

ROBERT MENENDEZ
NEW JERSEY

COMMITTEES:
BANKING, HOUSING, AND URBAN
AFFAIRS
BUDGET
ENERGY AND NATURAL RESOURCES
FINANCE
FOREIGN RELATIONS

United States Senate

WASHINGTON, DC 20510-3005

528 SENATE HART OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-4744

ONE GATEWAY CENTER
11TH FLOOR
NEWARK, NJ 07102
(973) 645-3030

208 WHITE HORSE PIKE
SUITE 18-19
BARRINGTON, NJ 08007
(856) 757-5353

April 20, 2009

The Honorable Timothy F. Geithner
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Geithner:

In November, when your predecessor and Federal Reserve Chairman Ben Bernanke announced a plan to use federal money to purchase credit-card backed securities, I urged them to attach consumer-protection requirements to these funds (see attached letter), including prohibiting unilateral interest rate increases and requiring penalties and fees be reasonably tied to cost incurred by the card issuer.

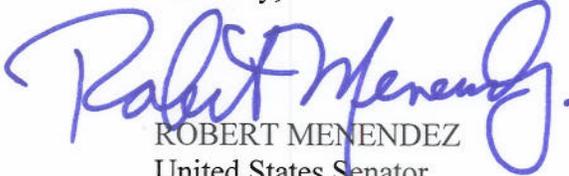
Unfortunately, my office has recently been inundated by calls and letters from New Jersey residents who have seen their interest rates shoot up even though they continue to make their payments on time every month. They are very angry about this and have every right to be. This is not risk-based pricing; rather, it is merely a way for issuers to recover losses they are incurring at the expense of consumers. As families tighten their belts and stretch every dollar during these tough economic times, the last thing they need to deal with is unexpected and unjustified practices from their credit card company.

To add further insult to injury, many of these same credit card issuers have received billions of taxpayer dollars in emergency assistance. For these same companies to turn around and exploit the very taxpayers who rescued them from the brink of insolvency is outrageous and offensive.

I am certainly encouraged by the reports that the Obama administration will soon be aggressively tackling credit card issues, and I look forward to those actions. I strongly believe that any government intervention must make helping consumers its central focus and ultimate objective. Stronger consumer protections, such as prohibiting unilateral rate increases, ending universal default, and requiring that penalty rates and fees be reasonably tied to cost, should be prerequisites for any issuers who wish to benefit from government assistance. These commonsense reforms will not only relieve some of the pressure on consumers, they will also end some of the most egregious practices that have forced so many people to the brink of bankruptcy.

With default rates skyrocketing, and Americans holding almost \$1 trillion in credit card debt, it is now more urgent than ever that we protect consumers from egregious and unfair practices. The American people cannot afford to wait over a year for the Federal Reserve regulations to take effect – they need to be protected immediately. That is why I again urge you to attach consumer protections as a condition for firms that accept taxpayer assistance. Thank you for your consideration. I look forward to hearing your response.

Sincerely,



ROBERT MENENDEZ
United States Senator