late last week there was a widespread rumor that the lawmaker himself would testify as a consumer witness against Citigroup. (Sen. Levin's aide dismissed any such idea.)

Instead, the hearing will feature two consumer witnesses, Wesley Wannemacher, a consumer, and Alys Cohen, a staff attorney for the National Consumer Law Center. Card industry witnesses are to be: Bruce L. Hammonds, the president of Bank of America Card Services; Vikram A. Atal, the chairman and chief executive of Citi Cards, Global Consumer Group; and Richard J. Srednicki, the chief executive of Chase Bank USA.

Ms. Cohen said she plans to testify in support of banning several practices through legislation.

"The market is broken," she said in an interview. "All the incentives need to change so that credit card issuers are moved away from back-end pricing and borrowers are able to get a fair shot. We think that the increasing debt that people are suffering from in the credit card industry is primarily a result of the issuers' practices."

Publicly, industry representatives said their hope is to try to rebut any

charge that credit card companies routinely use unfair or deceptive practices.

"I know that the subcommittee staff has been doing a great deal of research, and I know that the credit card companies have been responding to questions in detail. I would expect a careful hearing that focuses on the facts," said Floyd Stoner, the chief lobbyist for the American Bankers Association.

But privately, industry lobbyists said they know credit card companies are under increasing scrutiny. Sen. Dodd has already promised a series of hearings in the Banking Committee on credit card practices, and several consumer groups are promoting an independent documentary, "Maxed Out," that chronicles consumer problems with credit card debt. Several lobbyists noted that the film is to be screened in the Capitol on Wednesday evening -- the day of Sen. Levin's hearing. (See related story on page 3.)

The film has already caught the attention of Rep. Jim Cooper, D-Tenn., who is introducing a discussion panel about the film at the screening and sits on the House Oversight and Government Reform Committee. Rep. Cooper has asked the committee's chairman, Rep. Henry Waxman, to hold credit card hearings.

"Rep. Cooper believes the Oversight Committee would be a good venue to discuss credit card industry regulations and consumer protections," said a spokesman.

A key question remains whether Sen. Dodd and Sen. Levin will work together to craft a bill. Many lobbyists said they are annoyed that Sen. Levin is scrutinizing their industry and intends to pursue legislation that would restrict certain business practices. They argue that the more appropriate venue is the Banking Committee, where Sen. Dodd has said he wants to give card companies a chance to change their practices voluntarily and exhaust regulatory fixes before considering legislation.

In a brief interview last week, Sen. Dodd said Sen. Levin has no

legislative jurisdiction over credit cards. "That's not a legislative committee," he said of the investigations panel.

But the Connecticut Democrat said he has talked about credit cards "frequently" with Sen. Levin, who has promised that whatever he does "will be supportive of what we do legislatively."

Sen. Dodd acknowledged that he and Sen. Levin have similar concerns about credit cards.

"Oh, yeah, similar ones. ... I'm sure he'll be concerned with some of the very issues we've been talking about," such as double-cycle billing and so-called universal default, Sen. Dodd said.

But bank lobbyists said that Sen. Levin's strategy is to shame companies to change dramatically or press Sen. Dodd to push for legislation.

"That's why he holds the hearings, that's why he drafts legislation, that's why he makes press statements," said a bank lobbyist. "It's all geared toward getting Dodd to do something. But at the end of the day it's still Dodd that has to do it."

Many expect Citi to try to capitalize on its announcement last week that it would end its "off-us" and "anytime for any reason" pricing schemes -- commonly referred to as universal default.

A Citi spokeswoman said an ad would begin running today in various newspapers that touts its decision. The ad declares: "When a customer misses a payment on a loan at another institution, it won't affect the interest rate on a Citi card."

A Citi source said last week that the company had made the move in part to please Sen. Dodd.

Many observers said they would not be surprised if more companies fall in line in order to avoid legislation.

"There is pressure on all the major credit card issuers to appear to be responding to the congressional criticism," said Mr. Seiberg.

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American Banker

March 8, 2007 Thursday

SECTION: WASHINGTON; Pg. 1 Vol. 172 No. 46

LENGTH: 1084 words

HEADLINE: No Knockout in Round One;
A tough grilling but no new legislative ideas

BYLINE: Stacy Kaper

DATELINE: WASHINGTON

BODY:

Despite recent attempts by some banks to placate lawmakers by changing some controversial credit card practices, Sen. Carl Levin, chairman of the Senate Permanent Subcommittee on Investigations, said Wednesday they have not gone far enough.

"The relatively new reforms that you folks have made when the spotlight is on you ... we can't have hearings here every day," Sen. Levin told bankers at a hearing of the panel. "So you have to have some regulation, and you have to have legislation, and that's the line we have to figure out where we stop, where to cross."

