

Banking Overhaul Nears Floor Action

Committees in both the Senate and the House have made significant improvements in the banking overhaul legislation, but a number of key battles loomed as the legislation moved closer to floor action in both houses this fall.

CFA and other opponents of the bills' far-reaching restructuring of the nation's financial system were positioning themselves against the most controversial provisions — interstate branch banking, expanded securities powers, and commercial purchase of banks — on the floor of both houses. At the same time, consumer groups are fighting to hold on to positive consumer provisions.

The need to recapitalize the bank insurance fund, which is expected to become insolvent by the end of the year, continues to create a sense of urgency to pass the bill quickly.

"Our hope is that continuing bank scandals and strong coalition efforts can make the concentration, branching, and power provisions so controversial that they will be stripped out in order to allow timely passage of the provisions to recapitalize the bank insurance fund, protect consumers, and strengthen regulation," said CFA Legislative Representative Peggy Miller.

"At the very least, we will try to use the sense of urgency to negotiate deals to include much stronger consumer protections and 'firewalls' than currently exist in any of the versions of the bill," Miller added.

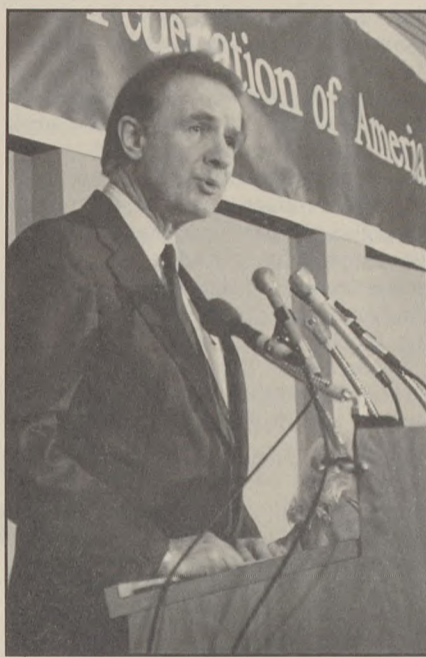
Just before the August recess, the Senate Banking Committee marked up its version of the legislation, and in late September the House Energy and Commerce Committee completed its consideration of the bill.

Both of these committees passed versions of the bill, which, though stronger on a number of points than the version passed by House Banking in June, nonetheless would allow major new, and risky, powers for banks.

Senate Banking, House Commerce Strike Commercial Purchase

On the positive side, Senate Banking and House Energy and Commerce both maintained the existing prohibition against ownership of banks by commercial and industrial firms. The House Banking bill would allow essentially any company to own a bank, creating a tremendous potential for financial concentration, credit control, and monopoly conditions.

"Such a system would drive up costs to consumers, reduce overall availability of financial products and services, and lead to stagnant, uncreative economic conditions," Miller said. In addition, the Senate



Senate Banking Chairman Riegle fought to keep strong consumer provisions in the banking bill.

Banking version included an entire consumer title — consisting of basic banking, check cashing, and truth-in-savings — long sought by consumer advocates.

"Senate Banking Chairman Donald W. Riegle, Jr. (D-MI) deserves a tremendous amount of credit for refusing to allow these provisions to be stripped out of the bill," Miller said. "He faced strong opposition, but he simply refused to yield."

Sens. Paul S. Sarbanes (D-MD), Alfonse D'Amato (R-NY), and John H. Chafee (R-RI) helped to broaden bipartisan support for the measures, she said.

Like the House Banking bill, both the Senate Banking and House Energy and Commerce versions would roll back recent regulatory and judicial interpretations that have allowed banks into insurance sales and underwriting.

The Senate and Energy and Commerce bills would go further by closing a loophole in the bill that would have allowed Delaware banks to continue to market insurance nationwide. The Energy and Commerce bill also would impose certain additional protections against "tying" arrangements, such as limiting disclosure of customer information and prohibiting the solicitation of borrowers until loan applications have been approved.

Broad New Securities Powers Approved

All three versions of the legislation would allow banks broad new securities powers, although the Senate Banking bill would restrict mergers between the

largest banks and securities firms.

