

October 8, 2009

Washington, DC— Today, Discover responded to the letter sent to the country's major credit card companies by Representatives Teague, Heinrich and Lujan and 15 of their colleagues in the House. Discover pledged not to initiate any change repricing terms in advance of the implementation of the CARD Act, which will go into effect early next year. Rep. Betsy Markey of Colorado led the effort to send the letter to the credit card companies. The response was sent by David Nelms, the CEO of Discover.

"I am glad to see that Discover has stepped up to the plate to do the right thing, I hope more companies put the needs of consumers before their profit margins and join them in pledging not to raise rates," said Congressman Harry Teague (NM-2). "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."

"I am pleased that Discover responded to our call for transparency, accountability, and mutual responsibility from credit card companies," said Representative Martin Heinrich (NM-1). "By pledging not to change terms for their cardholders in advance of the implementation of the Credit CARD Act, Discover is taking a step in the right direction. Especially in this challenging economy, the last thing that American families need is for unexpected credit card policies to drive them deeper and deeper into debt."

“Some credit card companies are attempting to circumvent the Credit CARD Act, a bill I cosponsored, by rapidly hiking up interest rates before the law takes effect,” said Representative Ben Ray Luján (NM-3). “It is encouraging that Discover pledged not to initiate changes in repricing terms. As we move toward full implementation of the Credit CARD Act, I will continue to fight to for hardworking families who are being hurt by rate increases and other unexpected charges.”

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 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 Boccieri

Member of Congress

Phil Hare

Member of Congress

CC: JPMorgan Chase & Co

American Express Co

Capital One Financial Corp

Discover Financial Services