Representatives from Citigroup Inc., JPMorgan Chase & Co., and Bank of America Corp. spent most of the hearing on the defensive, offering justifications for some practices and vowing to look into others. But despite the appearance of a witness who recounted how a $3,000 debt more than tripled -- a case that JPMorgan apologized for -- lobbyists privately said the hearing was not as bad as they had feared.

"It was uneventful," said one industry source, who spoke on condition of anonymity.

Though Sen. Levin vowed to push for legislation, several lobbyists said he faces an uphill battle since his committee lacks jurisdiction over banking

issues. And Wednesday's hearing made clear that at least one key Senate Banking Committee member -- Sen. Tom Carper, D-Del., who also sits on Sen. Levin's subcommittee -- is not pushing for a bill.

Sen. Carper said the subcommittee should be talking to card companies that target subprime borrowers. "Who we really ought to have here is the folks who traditionally lend to the subprime consumer base," he said.

The Delaware Democrat also praised the bank witnesses for their financial literacy programs, and he commended Chase on its apology, saying he too sometimes makes mistakes.

"Everything I do, I can do better," Sen. Carper said.

He is crucial to the future of any credit card bill, since Democrats have only a one-seat majority in the Senate and the Banking Committee is divided 11 to 10.

(Banking Committee Chairman Chris Dodd has said he wants to give card companies a chance to change before pursuing legislation.)

Despite this, Sen. Levin said he was optimistic about the prospect for legislation, saying he is confident he could win some Republicans to his side.

"I don't know that Senator Carper has [concerns]; at least if he does, they didn't come out today, ... but at least two of the three Republicans that were here today expressed real concerns, so I'm not going to assume that this is a Democratic issue or a real partisan issue," he told reporters after the hearing. "It shouldn't be. These are just a matter of fair practices and honesty."

Sen. Levin also pledged to work with Sen. Dodd on any bill.

"The Banking Committee has the jurisdiction, and we'll be working with them," he told reporters after the hearing.

Sen. Levin declined to offer details on a bill but targeted several practices at the hearing that he said were "absurd," "mind-boggling," and must be stopped.

In particular, he said, most consumers do not understand they do not receive a grace period from interest charges when they pay their bill on time but not in full. He asked card companies to justify the system.

"Do you think most cardholders understand that the grace period only applies to people who pay their bill on time and in full every month?" he asked.

Richard Srednicki, the chief executive of Chase Card Services at JPMorgan Chase, responded, "I think the large majority of our customers do understand."

But Sen. Levin retorted, "I disagree with that." "What is the justification for charging interest on debt that is paid on time?" he asked.

Mr. Srednicki said, "Senator, I believe that this practice really is as simple as charging interest ... for the number of days that the customer has borrowed the money."

Sen. Levin was clearly unsatisfied.

"I don't think your advertisements say that. I don't think the ordinary consumer understands that or believes it's fair. I don't believe it's fair ... . Your explanation as to why you think it's fair -- I didn't understand," he said.

Sen. Levin also took issue with "trailing interest," when a customer continues to be charged interest after making a partial payment if he or she later pays the entire bill on time and in full.

Banks should not have the power to unilaterally decide that a customer's payment would be applied first to the balance with the lowest interest rate, he said, and he faulted companies for charging customers for paying bills by phone.

Several other lawmakers also questioned industry practices.

The panel's lead minority member, Sen. Norm Coleman, R-Minn., said many families feel stuck in cycles of debt.

"High interest rates, hefty fees, and crippling penalties impeded more

and more hard-working families from pursuing their American dream," he said. "And this problem is only compounded by the often intractable and jargoned disclosures of credit card terms, which are impenetrable to the average consumer."

The panel's key consumer witness, Wesley Wannemacher, told lawmakers that Chase charged him $7,500 in fees and interest over six years in addition to the $3,200 in purchases he had run up.

During this time Mr. Wannemacher was charged $1,500 in over-the-limit fees. After subcommittee staff members contacted Chase about Mr. Wannemacher's problem, the company waived his remaining bill. (He had already paid about $6,000.)

Mr. Srednicki apologized to Mr. Wannemacher and told the panel Chase decided this week it would stop charging over-the-limit fees for all customers after 90 days.

Other companies have also made changes in recent weeks. Citi announced last week it would end its "off-us" and "anytime for any reason" pricing schemes -- commonly referred to as universal default.

Mr. Wannemacher said he had several financial problems and sought debt counseling to help manage the problem but that Chase refused to work with him.

"While you were going through all of this, I'm willing to bet a dollar to donuts that you were solicited for additional cards," said Sen. Claire McCaskill, D-Mo.

Mr. Wannemacher said he was and that he still gets a few offers each week.

Sen. McCaskill said credit card companies that solicit people who are already deep in credit card debt are like someone who sends a six-pack of beer to a person in their 30th day of sobriety.