The Energy and Commerce version would create somewhat stronger "firewalls" between banks and their securities affiliates than are included in other versions of the bill, but these restrictions are still insufficient to protect against the enormous risks posed by such an affiliation, Miller said.

Similarly, all three bills would permit nationwide interstate branch banking, although, under the Senate bill, states could vote to "opt out" of branching.

"If branching is allowed, it will increase the number and speed of mergers, increase the control of the secondary market over housing loans as a result of the inability of branch managers to originate loans, and reduce the amount of credit available to small business as a result of headquarters' draw of credit dollars out of the community for lending elsewhere," Miller said.

Meanwhile, several other House committees have positioned on various portions of the bill. The Agriculture Committee — concerned about the effect of interstate branching on availability of credit in rural areas — adopted an amendment to require regulators to establish a new set of standards to use in rating access to credit within communities and to shut down banks that they find are injuring the economy by failing to make credit available.

The House Judiciary Committee was examining potential anti-competitive impacts of the bill, but appeared unready to act.

As floor fights loomed, CFA was working with other opponents of these provisions to line up support for amendments to strike or severely limit securities sales and underwriting and interstate branch banking while protecting needed consumer provisions.

Court Lifts Ban on Information Services

In late July, federal district court Judge Harold H. Greene reluctantly lifted the ban against Bell company entry into information services despite his own view that "it would be difficult to conceive of a step that would be less in the public interest."

That decision — which Judge Greene stayed until all appeals have been exhausted — nonetheless changes the dynamics of congressional action both on the information services issue and on Bell company entry into equipment manufacturing.

Legislation on the latter issue has already cleared the Senate and has been introduced in the House. But, though the court decision does not address restrictions on manufacturing, it has led to increased pressure on House Telecommunications Subcommittee Chairman Edward J. Markey (D-MA) to move legislation that would place restrictions on the Bell companies' behavior in both manufacturing and information services.

CFA has called on Congress to pass legislation "that prevents the Bell companies from abusing their local monopoly status and limits the Bells' ability to undermine competition in the information and manufacturing markets."

In August testimony before the House Economic and Commercial Law Subcommittee, CFA Legislative Director Gene Kimmelman reiterated his opposition to lifting the manufacturing and information services restrictions. Instead of opening up new avenues that "threaten to

supplant competition with the creeping dominance of local telephone monopolies," Congress should act to protect consumers from the local phone rate hikes that would result from telephone company abuse of monopoly power, he said.

"With consumer benefits of the AT&T breakup jeopardized by Judge Greene's ruling and legislation like H.R. 1527, Congress must reaffirm the antitrust principles that led to the consent decree," he said.

What is needed, Kimmelman said, is for Congress to update communications policy by ensuring that "so long as local phone service remains a monopoly, the Bell companies may not manufacture equipment for their networks or control the content of information that depends upon their networks to reach consumers."

In addition, CFA has joined with newspaper publishers and other information services groups to appeal the court's decision. The ruling was forced by Greene's interpretation of an appellate court instruction that the restriction be removed unless "there is certainty that entry of the Regional Companies into the information services market will lead to anti-competitive conduct by these companies."

"Although CFA disagrees with Judge Greene's interpretation of the appellate ruling in this case, we share his belief that the consumer and competitive benefits that grew out of the restriction will be sacrificed if the Bell companies are allowed to enter the information services business," Kimmelman said.

Indoor Air, Radon Bills Advance

Shortly before the August recess, the Senate Environment and Public Works Committee reported out comprehensive indoor air quality and radon information and abatement bills.

Both Senate bills, S. 455 and S. 792 respectively, are the joint work of Sens. George Mitchell (D-ME), John Chafee (R-RI), and Frank Lautenberg (D-NJ).

S. 455 is identical to comprehensive indoor air quality legislation passed by the Senate last year on unanimous consent.

It would create a federal office of indoor air quality and similar state offices, provide funding for research on indoor air contaminants and new building technologies, establish health advisories for hazardous air pollutants, and require a nationwide assessment of indoor air quality in buildings owned by local education agencies and day care facilities.

