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NEW JERSEY

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# United States Senate

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December 19, 2008

Mr. Kenneth Chenault, Chairman & CEO  
American Express Co.  
Three World Financial Center  
200 Vessey Street  
New York, NY 10281

Dear Mr. Chenault:

Yesterday, the Federal Reserve finalized new regulations on credit card lending. As you know, implementing the regulations will not be mandatory until July 2010. However, I am writing to strongly urge you to begin implementation as soon as possible.

I understand the difficult environment lenders face with credit markets still close to frozen. That said, the health of the economy depends on the financial health of consumers -- we cannot disconnect the nation's GDP from its credit card holders' APR.

Our economy is currently undergoing one of the most severe crises of our lifetimes. Millions of Americans are feeling the financial pain of job losses, foreclosures, cuts in wages or benefits from employers or state or local governments. The Federal Reserve's new regulations would help borrowers continue to stay afloat, by curbing such practices as raising interest rates on current balances and allocating all payments to balances with the lowest interest rates if a cardholder has multiple balances.

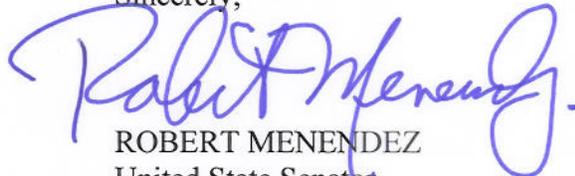
Because of the great danger facing our economy, it is important that you institute the protections, as outlined in the recent regulations, as soon as possible. In this current economic climate, many families are struggling to pay their bills on time and are making enormous sacrifices in order to keep up with their payments. But without relief, between today and a year from next July, the current economy combined with the continuation of these harmful practices may make it impossible for these families to continue to pay their bills on time. The Federal Reserve proposed these regulations in draft form in May of this year, so they come as no surprise. Slowly running out the clock and taking no action until the very last minute would be detrimental to the entire economy and these honest, hardworking families.

In addition, if these regulations temporarily have a monetary cost to you, I would urge you not to try to make up the difference by instituting other questionable practices that are just as detrimental to the borrower. Doing so might slightly inflate next quarter's bottom line, but it will drag down this country's bottom line -- and ultimately, yours.

In the same way we are encouraging mortgage lenders to reduce interest rates and develop realistic payment schedules that prevent foreclosure, I urge you to refrain from imposing rate increases on customers who are struggling with their payments and to come up with a plan that works for them and their families. The ability of the economy to rebound depends in large part on whether consumers can rise to the surface for air in that sea of debt, or whether they sink down into bankruptcy and destitution. We must all work together to avoid a tragedy of the commons, where all lenders act so aggressively that American consumers have no life raft in this storm.

In general, I hope the credit card industry will increasingly be proactive, not reactive, in aiding the stability of consumer finance, going above and beyond to protect its customers. Credit should not be an impediment that holds people back but a force for moving our economy forward. I look forward to your speedy implementation of the Federal Reserve's regulations and new initiatives to negotiate terms with borrowers, not just for the sake of your individual companies, but for the sake of the nation. I expect a prompt response about your plans to implement these regulations. Thank you.

Sincerely,



ROBERT MENENDEZ  
United State Senator

Cc:

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