After the hearing, Sen. Levin promised more hearings and said he would be talking to the Federal Reserve Board, which is currently examining Regulation

Z, which governs credit card disclosures.

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GRAPHIC: photo, Hammonds, Srednicki, Levin

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Forbes.com

Financial

Congress Takes On Credit Cards

Brian Wingfield 03.07.07, 6:00 AM ET

WASHINGTON, D.C. - Confused by multiple interest rates on your credit cards? Not sure how much your cards charge in late fees? Frustrated by credit card companies that seem to change their policies at will, putting the burden on you to opt out of the changes?

If so, there's good news--Congress appears to be on your side. On Wednesday the Senate Permanent Subcommittee on Investigations holds the first of several hearings to examine business practices of the credit card industry, focusing on how credit issuers apply interest rates and other fees. Representatives from Bank of America, Chase Bank USA and Citigroup will testify in front of the panel, chaired by U.S. Sen. Carl Levin (D-Mich.).

According to Levin, many credit lenders engage in practices that are "unfair or abusive"--such as charging interest on balances that have already been paid--that are too complex for the average consumer to understand. "We're going to do our very best to bring these abuses to the light of day," he says, noting that credit card companies have the highest profits in the commercial banking industry.

In the coming months, Levin and subcommittee ranking member Norm Coleman (R-Minn.) are expected to work closely with the Senate Committee on Banking, Housing and Urban Affairs, which has jurisdiction over banking legislation, to craft a bill that provides more protection to consumers. Banking Committee Chairman Christopher Dodd (D-Conn.) has been highly critical of abusive behavior by credit lenders, saying recently that legislators in both parties are concerned about companies' "profiteering at the expense of people who can least afford it."

Levin, in particular, says he wants to see lenders end the common practice of charging consumers compound interest for average daily balances, even if those balances have been paid on time. In addition, he wants banks to stop charging repeated "over-the-limit" fees beyond the month in which a consumer charged above the card's limit.

Wednesday's hearing stems from an investigation of the credit card industry completed in September by the Government Accountability Office (GAO), the auditing arm of Congress. That study found that the amount of U.S. consumers charged to their credit cards annually ballooned from about $69 billion in 1980 to $1.8 trillion in 2005. It also noted that while interest rates on cards have fallen since about 1990, in recent years major lenders' disclosures about the costs associated with their cards often "buried important information in text, failed to group and label related material, and used small typefaces"--thus vexing, often bewildering, consumers.

"A big part of the issue here is disclosure that people understand in a clear and simple way," says Coleman. "The bottom line is that there has been a lot of growth in this area, and clearly folks have stepped over the line ... I think what you're going to see is a lot of [companies] stepping back, and I think that's a good thing."

At least one company, Chase, apparently already stepped back after it discovered that one of its customers, Wesley Wannemacher, will be a key witness at Wednesday's hearing. In 2001, Wannemacher charged $3,200 on his Chase card to pay for his wedding. During the next six years, he paid $4,900 in interest charges, $1,500 in over-the-limit charges, and $1,100 in late fees--for a total of $10,700. As of last month, he still owed $4,400 on the card. After finding that Wannemacher will testify Wednesday, Chase reportedly waived the remaining balance on the card.

"The fact that the company has waived the balance, it seems to me, is an indication of their embarrassment," says Levin. Chase acknowledges that it closed Wannemacher's account after his situation was brought to the company's attention by Senate staff. "We quickly recognized that we made a mistake, and we want to do the right thing for our customer," says Paul Hartwick, a spokesman for Chase Card Services, in an e-mailed statement.

"After analyzing the situation, we realized he had made enough payments to satisfy his settlement offer."

The credit card industry has among the lightest regulation in the nation, and lawmakers appear ready to give federal regulators more power to tame companies' lending policies if necessary. But they are also hoping that by working with the largest credit issuers, such as Citigroup, Chase Card Services, MBNA America, Bank of America and Capital One Financial, that a change in industry practices will have a trickle down effect to smaller lenders.

Nonetheless, the industry itself seems to realize that it is under intense scrutiny. Last week, Citi, a subsidiary of Citigroup, announced that it would end a widespread industry practice of increasing interest rates on their cards for customers that have defaulted on other credit obligations, a practice known as "universal default." The company also agreed to end another common practice, increasing its customers' rates and fees at "any time for any reason." This week, Chase also launched a new initiative to help consumers better understand their accounts. It includes e-mail alerts to remind customers when their payments are due and payment calculators to show customers how their payments affect their balances.

Dodd welcomed the news but added that credit card companies' practices still need to be examined for potential abuses by lenders because "a number of practices within the credit card industry have in many cases weakened rather than strengthened consumers' financial well being...."