The bill authorizes \$48.5 million to fund these programs.

A companion bill in the House, H.R. 1066, has been the subject of numerous hearings but has not been reported out of any of the three committees to which it has been referred.

Sponsored by Rep. Joseph P. Kennedy II (D-MA), H.R. 1066, as introduced, goes further than the Senate bill, providing for ventilation standards for public and commercial buildings, measurement standards and product labeling, and a requirement that the Occupational Safety and Health Administration set standards for indoor air pollutants in the work place.

It also contains a higher authorization level of \$53.5 million.

Senate Bill Sets Construction Standards

The Senate radon legislation, S. 792, contains a variety of provisions to improve public awareness of and response to radon contamination. These include designation by the Environmental Protection Agency of priority radon areas, a requirement that all schools in priority areas be tested, with test results made public, and establishment of a national education campaign.

Among the bill's strongest provisions are those that pertain to creation of model construction standards and disclosure of radon test results to home buyers.

Under the bill, EPA would be required to publish final radon control standards for homes by 1992 and for multi-unit residences and schools by 1994. In order to be approved for federal mortgage assistance, such as FHA or VA loans, residential dwellings in radon priority areas would have to meet the new construction standards.

In addition, any single- or multi-family home owned by the federal government in a radon priority area would have to be tested for radon before a sales contract could be signed, and the results would have to be made available to potential buyers.

"We are particularly pleased that S. 792 addresses federally funded housing stock and includes provisions related to construction standards as well as disclosure," said CFA Product Safety Director Mary Ellen Fise. "Requiring disclosure without assuring that future homes and buildings prevent radon exposure is akin to treating the symptoms without preventing or curing the ill."

In the House, Rep. Edward J. Markey (D-MA) introduced radon legislation in August. His bill, H.R. 3258, would extend

state grants for radon programs for three years, thus allowing states to continue to develop radon testing and mitigation programs.

School Radon Testing Required

In addition, the bill would require schools in areas where there is a greater than average health risk from radon to be tested by 1994, and all schools to be tested by 1998. Results above EPA action levels would have to be reported to parents and teachers.

Like the Senate bill, H.R. 3258 would change the current EPA-run proficiency program for radon testing devices and services from a voluntary to a mandatory program.

"We are encouraged by the specificity of measures included in this year's indoor air legislation," Fise said. "These bills take a critical step forward in providing consumers with relief from the ill effects of radon and numerous other indoor air pollutants."

Government Drags Feet On Medical Lab Regs

A report released by CFA in July charged the Health Care Finance Administration with "dragging its feet" in implementing tough legislation passed by Congress in 1988 and 1989 to regulate the quality and ownership of ancillary medical facilities.

In 1988, Congress extended quality control regulation to all laboratories. In 1989, they passed a measure to prohibit laboratories from billing Medicare for services rendered to patients referred to labs by physicians with a financial interest in the lab.

"With public concern mounting over the cost and quality of medical care, the government should move swiftly to enforce these laws vigorously and to require direct billing for all ancillary services in order to eliminate physician abuses in billing for these services," said CFA Research Director Mark Cooper, author of the report.

The report, "A Consumer Perspective on Direct Billing: The Next Step in Reforming the Market for Ancillary Medical Services," documents the fundamental problem that exists when physicians have a direct financial interest, either through ownership or through billing mark-ups, in ancillary medical services.

Consumers have little ability to evaluate the importance, quality, or price of these highly technical services. Furthermore, because physicians control the demand for tests, and laboratories compete for physicians' business, physicians have the upper hand in extracting discounts from labs. As a result, they get good deals from labs, but charge patients extremely high mark-ups, averaging over 100 percent in most studies.

HCFA Proposal Criticized

The report is highly critical of a proposal being floated by the Health Care Finance Administration to give physicians

a lump sum for testing on all Medicare patients. Such an approach would give physicians an incentive to:

- slash the quality of care for Medicare patients;
- avoid the more sickly and older patients who are most likely to need more tests; and
- shift the cost burden onto private pay patients, who are not billed on a lump sum basis.

