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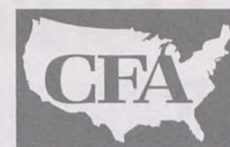
CONSUMER FEDERATION OF AMERICA



Feds Urged to Block Telecom Mega-Mergers

Three national consumer groups – CFA, Consumers Union, and U.S. Public Interest Research Group – have called on the Justice Department (DOJ) and the Federal Communications Commission (FCC) to reject both the application of SBC to purchase AT&T and the application of Verizon to purchase MCI.

Based on a detailed *ex parte* analysis of the merger applications that they submitted to the agencies in June, the groups concluded that both deals are irreparably anti-competitive and would be harmful to consumers.

The groups accused the applicants of a "long history of doublespeak," which they documented in a report entitled "Broken Promises and Stifled Competition: The Record of Baby Bell Mergers and Market Opening Behavior." Because of that record, the groups argued that specific, effective, and enforceable merger conditions cannot be devised.

If the mergers were approved, the resulting two telecommunications giants would attain about a 90 percent market share in residential local wireline, 70 percent market share in long distance, and 40 to 50 percent market share in wireless, noted CFA Research Director Mark Cooper.

"After a decade of market opening, the two firms being acquired account for three-quarters of the competition in telephone markets," he said. "These are mergers between the number one and number two or three sellers of retail local and long distance, residential and business service, as well as wholesale switching, transport, and Internet backbone services.

"The remaining competitors would be minuscule in comparison, lacking the size and geographic reach to provide a competitive check on the two dominant firms," he added. "If approved, these mergers will destroy the already feeble competition for telecom facilities that are necessary to provide a wide range of services, including access to high-speed Internet."

Firms' Pro-merger Claims Disputed

As they have in the past, the telecommunications firms have maintained that the mergers will promote, rather than inhibit, competition.

The three consumer groups called on the DOJ and FCC to flatly reject "illogical promises that greater concentration will bring greater competition."

The track record of the regional Bell operating companies (RBOCs) since the passage of the Telecommunications Act of 1996 shows a persistent pattern of bad acts, broken promises, and failure to compete, the groups charged.

Furthermore, no competitive alternatives exist. Intermodal competitors – such as Voice over Internet Protocol and wireless – have recently been examined and correctly dismissed as substitutes for retail services by both the FCC and DOJ.

"The RBOCs' dismal competitive track record, combined with the dearth of competitive alternatives and the dramatic increase in market power that the mega-companies would possess post-merger, demand the conclusion that anti-competitive and anti-consumer behavior would sharply increase post-merger," Cooper said.

Both of the companies proposed to be acquired – AT&T and MCI – are economically viable and vigorously competitive across a number of service and geographic markets, and both were in the process of developing business models to compete in response to recent FCC decisions eliminating the main avenue of local mass-market competition.

As a result, "actual and potential competition would be eliminated by these two mergers on a scale that has never, heretofore, been allowed to take place," Cooper said. For these reasons, the mergers should be rejected, he said.

On the other hand, he added, "should regulators somehow decide that the mergers could produce public benefits, they must act aggressively to repair the competitive damage that they would do to an already uneven playing field."

Divestiture Urged If Merger Approved

As a first step, regulators must require the divestiture of all overlapping in-region assets of the acquired companies, he said. In addition, they must impose rigorous, specific, enforceable conditions of non-discrimination for access to vertically integrated, in-region assets.

Wherever the two firms rank among the top four providers of in-region products within properly defined product and geographic markets, divestiture of all acquired assets related to that product should be required.

Where the acquired firm is among the top four suppliers of a network facility that provides vertical leverage against in-region competitors, enforceable conditions to prevent anti-competitive discrimination and price squeeze should be imposed.

The groups expressed scepticism, however, that such a goal could be achieved.

"Any promises by these companies to adhere to such regulations would be highly suspect," said CU Senior Policy Analyst Janee Briesemeister. "These corporations have consistently flip-flopped to support their immediate goals. There are only so many times the Bells may be allowed to cry wolf."