And a cluster of consumer groups–including the National Consumer Law Center, U.S. PIRG and Consumer Action–earlier this year banded together to call for an end to what they describe as "deceptive and unjust terms." They want, among other things, an end to the practice of retroactive rate increases (essentially applying higher interest rates to existing balances), mandatory arbitration clauses, which prevent consumers from taking companies to court, and an end to universal default.

From a consumer's standpoint, none of these seem like unreasonable requests.

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HEADLINE: Chase bank says sorry, as Congress probes credit card fees

BYLINE: Justin Cole

DATELINE: WASHINGTON, March 7 2007

BODY:

Executives from three of the largest US credit card issuers pledged Wednesday to offer clearer information to consumers amid a grilling from lawmakers about a confusing array of fees and charges.

And the chief executive of Chase Card Services, Richard Srednicki, apologized publicly to one customer who had been buried in thousands of dollars of penalizing credit card fees and charges.

Democratic senator Carl Levin, who heads a subcommittee on investigations, said "excessive credit card fees" and "sky-high interest rates" were drowning too many Americans in debt.

Levin said credit card practices had become so "abusive" and "unfair," that he would likely back legislation to rein in the industry.

The president of Bank of America's credit card unit, Bruce Hammonds, as well as the chief executive of Citigroup's credit card business, Vikram Atal, were also called before Congress for questioning.

Chase, part of JPMorgan Chase & Co., and Citigroup announced changes to their credit card policies in the past week ahead of Wednesday's hearing.

All three banks said they would support clearer disclosure rules to better explain the complex mix of fees and charges levied on their customers.

Srednicki's apology was offered to Wesley Wannemacher, who told lawmakers how he had become mired in fees tied to his Chase credit card despite making regular payments.

Wannemacher charged 3,200 dollars to his card for wedding purchases between 2001 and 2002. He made no further purchases.

Over the next six years Wannemacher paid Chase 6,300 dollars as his fees and interest rates on the purchases spiked, but in February he was sent a bill saying he still owed 4,400 dollars, which included interest and fees.

However, he contacted Congress and Chase cancelled his bill as congressional investigators took up his case.

"I want to begin my remarks with a public apology to Mr. Wannemacher,"

Srednicki said, adding "we believe this case is the exception, not the rule" in relation to Chase's over 100 million customers.

Lawmakers expressed concern about Wannemacher's charges and industry fees they say often confuse unwary customers, as well as payments made by credit card firms to universities so they can market cards to students.

"They either intentionally or otherwise set traps," said Republican Senator John Warner, adding "I find it so distasteful."

Democratic Senator Claire McCaskill, who related how her mother had struggled to comprehend and pay her credit card bills, said some of the industry's policies were "unconscionable."

Levin criticized a bevy of fees and charges, including "Universal Default," as well as the practice of charging customers between five and 15 dollars to settle a bill by telephone.

Citigroup -- which has launched a redesign of its customer statements -- announced last Thursday that it was stopping Universal Default, whereby cardholders' interest rates are automatically hiked if they default on obligations to other banks or lenders.

Also days before Wednesday's hearing, Chase announced Monday that it was overhauling its statements so customers could better understand their accounts and fees.

"It's not good enough today, we can do better," Hammonds said of the confusing disclosure statements that accompany credit card bills.

The bankers said, however, that they have made efforts to tailor lending to customer needs, citing the example that customers can chose their own billing dates.

According to the Federal Reserve, revolving credit, essentially credit card debt, across the United States surged to 876.2 billion dollars in 2006, up from 826.6 billion in 2005.

LOAD-DATE: March 8, 2007

CURRENT NEWS

Card Firms Gouging Consumers, Sen. Levin Says on Eve of Hearing



Daily Report for Executives

The Bureau of National Affairs, Inc.
Publication Date: 2007-03-07

Financial Institutions

Card Firms Gouging Consumers,Sen. Levin Says on Eve of Hearing

Senate Permanent Subcommittee on Investigations Chairman Carl Levin (D-Mich.) March 6 said he will craft legislation and hold hearings to put pressure on credit card firms that use what he called unfair and predatory interest rate and billing practices.

In a briefing with reporters one day before a hearing on the subject, Levin blasted what he said is a common industry practice of charging interest on amounts that cardholders pay on time, if they pay less than the full outstanding balance.

Only by paying the full outstanding amount each month can cardholders avoid paying interest on amounts they pay by the issuer's payment deadline, he said.

"It is indefensible to me that you would be charged interest for money that you paid on time," Levin said, calling the practice clear abuse.

That and other practices will be highlighted during the March 7 hearing before Levin's subcommittee. Among others, the subcommittee will hear testimony from Wes Wannemacher, a card customer of Chase Bank who was billed a total of $7,660.50 on an original debt of $3,216.28.