"The public would end up with the worst of both worlds," Cooper said. "The quality of care for Medicare patients goes

down, and the cost for private pay patients goes up."

Instead, Cooper said, "we need to stay the course on structural reform of physician billing practices and eliminate physicians' financial interest in the quantity and locale of tests."

Remedies Proposed

The report advocates a series of steps to eliminate financial abuse in the ordering of ancillary medical services.

- The Medicare payment reforms already on the books should be vigorously

implemented and extended to all ancillary services.

- A direct billing requirement should be extended to all services.

Once these structural changes have been put in place, the report concludes, the market will come to a true equilibrium.

"Once the market for ancillary medical services is functioning properly, Congress will be able to set Medicare payment ceilings in a rational economic manner, without the risk of cost shifting between the public and private sector," Cooper said.

IOCU Holds 13th World Congress

More than 450 consumers from 64 countries, and representing more than 180 consumer organizations, met in Hong Kong in July for the International Organization of Consumers Unions 13th World Congress.

The Congress adopted resolutions relating to infant formula, food irradiation, safe drinking water, and tobacco. In addition, the Congress: called for consumer organizations to promote more education and information on environmental aspects of consumption and appropriate eco-labeling programs; passed a resolution calling for the implementation of the United Nations Consumer Guidelines; and expressed strong support for U.N. efforts to obtain passage of the Code of Conduct for Multinational Corporations.

Among those participating in this year's Congress were representatives from the former Warsaw Pact countries and from Africa.

"I came away knowing that we were witnessing strong growth of a movement that is bound to influence the development of democratic principles throughout the world," said Esther Peterson, who represented CFA at the meeting.



Peter Hansen, Rhoda Karpatkin, and Esther Peterson held a press conference calling for passage of the Code of Conduct for Multinational Corporations during IOCU's 13th World Congress.

Erna Witoelar, a leading force in Indonesia's consumer and environmental movement, was named the new president of IOCU, replacing Rhoda Karpatkin, who stepped down after seven years as president. Karpatkin will remain on the

Executive, IOCU's governing body, as vice president.

The Executive now represents every continent and is balanced between First and Third World countries.

House Passes Weak GSE Oversight Bill

In September, the House approved legislation billed as improving oversight of Government Sponsored Enterprises (GSEs) but which contains inadequate protections against financial risk and insufficient provisions to promote low and moderate income housing.

The bill deals primarily with the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), which, though they are private corporations, are able to purchase investment funds from the Treasury at a lower price than the private financial market.

At their current level of operations, this amounts to about a \$4 billion annual subsidy.

As a result of this subsidy, these two corporations now control 69 percent of the housing loan market, which means their underwriting standards define the mortgage market.

CFA believes these standards exclude

moderate to low income buyers and many first-time home buyers.

Furthermore, Fannie Mae and Freddie Mac hold a \$740 billion loan exposure in housing loan portfolio and loan guarantees, but have negligible capital reserves to cushion this exposure.

The House bill would increase by a small percentage the loans to moderate income consumers and would force the corporations to set aside capital reserves of 2.5 percent. However, the bill provides for only a .45 percent risk-based capital standard, far short of the two percent CFA had sought.

An amendment by Rep. Jim Leach (R-IA), which would have raised the minimum capital standard to three percent and the risk-based standard to .75 percent, was defeated on the floor.

"The House bill's risk-based standards do not address the way these standards contribute to the process of encouraging loans only to middle and upper income.

They also will do virtually nothing to discourage high profit activities that also carry a substantial risk of loss," said CFA Legislative Representative Peggy Miller. "These corporations are making profits hand-over-fist for their stockholders, but high profits today can mean high losses tomorrow. They should set more aside to protect against unforeseen losses," she said. The U.S. Treasury and the General Accounting Office also have argued that the corporations need an added capital cushion.

The House, however, accepted Fannie Mae and Freddie Mac's argument that their sophisticated computer system allows them to assess the mortgage market so accurately that they are able to diversify their portfolio and adjust the percentage rates they charge to allow for risk factors.