"The FCC and the DOJ cannot bury their heads in the sand and ignore the destructive impact these simultaneous mergers would have on an already highly concentrated industry," said U.S. PIRG Consumer Program Director Ed Mierzwinski.

On the **Web**
www.consumerfed.org/pdfs/telco_broken_promises_release.pdf
www.consumerfed.org/telco_broken_promises.pdf
www.consumerfed.org/telco_broken_promises_exec_summ.pdf

Legislative Update

House Addresses Consumer Finance Issues

The House of Representatives has turned its attention to a number of consumer financial issues, but not necessarily to consumers' benefit.

A pro-consumer credit card provision was stripped from a spending bill on the House floor in June.

House Financial Services Committee Chairman Michael Oxley (R-OH) indicated he intends to press ahead this year with an anti-consumer bill to overhaul insurance regulation.

And a predatory lending bill that consumer advocates have predicted would lead to an increase in predatory mortgage lending emerged as the leading contender between two competing bills before the Financial Services Committee.

"Consumer groups have launched all-out efforts to stop the dangerous predatory lending and insurance bills from passing the House, and we may succeed," said CFA Legislative Director Travis Plunkett. "The House actually had a chance to do something positive for consumers by passing a credit card proposal that had bi-partisan support, but it once again complied with the special interest demands of the financial services industry."

Credit Card Provision Stripped From Spending Bill

The House Appropriations Committee added language to the Treasury-Transportation-HUD spending bill that would have banned "universal default" interest rate increases by credit card issuers.

When the bill arrived on the House floor, however, Republican leaders used procedural maneuvers to strip the provision from the bill.

"We applaud Congressman Obey, who offered the legislation, and the many committee members of both parties, who demonstrated their commitment to ending one of the most pervasive and abusive credit card industry practices," Plunkett said.

"Despite this setback, the clock is ticking for credit card issuers imposing steep rate hikes on consumers who have problems with other creditors or whose credit scores decline."

The provision, introduced by Rep. David Obey (D-WI), would have amended the Fair Credit Reporting Act to prevent credit card issuers from using any negative information in a consumer's credit report that is unrelated to their payment record for that credit card account to increase the interest rate on the account.

The language would also have required issuers to clearly and conspicuously disclose the limited uses they could make of credit reports.

"It is fundamentally unfair to impose a penalty interest rate on a consumer who has not defaulted or made a late payment on the relevant account, especially when this rate increase is applied retroactively," Plunkett said.

The House Appropriations Committee apparently agreed, and approved the provision by a vote of 33 to 25. Seven Republicans joined Democrats on the committee in support of the provision.

But the rule providing for consideration of the spending bill by the full House carved out an exception for the amendment. While waiving all points of order for most sections of the bill, the rule specifically allowed lawmakers to invoke a prohibition on legislation in appropriations measures for the section on universal default.

Thus unprotected, the Obey provision was stripped after Rep. Lincoln Diaz-Balart (R-FL) raised a point of order during the floor debate. Rep. Obey called on consumers to take notice "who it is that decides that the technicalities of the rules are more

(Continued on Page 2)

SEC Reaffirms Fund Governance Rule

Responding to a federal appeals court decision remanding two issues raised by the mutual fund independent governance rulemaking for further consideration, the Securities and Exchange Commission reaffirmed the rule on a 3-2 vote in June.

"The independent governance rule is among the most important steps the SEC has taken in the wake of the mutual fund trading and sales abuse scandals to ensure that funds are operated in their shareholders' best interests," said CFA Director of Investor Protection Barbara Roper.

"While we regret that the rule's adoption has been surrounded by controversy," she added, "we are gratified that Chairman Donaldson had the courage to face down his critics and defend these important investor protections against the enemies of reform."

The vote came just a week after the appeals court decision and one day before Chairman William Donaldson's scheduled departure from the agency.

It prompted an outraged response from the two Republican commissioners who had opposed the original rule and from the U.S. Chamber of Commerce, which immediately announced its intention to file a new legal challenge.

