

October 7, 2009

Washington, DC— Wednesday, Representatives Teague, Heinrich and Lujan joined 15 of their colleagues in the House in sending a letter to the country's major credit card companies, calling on them to pledge to not change the terms on consumer credit card accounts ahead of federal credit card reform legislation slated to go into effect early next year.

"Families across southern New Mexico are struggling to make ends meet as it is without credit card companies drastically increasing their interest rates before the Credit CARD Act goes in to effect," said Congressman Harry Teague. "Rather than taking the time to responsibly implement the provisions required by February 2010, credit card companies are taking advantage of both their customers and the intention of our legislation. We can no longer allow America's credit card companies free reign – today, my colleagues and I join together to call on these companies to halt their unfair interest rate hikes."

"Unfair and deceptive tactics by credit card companies need to stop," said Congressman Martin Heinrich. "During these tough economic times, working families are keeping a close eye on their finances. New Mexicans can find solace in the fact that Congress is keeping a close eye on credit card companies and demanding an end to unwarranted rate hikes. The Credit CARD Act was built on transparency, accountability, and mutual responsibility. These are values New Mexicans want and deserve from their financial institutions."

“Earlier this year Congress and the Administration took action to prevent credit card companies from taking advantage of hardworking families with the Credit CARD Act, a bill I cosponsored,” said Congressman Ben Ray Luján. “Unfortunately credit card companies are attempting to circumvent this law by rapidly hiking up interest rates before the law takes effect. I urge these companies to stop these rate increases that are hurting families across the country.”

The Credit Card Accountability, Responsibility and Disclosure Act of 2009 (Credit CARD Act) is a tough new consumer protection law that provides American consumers with increased protections against unfair, deceptive, and anti-competitive credit card practices. The Credit CARD Act was signed into law by the President on May 22nd, 2009. It is slated to go into effect in February of 2010.

The full text of the letter, which was also sent to the Chief Executive Officers of JPMorgan Chase & Co, American Express Co, Capital One Financial Corp, and Discover Financial Services is below:

October 7, 2009

Vikram Pandit

Citigroup Chief Executive Officer

399 Park Avenue

New York, NY 10022

Dear Mr. Pandit,

We have received an increasing number of complaints from our constituents regarding practices in the credit card industry unreasonably raising rates in advance of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit CARD Act) reforms. As you know this critical legislation was signed into law by President Obama several months ago.

Many of these unreasonable increases would be prohibited under the Credit CARD Act. The implementation of these necessary reforms should not be taken as an indication that the industry should take advantage of consumers now before the prohibitions come into effect. According to a report by The Pew Charitable Trust, interest rates for cardholders have increased an average of 20% this year from issuers who are rapidly changing account agreements, revoking promotional rates, and imposing interest rate increases on existing balances, including those less than 30 days past due. Such actions violate the notions of fair play and create an economic burden on our constituents, many of whom are struggling to make ends meet.

What makes this situation particularly troubling is the fact that the effective date for the majority of the provisions in this legislation was set for February of 2010 to give credit card companies time to implement the new federal regulations – not additional time to violate the spirit of the law by changing the terms of agreements, including raising interest rates on consumers.

In response to such actions, Representative Carolyn Maloney and Chairman Barney Frank have suggested that quicker implementation of The Credit Card Act is necessary. Representative Maloney has introduced H.R. 3639, which has been referred to the House Committee on Financial Services.

Yesterday, Bank of America announced that due to concerns from their customers, they would not implement any changes to customer agreements that would re-price consumer credit card accounts. Bank of America's actions are a good first step; now the rest of the industry should follow their example.

We urge you to immediately reconsider your practices regarding raising credit card rates prior to the full implementation of the Credit CARD Act. We encourage you to follow the appropriate and responsible example set forth by Bank of America.

Sincerely,

Betsy Markey

Member of Congress

Dina Titus

Member of Congress

Ed Perlmutter

Member of Congress

John Salazar

Member of Congress

Shelley Berkley

Member of Congress

Mary Jo Kilroy

Member of Congress

Steve Driehaus

Member of Congress

Harry Teague

Member of Congress

John Adler

Member of Congress

Suzanne Kosmas

Member of Congress

Ben Ray Luján

Member of Congress

Marcia Fudge

Member of Congress

Neil Abercrombie

Member of Congress

Martin Heinrich

Member of Congress

Henry Cuellar

Member of Congress

David Wu

Member of Congress

John Bocchieri

Member of Congress

Phil Hare

Member of Congress

CC: JPMorgan Chase & Co American Express Co

Capital One Financial Corp Discover Financial Services