"There are a number of factors we believe are missing from that computer system," Miller said, citing political changes, international changes in the financial markets, and fraud as examples. "At the very least, there ought to be regulatory oversight of the computer system."

The two mortgage corporations also were able to fight off any requirements that they change their underwriting standards in a way to address needs of low to moderate income housing loan products.

The House bill requires only that Fannie Mae and Freddie Mac finance \$3.5 billion worth of single- and multi-family housing for low income residents in 1992 and 1993 and that in 1994 they attempt to spend an amount equal to one percent of the volume of mortgages they bought the previous year.

"This will have only a small impact on this overall systemic problem," Miller said. "When loans to low and moderate income people are not provided, economies

falter, first on the local level, then regionally and finally nationally."

The corporations have very restrictive underwriting standards which do not allow the flexibility low income consumers need. This is exacerbated by the fact that banks can set aside less capital when they deal in GSE mortgages and securities than they have to set aside when they do their own loan originations.

CFA had urged two solutions to the problem: changing the risk-based capital standards for banks to eliminate the incentive to write only GSE loans; and changing the GSE underwriting standards to encourage loans that are usable by low and moderate income home buyers.

The bill was strengthened on the floor, through an amendment offered by Rep. Joseph P. Kennedy II (D-MA), to require that Fannie Mae and Freddie Mac housing loan purchases be based on income of borrower rather than on loan size.

"The result of this amendment, tied to other language in the legislation that defines income level, will help to guide Fannie Mae and Freddie Mac back to their true mission, which is to provide housing for all consumers, including low and moderate income consumers," Miller said.

Also passed on the floor was an amendment offered by Rep. Maxine Waters (D-CA) and supported by CFA to require the corporations to purchase loans only from those lenders who are in compliance with anti-discrimination law and the Community Reinvestment Act.

The Senate was still drafting its version of the legislation in early October, and Miller was working with committee staffers to strengthen the bill. "We witnessed an amazing display of political power in the House, with Fannie Mae and Freddie Mac dictating most of the terms," Miller said. "The question is whether they will be able to do so in the Senate."

Health and Safety Coalition Updates Agenda

The Coalition for Consumer Health and Safety hand delivered copies of its updated "Consumer Health and Safety Agenda" to key federal policymakers in August, including President Bush, Transportation Secretary Samuel Skinner, Secretary of Health and Human Services Louis Sullivan, and top congressional leaders.

The coalition — which is comprised of 37 consumer, health and insurer groups — also distributed the agenda to all members of Congress and to the governors, attorneys general, and health officials in all 50 states.

"Consumer products are associated with hundreds of thousands of deaths and millions of injuries and illnesses each year," said CFA Executive Director Stephen Brobeck, who chairs the coalition. "The good news is that many product hazards can be minimized and, in some instances, eliminated."

The 64-page booklet assesses the nature and extent of problems and suggests specific solutions in six product-related areas: motor vehicle safety, home and product

safety, indoor air quality, food safety and nutrition, cigarette consumption, and alcohol consumption. The agenda also contains recommendations related to AIDS, which, though not product-related, was considered too imminent a health threat to be ignored.

Formed in 1988, the coalition works to implement the agenda recommendations, including meeting with key federal policymakers and supporting legislative and regulatory initiatives. This document updates the coalition's first agenda, released in 1989, to reflect progress on its recommendations as well as newly emerging consumer health and safety threats.

Among the new initiatives supported by the agenda are:

- a freeze on expanded use of longer combination vehicles on our nation's highways;
- reduced exposure to lead, particularly of children;
- better information to consumers about when it is appropriate to remove asbestos;
- uniformity with the Nutrition Labeling and Education Act for nutrition labeling of meat and poultry products as well as for health and nutrition claims in advertising;
- adherence to higher ethical standards in the marketing and advertising of alcoholic beverages;
- strengthened regulation of advertising of tobacco products; and
- expansion of the Centers for Disease Control definition of AIDS to better reflect the manner in which HIV disease develops in all population groups.

"While not all coalition members agree on every point, there is a remarkable degree of consensus among these groups on how to reduce consumer health and safety threats," Brobeck said. "Over the past three years we have learned that we can work effectively together to implement this broad agenda."