Levin, joined by Sen. Norm Coleman (R-Minn.), the subcommittee's ranking member, called on card issuers to immediately end three practices. First, Levin said issuers should stop charging interest on amounts that cardholders have paid on time. Second, he said charges for transactions above a credit card's borrowing limit—so-called over-the-limit charges—should only be imposed during the month when the limit was exceeded. Finally, he called for an end to the practice of charging interest on the previous billing cycle's interest, which Levin said is happening now even when the previous cycle's interest also was paid on time.

If it sounds complicated, it is, according to Levin, who said his subcommittee staff spent enormous time in trying to figure out the intricacies of credit card charges, and in how to describe them in an understandable way. He and Coleman said provisions in credit card agreements are all but unintelligible.

"A big part of the issue here is disclosure that people understand in a clear, simple way," Coleman said.

Levin Planning Legislation

Levin said that although he hopes for voluntary change, he still plans to draft legislation that would make several current practices illegal.

"The presence of legislation will put pressure on them to comply," Levin said. "The searchlight that's being focused on these practices will hopefully get the credit card industry to make some changes," he said.

He added that his subcommittee has no legislative role, and that his legislation would immediately be referred to the Senate Banking Committee, chaired by Sen. Christopher Dodd (D-Conn.).

In an example provided to reporters, Levin showed a hypothetical credit card bill for $5,020, where the customer pays $5,000, leaving a $20 balance.

According to Levin, the card company would charge interest not just on the $20 balance, but also on the $5,000, even though the customer has paid that $5,000 on time. The reason, he said, is that many card issuers now impose a charge if a balance carries over.

"If there's a balance, you are charged interest not just on the balance; you are charged interest on the money that you paid on time," Levin said.

Wannemacher's scheduled testimony is expected to illustrate the impact of key card practices. In July 2000, he opened a credit card account with Chase Bank that had a $3,000 limit. Wannemacher ran up $3,216.28 on the card, but stopped using it in June 2002.

According to materials provided by the subcommittee, to date Wannemacher has been billed a total of $7,660.50 on the amount. That includes $4,864.50 in interest, $1,196 in late fees, $29 for a returned check, and $1,571 in fees for the charges he made that exceeded the credit limit of his card.

According to subcommittee staff, Chase forgave the debt in its entirely on Feb. 27 after Levin's subcommittee asked the bank to review the account.

Levin Pledges Cooperation with Dodd.

Levin's focus on card practices, though intense, will be sharply limited, at least for now. In general, Levin said he does not plan to address issues that are more properly handled by Dodd's committee. For example, Levin said his panel has no current plans to address binding arbitration clauses, which are common in credit card contracts and have drawn fire from consumer advocates. Nor will he examine questions about federal preemption of state law, which has blocked attorneys general from some challenges against federally chartered card firms.

He also said his subcommittee and Dodd's panel will work together. "There's no competition here. This is a relationship which is not only close, but constructively close," Levin said.

Credit card practices have been in the spotlight since Democrats won the House and the Senate. Dodd has already heard testimony in his committee, plans to hear more, and has refused to rule out legislation to address unfair practices.

Meanwhile, House Financial services Committee Chairman Barney Frank (D-Mass.) also is gearing up for at least one hearing to examine billing and marketing practices by issuers.

By R. Christian Bruce

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CURRENT NEWS

Levin Pledges Oversight of Card Practices As Banks Unveil Changes to Fees and Rates



Daily Report for Executives

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Financial Institutions

Levin Pledges Oversight of Card PracticesAs Banks Unveil Changes to Fees and Rates

Senate Permanent Subcommittee on Investigations Chairman Carl Levin (D-Mich.) March 7 pledged continuing oversight and said legislation is possible to address billing and rate practices by credit card issuers, even as three banks used a hearing before Levin's subcommittee to spotlight recent changes to their policies.

In a statement formulated and released following the hearing, Levin was sharply critical of the industry.

"The credit card industry thrives on the confusion and powerlessness of consumers to both nickel and dime the average card-holder and to commit highway robbery of anyone who slips up even in the slightest," Levin said.

According to Levin, card issuers only offer payment "grace periods" if customers pay the entire balance each month. He also said card firms often impose multiple interest rates on the same cardholder, and charge excessive fees, some of which he said have the effect of increasing the debt in a manner that prompts yet more fees.

Card Execs Announce Changes.

In their testimony, executives of three of the nation's largest issuers—Citigroup, Bank of America, and Chase Bank—said they have adopted new policies, such as putting limits on fees they charge cardholders who exceed their credit limits.

And Richard Srednicki, chief executive officer of Chase's card unit, publicly apologized for Chase's handling of a debt owed by Wes Wannemacher, a cardholder who was billed an amount more than three times his original debt.

Chase, after reviewing Wannemacher's account following a telephone call by the subcommittee, has forgiven Wannemacher's debt entirely, according to Srednicki. "In this case, we simply blew it," he told Levin, adding that Chase is reviewing other accounts and will notify customers as needed.