First adopted by the Commission in June of 2004, the rule requires mutual fund boards to be comprised of 75 percent independent directors and to have an independent chair.

In its lawsuit, the Chamber of Commerce argued both that the SEC did not have authority to act in this area and that it did not follow appropriate procedures in adopting the rules.

In a ruling issued in late June, the Court of Appeals for the District of Columbia Circuit affirmed both the SEC's authority to act and its rationale for adopting the rules.

However, it ruled that the agency had failed to do an adequate analysis of the costs of the 75 percent independent directors requirement and had failed to give adequate consideration to an alternative to the independent chairman requirement that would have relied on disclosure.

In the week following that decision, the staff issued a new cost-benefit analysis following guidelines in the court decision and provided a more detailed evaluation of the disclosure alternative favored by Commissioners Paul Atkins and Cynthia Glassman.

The Chamber of Commerce lawsuit will test whether those steps adequately address the procedural concerns raised by the appeals court.

If the rule survives the Chamber's legal challenge, it could still face an uncertain future in light of the change in leadership at the SEC.

President Bush has nominated Rep. Christopher Cox (R-CA) to replace Donaldson as chairman, but Rep. Cox has not made his views on the issue known, nor has he been confirmed.

"The business community is clearly looking to Rep. Cox to roll back many of the investor protections adopted under Chairman Donaldson's leadership," Roper said. "He could go a long way toward reassuring investors made jittery by his anti-regulation reputation if he were to use his confirmation hearing to defend these and other important recent reforms."

Legislative Update

Continued from Page 1

important than giving the consuming public a fair shake."

Plunkett attacked these so-called "risk-based pricing" policies by credit cards in May testimony before the Senate Banking Committee, citing the well documented and widespread inaccuracies in consumer credit scores.

There is little to no evidence that a single late payment to one creditor increases the likelihood of default to all, he noted. Indeed, allowing consumers to rack up more credit under more expensive terms may have a similar or greater impact on a consumer's ability to repay than modest problems with another creditor, he said.

The Senate hearing and Rep. Obey's legislative proposal followed on the heels of a sweeping, anti-consumer overhaul of the bankruptcy code this April. The new law makes it more difficult for consumers hit by genuine financial misfortune to make a fresh financial start while doing little to curb abusive creditor practices.

"Credit issuers had been clamoring for this 'reform' for years," Plunkett said. "They convinced Congress to ignore the role that reckless and often abusive lending practices played in forcing people into bankruptcy. The broad support for Rep. Obey's amendment and the recent Senate hearing are signs that lawmakers may not continue to turn a deaf ear when consumers call for credit card protections."

House Presses Ahead with Anti-consumer Insurance Bill

Meanwhile, aides to Chairman Oxley have indicated he expects to introduce the State Modernization and Regulatory Transparency Act, or SMART Act, before the August recess and mark it up later this year.

In April, more than three dozen of the nation's leading consumer, civil rights, community, and labor organizations wrote to Chairman Oxley and Capital Markets, Insurance, and Government Sponsored Enterprises Subcommittee Chairman Richard Baker (R-LA) providing a detailed critique of the legislation.

"The SMART Act would do a lot of dumb things, like gutting important state consumer protections at the very time that New York Attorney General Spitzer's investigation has demonstrated the need for greater oversight of the insurance industry," said CFA Director of Insurance J. Robert Hunter.

"This would leave millions of consumers vulnerable to price gouging, as well as abusive and discriminatory insurance classification practices," he said.

The bill would override state consumer protection laws, by preempting state regulation of insurance rates, for example, and by lifting state controls on line drawing designed to prevent redlining.

It would also sanction anti-competitive practices by insurance companies, and its provisions limiting oversight in several areas to home-state regulators would incite state regulators into a "race to the bottom" to further weaken insurance oversight, the groups predicted.

"What the draft does not do is as revealing at what it does require," Hunter added.