Copies of the "Consumer Health and Safety Agenda" are available for \$15, paid in advance, from the Consumer Federation of America, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036.

Congress Gives Nod To Organic Certification

Congress took a few small steps toward funding an expanded system-wide sustainable agriculture program at the U.S. Department of Agriculture, including organic certification and water quality initiatives.

Still, the appropriations bill reported out of conference committee in early October fails to fund most of the sustainable agriculture provisions included in the 1990 farm bill. The conference committee report represents a compromise between the House bill, which contained no funding for any of these programs, except \$3.5 million for a new Water Quality Incentives Program, and the Senate bill, which, though disappointing when compared to the farm bill, nonetheless contained funding for several sustainable agriculture programs, including \$10 million for the water quality initiative.

The conference committee agreed on \$6.75 million for this program, which funds research grants to improve water quality in rural areas through the development and use of sustainable agriculture techniques and pesticide reduction practices.

The conference committee also approved start-up funding and program

funds for the new organic labeling and certification program. This program will establish a board to set standards for the first time for "organic" produce and oversee the establishment of a national certification program for organic farmers.

In addition, the conference committee accepted most of the Senate provisions to provide nearly \$10 million in additional sustainable agriculture funds for research and development on the state level.

While CFA would have preferred an approach that made broader changes in the agriculture research program system-wide, it viewed the Senate state-level approach as a step in the right direction, particularly when compared to the House bill.

"We're in a recession, and during a recession it is difficult to get Congress to make major system-wide changes that threaten current jobs in each state," said CFA Legislative Representative Peggy Miller. "The Senate chose to fund programs in each state on sustainable agriculture and environmental research and development as a way to cope with recession problems while taking a small research and development step forward."

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Students Flunk Consumer Knowledge Test

A nationwide test of the consumer knowledge of high school seniors released in September found students are seriously unprepared for the critical purchasing decisions they will have to make after they leave school.

The teenagers were able to answer only 42 percent of the questions correctly, when random guessing would result in a score of 25 percent. On questions that were also administered to adults the previous year, the students scored, on average, 16 percentage points lower.

The 52-question multiple choice test, jointly sponsored by CFA and the American Express Travel Related Services Company, Inc., was conducted by The Psychological Corporation. It included a broad range of questions on such essential consumer subjects as food purchases, home rentals, credit, checking, savings, auto insurance, and auto purchase.

"Financially illiterate high school seniors are not prepared to cope with the world of consumption," said CFA Executive Director Stephen Brobeck, author of the report on the test results. "Educators, government, consumer advocates, and business leaders must work much harder and in closer cooperation to prepare these students for participation as consumers in the marketplace."

The most striking finding of the test is how little high school seniors know about products and services many will be required to purchase after graduating. Of particular concern are low scores on credit (38 percent), checking/savings accounts (36 percent), and auto insurance

(40 percent), as well as the level of ignorance about the following specific topics:

- the importance of the annual percentage rate (APR) of a consumer loan (18 percent);
- the type of lender that charges the highest rates (37 percent);
- the purpose of a credit bureau (33

percent);

- the coverage of an automobile service contract (33 percent).
- Lowest scores were found among the following demographic groups: blacks, who averaged 34 percent; Hispanics, 35 percent; the poor, 35 percent; and those planning to attend vocational/technical school, 35 percent.

the fact that national brands not on sale tend to be the most expensive food items (62 percent);

- the significance of grade labels (66 percent); and
- the meaning of "as is" in a used car contract (62 percent).

The report concludes that poor consumer literacy among high school students reflects many factors, including weak reading and math skills, inadequate consumer education, and lack of marketplace experience.

"Improving consumer literacy will require greater integration of consumer knowledge into the basic school curriculum and more exposure of students to the marketplace through, for example, exercises in comparative shopping," Brobeck said.