More is Needed, Levin Says.

In remarks to reporters, Levin said the changes, though welcome, show the need for more aggressive oversight and legislation.

I'm glad they made them [the changes] under the pressure and under the spotlight," he said, while adding that not every offending card issuer can be brought before a congressional hearing. "That's three banks. What about all the others?" he said.

Asked whether he thought the testimony by bankers was forthright, Levin voiced skepticism. "They gave us their spin; they gave us their pitch, their argument," he said.

Levin March 6 said he will craft legislation to address card practices, but that it will immediately be referred to the Senate Banking Committee, which is chaired by Sen. Christopher Dodd (D-Conn.).

Asked by reporters March 7 to describe a potential bill, Levin said several issues might be addressed, such as charging interest on balances that have been paid on time, charging interest on fees, and other matters.

Levin plans more hearings that will focus on solicitation efforts by card companies, and an ongoing effort by the Federal Reserve Board to revise open-end credit regulations under Regulation Z, which implements the Truth in Lending Act.

Payments to Colleges Raise Questions.

He also said he wants to follow up on testimony that card issuers pay colleges and universities in connection with their efforts to solicit students as customers. The Michigan Democrat told reporters he does not know whether the payments involve purchases of mailing lists, or payments for marketing access, or whether some firms get more access than others. Levin said he will be asking universities and card issuers "what the deal is" on that matter.

Sen. Claire McCaskill (D-Mo.) showed particular interest in "live checks." So-called live checks are checks that card issuers include in mailings to customers. The checks can be used for quick cash, with the amounts added to card balances.

McCaskill said the practice should be understood and branded as a form of payday lending, and recommended revival of a previous legislative effort by former Rep. John LaFalce (D-N.Y.). In 2001, LaFalce introduced a package of bills aimed at specific credit practices, including the Unsolicited Loan Check Consumer Protection Act of 2001 (52 DER A-24, 03/16/01). The bill would have amended the Truth in Lending Act to prohibit the use of live checks in credit solicitations.

Consumer Groups Say More Disclosure Not Enough.

In his testimony, Wannemacher said he failed to understand the charges and fees assessed on his account after he ran up a $3,200 debt on a Chase card with a $3,000 limit. In particular, Wannemacher said he was surprised that Chase continued to impose a fee for his "over-the-limit" amount, instead of just charging him once.

"I would have viewed going over the limit as a singular event," he told the subcommittee.

Alys Cohen, a staff attorney for the National Consumer Law Center who testified also on behalf of several other consumer groups, agreed with several senators who said card firms need to more clearly and intelligibly disclose their billing and rate practices to cardholders.

But she said more is needed, arguing that card issuers are reaping profits from the most financially distressed customers. With those customers, the risks are high, but so are the returns for issuers, she said.

"We look to Congress to pass strong legislation," Cohen told Levin.

Congressional Action Drove Change, Bankers Say.

In their testimony, bankers focused on changes at their institutions, frankly acknowledging that many if not most of those changes came because of recent publicity and congressional attention to industry practices.

Vikram Atal, chairman and chief executive officer of Citi Cards, said his company recently

announced plans to end a controversial practice known as "universal default," which allows issuers to raise rates on cardholders even if their balance is current, as long as they are delinquent *in* payments to another creditor. Citi Cards also is changing its previous policy of reserving the right to boost fees and interest rates "for any time for any reason."

Bruce Hammonds, president of Bank of America Card Services, said his firm limits the use of over-the-limit fees as part of a broader collection of services for distressed borrowers. he also said Bank of America may raise rates on a cardholder who is delinquent on other debts. However, he said, the bank only does so after notifying the cardholder that future credit will be more expensive.

In his testimony, Srednicki said Chase March 6 announced new limits on over-the-limit fees. A Chase statement that accompanied Srednicki's testimony said the bank has taken other steps during the week of March 5, including cash promotions for customers who sign up for automatic payment plans. Chase said that and other steps will help customers stay current on their accounts.

By R. Christian Bruce

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CONSUMER WATCH

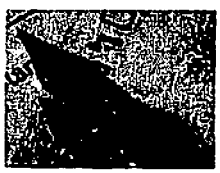
Senators criticize credit-card fees

Card issuers need to be reined in, committee chairman says

By Ruth Mantell, MarketWatch
Last Update: 7:39 PM ET Mar 7, 2007

WASHINGTON (MarketWatch) – Both regulation and legislation are needed to stop abusive credit-card practices, the chairman of a powerful Senate subcommittee said Wednesday, adding that credit-card companies have to be reined in.

Senators criticized excessive fees and penalty interest rates, and spoke about the need for improved disclosure at a hearing of the Permanent Subcommittee on Investigations of the Homeland Security and Governmental Affairs Committee.