For example, while the bill creates two positions to represent insurer interests, it does not create a federal office to represent consumer interests. It does nothing to assist consumers to comparison shop for insurance, nor does it eliminate insurers' antitrust exemption or limitations that prevent the Federal Trade Commission from investigating deceptive or fraudulent acts in the insurance industry.

"Overall, this draft is an extraordinary step back for insurance consumers," Hunter said. "Rather than deal with the regulatory failures highlighted in the New York and Securities and Exchange Commission investigations, it would re-open the door to some of the worst insurance abuses of the past, such as cartel pricing and redlining, and tie the hands of states that attempt to stop these practices."

Competing Predatory Lending Bills Introduced

Competing bills have been introduced in the House to address predatory lending in the subprime mortgage market.

Unfortunately, the bill that industry groups favor, H.R. 1295, appears most likely to be taken up by the House Financial Services Committee. Public interest advocates, including CFA, have predicted that its provisions could result in an increase in predatory lending.

Introduced by Representatives Bob Ney (R-OH) and Paul Kanjorski (D-PA), H.R. 1295 would roll back current federal law by reducing the home loans covered by federal protections and reduce the rights of borrowers with high-cost loans to exercise important remedies and enforce their rights under the Truth in Lending law.

Not only would the bill eliminate state anti-predatory lending laws, it could potentially eliminate all other state consumer protections on home loans, including those that limit the ability of lenders to pay kickbacks to brokers for arranging over-priced loans.

Investors would be free to fund and profit from predatory lending without facing liability, thus eliminating any incentive for purchasers of loans to police their loan purchases. The bill's comprehensive right to cure for creditors and assignees would remove any incentive to comply with remaining restrictions in the law except where the violation was actually detected.

Groups Endorse Pro-consumer Alternative

In contrast, H.R. 1182, introduced by Reps. Brad Miller (D-NC), Melvin Watt (D-NC), and Barney Frank (D-MA) would:

- include the costs of typical abusive practices in the definition of a "high-cost mortgage;"
- prohibit financing points or fees as part of any high-cost mortgage;
- curb abusive broker kickbacks and anti-competitive prepayment penalties;
- prohibit refinancing any home loan without a reasonable, tangible net benefit to the borrower;
- ban mandatory arbitration clauses in all home loans;
- require borrower counseling before a lender can issue a high-cost mortgage; and
- preserve the Home Owner's Equity Protection Act's assignee liability standard.

Based on a North Carolina law adopted with broad bipartisan support, the bill would establish a national standard for mortgage lending while preserving the flexibility individual states and the Federal Reserve currently have to implement additional protections for borrowers against new abusive practices or abuses that are specific to a local area.

CFA was part of a broad coalition of public interest groups that wrote letters to Chairman Oxley and Rep. Frank in April urging passage of the Miller bill and opposing the Ney-Kanjorski bill.

"The Miller-Watt-Frank bill, in a very precise and effective manner, eliminates incentives for lenders to make predatory loans while preserving access to justice for families caught in abusive loans," said CFA Director of Housing and Credit Policy Allen Fishbein. "If enacted, it would drive a stake into the heart of abusive lending."

On the Web

www.consumerfed.org/pdfs/credit_card_testimony_0505.pdf
www.consumerfed.org/smart_insurance_release.pdf
www.consumerfed.org/smart_insurance_letter.pdf
www.consumerfed.org/releases2?filename=predatory_lending_041905.txt

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New Overdraft Bounce Loan Protections Inadequate

The Federal Reserve Board issued new regulations in May governing bank overdraft "bounce" loan products, but consumer groups criticized the rules for failing to provide adequate consumer protections.

Bounce loan products allow consumers to overdraw their bank accounts by check, ATM withdrawal, or debit card transaction up to a certain amount. Most banks offering overdraft loans automatically enroll their customers into the programs.

Fees for the loans range from $20 to $25 per overdraft. If the consumer fails to repay the loan quickly enough by making a deposit, many institutions tack on additional charges of $2 to $5 a day until the overdraft is repaid. Banks collect payment of the overdraft and fees by taking payment directly from the consumer's account.

