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FAIRNESS IN LENDING

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**FORMER BANK OF AMERICA AND MBNA EMPLOYEES EXPOSE UNETHICAL,
PREDATORY CREDIT CARD PRACTICES**

“We were doing things that were absolutely unethical...It’s unimaginable to me that Congress allows these things to happen in this country.”

- Cate Colombo, Former MBNA Customer Service Representative

(September 24, 2008) With the U.S. House of Representatives having passed the new Credit Cardholders’ Bill of Rights, former employees of credit card giant MBNA, now Bank of America, are stepping forward with Americans for Fairness in Lending (AFFIL) to share startling first-hand accounts of how their employers deliberately misled and manipulated consumers into taking on unmanageable amounts of debt.

“With our economy slowing and Americans turning to credit cards to cover everyday necessities such as groceries, gas, mortgages or medical care, consumers need to know how they are being targeted and taken advantage of by credit card lenders,” stated AFFIL Executive Director Jim Campen. “Many of these companies have taken advantage of deregulation to adopt a 'tricks and traps' business model that drives consumers ever-deeper into debt. The more consumers know about these deceptive practices, the more passionate they become in calling for an end to predatory credit card lending.”

Earlier this year, former employees of MBNA contacted AFFIL looking for a way to speak out about disturbing sales practices at one of the country’s largest credit card companies. “Everything that I was trained to do was about selling money, nothing else,” stated Cate Colombo, who worked for four years as a Customer Service Representative at MBNA, now run by Bank of America. “We were given financial incentives to drive customers more into debt. The company’s practices were absolutely unethical and should be illegal,” said Ms. Colombo.

Former employees disclosed a number of unscrupulous practices that they were instructed and trained to perform and admonished if they failed to complete, including:

- Offering only the highest interest rate on cash advances, even when customers qualified for a lower rate.
- Deliberately failing to inform the spouses of active servicemen and women that they were entitled to a lower interest rate under the Soldiers and Sailors Act.
- Aggressively selling overpriced “credit protection” plans with false or misleading information.
- Convincing overburdened consumers to take out additional credit lines, even when they were struggling to pay their current obligations.

Former MBNA Customer Service Representative Jerry Young revealed that he was trained to “sell debt” through balance transfers, which he called, “an attractive way for the bank to make money by

increasing the indebtedness of the cardholders.” Mr. Young eventually left his position in part because he felt he was interfering in family relationships when his supervisors pressured him to encourage individuals to act without consulting their spouses and to take on more debt than the family could handle.

“I learned first-hand how hard credit card companies work to get you into debt, and how aggressively they come after you once you are trapped,” stated Donna Tiff, an AFFIL member and consumer who once held over \$28,000 of credit card debt with MBNA. “I was aggressively sold credit, then hounded at work and home for payment as late charges and interest rates climbed. The credit card company suggested I pay them instead of making a utility or car payment, only to raise my interest rate again exactly because I missed the car or utility payment.”

“It’s unimaginable to me that Congress allows some of the biggest and most powerful companies in this country to do business this way,” said Ms. Colombo. “Consumers need reasonable protection, and there is no way that the credit card companies will correct themselves. Congress must act to put reasonable regulations of credit card companies into place, and to hold these companies accountable for what they are doing to everyday people.”

"These stories present first-hand evidence of why Congress needs to act to protect the American consumer from predatory credit card lenders," said Travis Plunkett, Legislative Director of the Consumer Federation of America. "We applaud the Federal Reserve Board and Congress for recognizing the problems created by a deregulated credit card lending industry, and encourage them to take strong and quick action to prevent the type of misleading and deceptive behavior described by these former industry employees."

AFFIL recently launched a public education campaign focused on credit cards in America and is urging consumers to become active in efforts to demand that Congress and the Federal Reserve Board prohibit unfair, deceptive and abusive practices by the credit card industry. Video interviews with MBNA former employees and consumer resources on credit cards are available online at <http://www.affil.org>.

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Americans for Fairness in Lending (AFFIL), is a non-profit organization working to end predatory lending practices, provide information to help consumers, educate policymakers about the need for reform, and demand action to assist debt-burdened Americans. AFFIL was created through a partnership of national consumer, civil rights, faith-based and grassroots organizations, including Center for Responsible Lending, Consumer Action, Consumer Federation of America, Consumers Union, National Consumer Law Center, and U.S. PIRG, among others. AFFIL's goal is to establish fair lending principles and practices that will build and preserve individual and community assets.

<http://www.affil.org>