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"Even if someone had questions about the amount of interest on a bill, most consumers would be hard pressed to understand how the amount was calculated, much less whether it was correct," said U.S. Sen. Carl Levin, D-Mich. "But by nickel-and-diming tens of millions of consumer accounts, credit-card issuers reap large profits."

Levin, subcommittee chairman, said the Government Accountability Office has found that disclosures from the largest card issuers were "often written well above" the eighth-grade level at which about half of American adults read. Further, the report indicated that popular credit cards have interest rates of more than 30% for holders who pay late or exceed a credit limit.

"Too many Americans across all economic strata are saddled with high interest rate payments on consumer debt, impeding them from accumulating wealth and achieving their financial goals, including sending children to college and saving for retirement," said U.S. Sen. Norm Coleman, R-Minn.

American consumers charged more than $1.8 trillion to credit cards in 2005, up from $69 billion in 1980, according to the GAO report, which cited CardWeb.com. See the latest credit statistics.

Increased credit-card use has contributed to more household debt, according to the GAO. The credit-card debt owed by an average U.S. household more than doubled to $2,200 in 2004 from about $1,000 in 1992, according to the Board of Governors of the Federal Reserve System.

Companies defend practices

Credit-card issuers said there is room for improving disclosure, but also defended some pricing practices.

"Our approach to the market is shaped by competition," said Bruce Hammonds, president of card services for Bank of America Corp. (BAC),

Hammonds said customers want flexibility, and that fee disclosure is not as straightforward as producing the nutritional information for a can of soup.

Richard Srednicki, chief executive of Chase Card Services, added that risk-based pricing, which can result in higher payments from consumers, is "integral" to the credit-card industry.

"We need risk-based pricing to manage our business," he said.

Srednicki added that Chase (JPM) is modifying its over-the-limit fees.

Vikram Atal, chair and CEO of Citigroup Inc.'s (C) Citi Cards unit, said the company decided last week to eliminate repricing under universal default clauses. That is, the company will only consider raising customers' interest rates based on their behavior with Citi.

Also, Citi is eliminating "any time for any reason" increases to rates and fees. Once a card is issued, Citi said it will not voluntarily raise the raise fees on the account until the card's expiration. Read more on Citi's actions.

Company officials added that they support the Fed's efforts to tweak Regulation Z, which implements the Federal Truth in Lending Act, aiming to promote consumers' informed use of credit by requiring disclosures about terms and costs. ■

Ruth Mantell is a MarketWatch reporter based in Washington.

Congress Daily 3.7.07

FINANCE

Senate Panel's Probe Will Highlight Credit Card Practices

As it gears up for a Senate subcommittee hearing today, the credit card industry is on the defensive. One only has to ask Wesley Wannemacher of Lima, Ohio.

In August 2001, Wannemacher charged almost $3,000 in purchases to his Chase Bank credit card to pay for wedding expenses. He made less than $300 in purchases in subsequent months and then stopped using the card in June 2002.

But a combination of interest charges, over-the-limit charges and late fees had added a total of $10,700 to his bill by February 2007. Even though Wannemacher went over his $3,000 credit limit on three occasions, he was charged on 47 different times for breaking the cap. And only months ago, Chase had declined his request to consolidate his repayment plan into a larger debt management plan that he established with a local credit counseling agency.

But Wannemacher's fate changed shortly after he was named as witness to today's Homeland Security and Governmental Affairs Permanent Subcommittee on Investigations hearing on credit card practices. After the panel asked Chase to review the Wannemacher account, the company phoned him on Feb. 26 and forgave the $4,400 he still owed.

"The fact that the company would waive this balance it seems to me, is indication to me, that they are embarrassed at the amount of charges levied against Mr. Wannemacher and their concern about being embarrassed at a hearing such as ours," said Subcommittee Chairman **Carl Levin**, D-Mich.

The hearing is part of Levin's crusade to get the industry to change what he contends are incomprehensible disclosure statements and confusing fee and interest rate structures that have resulted in the average family credit-card debt reaching $5,100 as of 2004, according to the Federal Reserve.

It is having some effect. The American Bankers Association said it would work with lawmakers and regulators for strengthened disclosure requirements for customers about their monthly bills.

But Levin wants more, such as changes -- either regulatory or legislative -- to some practices involving fee structure, interest rates and grace periods. And again, he is seeing some results. Citigroup Inc. announced last week that it would end the practice of universal default, charging a customer a higher interest rate if they missed a payment on another card or if their credit score had dropped, and it would no longer exercise the right to raise a customer's credit card interest rate at any time for any reason.

A Citigroup official, along with those from two of the other large card issuers, Bank of America Corp. and Chase Bank USA., will testify about their company's card practices.

Subcommittee ranking member **Norm Coleman**, R-Minn., said he senses other companies will be making similar announcements. "We're beginning to see some change. A lot more change has to take place," Coleman said. "The bottom line is there has been a lot of growth in this area, and clearly folks have stepped over the line. I think what you are going to see is another of the companies stepping back."