Unlike traditional overdraft protection, banks do not guarantee to cover transactions that overdraw accounts and consumers are permitted to overdraw without warning or consent. This is true even for ATM withdrawals or debit card payments where overdrafts have traditionally not been permitted.

"Bank overdraft loans are payday loans without consumer consent, a contract, or credit disclosures," said CFA's Director of Consumer Protection Jean Ann Fox.

Flaws in Fed Rules Detailed

The new Federal Reserve regulations target banks that advertise overdraft loans and require them to include more information in ads and on bank periodic statements.

Required disclosures include the dollar cost of overdraft fees, the types of transactions that overdraw an account, time to repay, and circumstances when the bank will not cover overdrafts. In addition, the regulations require bank statements to include a running total of overdraft and insufficient fund fees paid by consumers.

One problem with the regulations is that they only affect the smaller depository institutions that actively promote "courtesy" overdraft loans.

A recently released CFA study found, however, that the vast majority of the nation's largest banks include identical provisions in their checking accounts but do not advertise them.

Another serious shortcoming of the regulations is that they do not require overdraft bounce loans to be covered under the federal Truth in Lending Act. As a result, consumers are not informed of the loan's annual percentage rate (APR), which would help them to compare the costs of borrowing and to understand how costly it is to use overdrafts as a source of credit.

Also missing from the regulations are requirements that banks obtain affirmative consent of consumers to participate in the programs and provide contractual guarantees to pay overdrafts.

Congress, Regulators Urged To Strengthen Protections

CFA, the Center for Responsible Lending, Consumers Union, National Consumer Law Center, and U.S. Public Interest Research Group wrote to Congress in June urging passage of legislation clarifying that overdrafts are covered by the basic consumer protections found in the Truth in Lending Act.

Legislation should also require depository institutions to provide affordable repayment terms when making overdraft loans and to warn consumers when ATM and debit card transactions will overdraw an account and trigger a fee, the groups urged.

The groups simultaneously wrote to Federal Reserve Board Chairman Alan Greenspan, Acting Comptroller of the Currency Julie Williams, Federal Deposit Insurance Corporation Chairman Donald Powell, and Acting Director of the Office of Thrift Supervision Richard Riccobono urging them to provide additional consumer protections beyond those in the new Federal Reserve regulations.

In addition to closing the Truth in Lending loophole, the groups urged the Federal Reserve to examine cash and check hold periods and reduce them by regulation at the earliest possible time.

In the meantime, they urged federal regulators to direct banks to examine their check hold policies to ensure that the full check hold time period is not used except in instances where it is in fact required to avoid significant risk of an insufficient funds check.

They also urged regulators to define certain check hold practices as unfair trade practice and to bring enforcement actions against certain types of abusive practices, such as ordering debit processing in order to maximize fee revenue from overdraft fees.

"Consumers are losing control of their bank accounts through the convergence of electronic check processing, implementation of Check 21, bank overdraft practices, and delay in making deposits available to cover withdrawals," Fox said.

"Consumer complaints and loss of confidence in banks will only grow if these practices are not corrected," she added. "Worse, low-balance account holders who can least afford penalty overdraft fees may lose their bank accounts and rejoin the unbanked."

On the Web
www.consumerfed.org/pdfs/bounce_loan_congress_letter.pdf
www.consumerfed.org/pdfs/bounce_loan_regulator_letter.pdf
www.consumerfed.org/pdfs/overdraft_release_060905.pdf
www.consumerfed.org/CFAOverdraftStudyJune2005.pdf

Car Title Loans Trap Borrowers in Debt

Cash-strapped families risk losing their cars in the latest form of high-cost small lending spreading across America, according to a report released in April by CFA and the Center for Responsible Lending.

To get a title loan, borrowers sign over the title to a paid-for car and, in some states, provide the lender with a spare set of keys. The loan, typically for a fraction of the value of the car, is usually due within a month in a lump-sum payment.