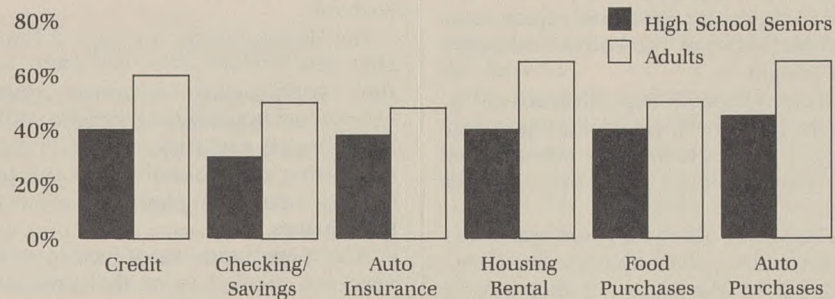
These and other strategies will be explored later this year at a White House roundtable discussion to be cosponsored by the U.S. Office of Consumer Affairs, CFA, and American Express.

The high school seniors consumer competency test was developed by more than a dozen experts from academia, business, government, and the consumer movement.

The 428 teenagers tested at shopping malls around the country represent a random sample of the nation's high school seniors.

Copies of the student test (with answers) and a report on the findings are available for \$5 each by writing to Consumer Federation of America, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036.

Scores of High School Seniors and Adults on Comparable Questions in Consumer Literacy Test



percent) and what consumers can do if a credit report contains incorrect information about them (11 percent);

- the extent to which auto insurance rates vary (18 percent);
- a tenant's obligation to make all payments specified in a lease (33 percent);
- the obligation of a landlord to obtain a court order before evicting a tenant (31 percent);
- the type of grocery store usually offering the lowest prices (27 percent);
- how ingredients are listed on food packages (22 percent); and

"The low scores of the poor are particularly unfortunate," noted Brobeck, "because these students are the most likely to leave school after graduation and work in low paid jobs."

The seniors scored highest on items testing general knowledge and the use of reasoning skills, such as:

- the obligations of a loan co-signer (72 percent);
- the importance of a bill-paying record in getting a loan (68 percent);
- the obligations of a landlord (63 percent);

Court Asked to Ban ATV Sales for Children

Three consumer groups and a medical association filed documents in federal court in September asking that the sale of all-terrain vehicles for children be banned. CFA, U.S. Public Interest Research Group (U.S. PIRG), Public Citizen, and the American Academy of Pediatrics charged that the "consent decree," an agreement reached three years ago between the Consumer Product Safety Commission and ATV manufacturers, is not working and that tougher measures are needed.

"ATVs continue to kill and maim thousands of children every year," said CFA Product Safety Director Mary Ellen Fise. "Clearly the consent decree the CPSC negotiated with the ATV industry in 1988 has been ineffective in stemming the tide of deaths and injuries. Our children will continue to lose life and limb unless more is done to keep children off of these dangerous vehicles."

According to the CPSC's own estimates, there will have been 1,033 additional deaths and 224,500 additional injuries from ATVs between the time the preliminary consent decree was signed December 30, 1987 and the end of 1991. The CPSC estimates that there will be an additional 239 deaths and 48,100 injuries from ATVs in 1992 alone. Almost 40 percent of the victims have been, and will continue to be, children under 16.

Despite its own evidence, the CPSC voted 2-1 in May to terminate its efforts to pursue any additional remedies against the industry. In response, the four organizations have asked the federal district court in the District of Columbia to require the CPSC and ATV manufacturers to prohibit the sale of ATVs for use by children.

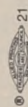
The consent decree requires only that ATVs be labeled to warn purchasers that children under 16 should not ride adult-sized ATVs and that manufacturers use their best efforts to ensure that dealers abide by these age recommendations and convey them both orally and through the distribution of written materials to consumers. Nationwide surveys by both CPSC and PIRG have consistently found that there is widespread noncompliance by ATV dealers with the provisions of the consent decree, particularly those related to children.

In addition, the groups asked the court to direct the CPSC to comply with its obligation to maintain a complete public library of materials relating to the consent decree to ensure that consumers have access to information demonstrating the effectiveness of the consent decree.

The groups are awaiting a decision by Judge Gerhard Gesell on whether he will allow this intervention.

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