The banking industry has some concerns about legislative action. First, though there are more than 6,000 issuers, 10 banks control more than 90 percent of the more than $1.8 trillion U.S. market. Any agreement among top issuers for action could open the industry up to possible antitrust violations.

"We have individual members who are going to testify about that they do and try to

educate the committee, the public and the press ... that credit cards are a very [important] component of economic activity in this country and that there are areas, particularly in the area of disclosure, that we believe should be improved. Individual members will be talking about what they in particular will be doing," said one banking lobbyist.

Levin hopes his hearings will trigger enough outrage over some of the industry's practices to allow **Senate Banking Chairman Dodd**, another longtime industry critic, to move legislation. But Dodd has taken a more conciliatory stance to the industry, urging them to take voluntary steps that may or may not necessitate legislative action. *By Bill Swindell*

Print This Article

Posted on Wed, Mar. 07, 2007

Credit-card execs grilled on consumer debt

A Senate panel today is set to grill executives from the nation's three largest credit card companie Charlotte-based **Bank of America Corp.**, over interest rates, fees and disclosures to consumers.. briefing Tuesday, Sen. Carl Levin, D-Mich., said consumers should be responsible for paying thei credit card companies are making it tougher by piling on fees and complex interest rate charges.

"We will do our very best to bring these abuses into the light of day," said the chairman of the Sen Subcommittee on Investigations.

Among the practices in Levin's sights are interest charges on balances that already have been pa phone payments. Bank of America Card Services President Bruce Hammonds will testify along wi executives from Citigroup Inc. and JPMorgan Chase & Co.

Following the hearing, Levin said he plans to introduce legislation that will be sent to the Senate b subcommittee. He said he hopes a spotlight on industry practices will spur companies to make rel own, but said legislation is a needed "pressure point."

Banking Committee Chairman Sen. Chris Dodd, D-Conn., has already held hearings on the indus House Financial Services Committee plans its own inquiry. – *Rick Rothacker*

In private equity news:

• Charlotte-based **CapitalSouth Partners** said it closed its acquisition of Southern Parts & Engin Atlanta-based distributor of air compressors.

• Charlotte seafood distributor **Poseidon Enterprises**, which is owned by Hunt Private Equity Gr Capital and management, bought distributor Lowcountry Lobsters of Charleston.

– *Rick Rothacker*

7 of 16 DOCUMENTS

Star Tribune (Minneapolis, MN)

March 8, 2007 Thursday
Metro Edition

Credit card issuers taken to task by Senate panel; In light of a GAO report that criticizes companies' tactics as ``predatory,'' senators are investigating remedies.

BYLINE: Brady Averill, Staff Writer

SECTION: NEWS; Pg. 3A

LENGTH: 386 words

DATELINE: Washington, D.C.

A Senate subcommittee put executives of three major credit card companies in the hot seat on Wednesday, after a congressional report described the industry's practices as "predatory" and "confusing."

"Credit card debt is often seen as a very personal problem, but the burgeoning level of household debt in America has implications for the entire nation," Minnesota Sen. Norm Coleman, the ranking Republican on the Subcommittee on Investigations, said at the hearing.

Sen. Carl Levin, D-Mich., chairman of the subcommittee, launched an investigation after the Government Accountability Office (GAO) released a report on credit practices last fall. The panel is considering legislation that would pressure credit card companies to more clearly disclose terms and change such practices as when fees are issued.

Executives from Bank of America, Chase Bank USA and Citigroup Inc. were grilled at the hearing about grace periods, interest rates and fees.

Coleman said credit card disclosures are sometimes written at the "twenty-seventh grade level": only someone with 12 years of grade school and high school, four years of college, a four-year medical degree, a five-year Ph.D and a two-year MBA would be able to wade through credit card terms, he said.

Ohio resident Wesley Wannamacher told the hearing that his initial credit card debt of $3,200 tripled to $10,700 with fees and interest. He was charged over-the-limit fees 47 times and interest on money he had already paid off, Levin said.

In late February, the credit card company forgave Wannamacher's debt, and Richard Srednicki, chief executive officer of Chase Card Services, apologized to Wannamacher at the hearing.

"In this case, we simply blew it," he said.

A few days ago the company decided to change its policy of charging a fee every month a card holder is over the credit limit, Srednicki said.

Citi Cards also announced changes last week, said Vikram Atal, Citi Card's chairman and chief executive officer.

Citigroup will consider increasing a customer's interest rate based only on that person' credit card behavior with Citi. The company will no longer increase the interest rate or fees until the card expires unless the cardholder does not pay on time, exceeds the limit or bounces a check.

Brady Averill is a correspondent in the Star Tribune Washington Bureau