"Borrowers who put their cars on the line to borrow a few hundred dollars for one month become trapped into a cycle of repeated loans with interest rates often around 300 percent," said CFA Consumer Protection Director Jean Ann Fox.

"Borrowers often find themselves 'rolling over' these loans repeatedly," she added, "paying huge amounts in interest and fees while barely touching the principal."

In many cases, the lender repossesses the car after the borrower has made substantial payments. In some states, title lenders are allowed to keep the surplus from the sale of the car, allowing the title lender to reap a windfall from the borrower's default.

The CFA/CRL report, "Car Title Lending: Driving Borrowers to Financial Ruin," describes the title loan product and industry, illustrates predatory aspects of these over-secured small loans, and makes recommendations for strong protections for borrowers.

On the Web
www.consumerfed.org/car_title_loans.html
www.consumerfed.org/pdfs/driving_borrowers_rpt.pdf

At the Agencies

Centers for Disease Control and Prevention

The Centers for Disease Control and Prevention (CDC) issued its FoodNet report for 2004 in April indicating that illness and death from some food-borne pathogens is declining.

"It is particularly heartening that, for the second year in a row, fewer families were subjected to the horror of E. Coli food poisoning," said Carol Tucker Foreman, Director of CFA's Food Policy Institute. "The reduction in E. Coli 0157:H7 cases demonstrates that, when government and industry concentrate their energies and resources on reducing food-borne pathogens, it works.

"Now both government and industry should turn their attention to reducing the growing number of illnesses caused by drug-resistant Salmonella Newport and Salmonella Javiana and Vibrio Vulnificus," she added.

While the report showed an overall decline in Salmonella food poisoning in 2004 compared with the base period of 1996-1998, Salmonella Javiana and Solmonella Newport increased by 41 percent.

* * *

Consumer Product Safety Commission

The Consumer Product Safety Commission (CPSC) met in March to receive a briefing from its staff and stakeholders on whether to develop a national safety standard that would bar the sale of adult-size all-terrain vehicles (ATVs) for use by children under age 16.

Although the briefing package prepared by the staff concludes that such a standard would provide "substantial" benefits and reduce the risk of serious injury and death by half, the staff has recommended against developing a standard that would bar the sale of adult-size ATVs for use by children.

"ATVs continue to pose a growing public health risk in the United States which compels strong action by CPSC and state governments," said CFA Director of Product Safety Rachel Weintraub. "CPSC did not give any indication today when, or even if, it will aggressively act to prevent future deaths and injuries."

* * *

Federal Deposit Insurance Corporation

The Federal Deposit Insurance Corporation (FDIC) announced revisions to its Payday Lending Guidelines in March that set a bright line of halting loans to consumers who have had 90 days of loans from all lenders in the prior twelve-month period.

As a result of the policy change, 12 federally insured depository institutions were required to file plans to comply with the revised guidelines and to come up with alternative products.

Public interest groups, including CFA, wrote to FDIC Chairman Donald Powell in April thanking the agency for its action addressing concerns they had raised about the proposed guidelines.

The groups also urged the agency, in considering proposals for alternative bank products for payday loans, to require that loans be based on ability to repay from the outset, that there be no check-holding or agreement to electronically access accounts, that loan cost and repayment terms be affordable, and that borrowers get credit with reporting services for successful completion of loans.

On the Web
www.consumerfed.org/CFA_stmt_on_FoodNet_data41505.html
www.consumerfed.org/releases2.cfm?filename=032205_Petition-hrg-pr.txt
www.consumerfed.org/pdfs/Drs_request_CPSC_Action.pdf

Consumer Finance Surveys Reveal Worries, Lack of Knowledge

Three surveys released by CFA with various partners this Spring paint a troubling picture of consumers' financial knowledge and behavior.

• A survey released by CFA and VISA USA in April, found widespread worry among women about their finances, with lack of personal savings to cover periodic emergency expenditures a principal cause of that worry.

• In a survey released by the Consumer Literacy Consortium (CLC) in the same month, consumers scored only 53 percent on average on a true-false test about saving money on consumer purchases.

• A similar proportion understand that credit scores measure credit risk (51 percent) and that raising your income won't increase your credit score (55 percent), according to a survey released in March by CFA and Fair Isaac Corporation.

The CFA-Visa survey found that nearly three-quarters (71 percent) of women surveyed said they had worried about their personal finances in the past year.

Two-thirds (66 percent) cited unexpected expenses as a cause for those worries. Among women between the ages of 18 and 24, 88 percent said unexpected expenses was a contributor to their financial worries.

One of the main causes for these concerns was the fact that they had little or no money set aside for emergency situations. In fact, 42 percent of women surveyed, and 55 percent of those between the ages of 25 and 34, said that they had emergency savings of less than $500.

This financial worry has resulted in sleep and job productivity loss, as well as deteriorating health, the survey found.

"The concern of younger women about their personal finances is far more widespread than we had imagined, and far greater than that of older women," said CFA Executive Director Stephen Brobeck.

"The fact that more than one-half of younger women do not have available at least $500 in emergency savings may help explain this concern," he added.

Updated Brochure Offers Money Saving Tips

Those looking to cut expenses can get help from the newly revised "66 Ways to Save Money" brochure and website, which were released along with the saving money survey.

That survey, along with the brochure and website, were developed by the CLC, a group of 20 federal agencies, corporate groups, and national non-profits coordinated by CFA.

The percentage of correct responses on individual survey questions ranged from a low of nine percent on a question about how to find the least expensive burial or funeral option to scores above 70 percent on questions about unit pricing, renter's insurance, the cost of mortgage loans, auto insurance rates, and the effect of late payments on credit card rates.

In addition to the question on funeral costs, other areas where consumers demonstrated particularly weak knowledge included the relative merits of term and whole life insurance for individuals who expect to hold the policy for a relatively short time period and the amount of time credit card users typically have to make a payment after receiving the statement.

"The annual cost to consumers of poor knowledge about saving money on purchases is certainly in the billions of dollars," Brobeck said. "Just learning basic information about how to save money can save individual consumers hundreds of dollars a year."

Unfortunately, those consumers most in need of money saving knowledge are least likely to possess it, according to the survey. Specifically, consumers with household incomes under $25,000 scored about ten percentage points lower than those with household incomes of at least $75,000.

This and a comparable difference between the least and most educated represented the largest differences among demographic groups.

The new edition of the brochure deals with 28 product categories, covering such wide-ranging topics as airplane travel, life insurance, mortgage loans, and food purchases. Most of the tips include "motivators," such as how much can be saved by practicing the tip.

The brochure is available online in English and Spanish on the 66 Ways to Save Money website (www.66ways.org). The website also provides links to government websites containing product-related information.

In addition, single print copies of the brochure are available by sending $.50 each to the Federal Citizen Information Center (FCIC) at Save Money, Pueblo, CO 81009.

To order larger quantities, contact Save Money, CFA, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036.

Free Credit Score Brochure

CFA and Fair Isaac have issued a brochure – "Your Credit Scores" – explaining how credit scores are used, how to learn one's credit scores, and how to raise them.

Many kinds of businesses use credit scores, including telephone companies, electricity and natural gas service providers, landlords, as well as banks, mortgage lenders, credit card companies, and auto lenders.

The difference between a credit score of 580 and a score of 720 could mean a three percentage point difference in a mortgage rate, translating to a $72,000 different in mortgage loan costs over the lifetime of a 30-year, $100,000 fixed-rate loan.

"Despite all of the news coverage about credit scores over the past year, many consumers still do not understand important facts about these increasingly influential numbers," Brobeck said.

The credit score brochure is available online on the CFA website. Consumers can also get a free print copy by writing to Credit Scores, Pueblo, CO 81009.

On the Web
www.consumerfed.org/5CLCPR.pdf
www.consumerfed.org/5CLCMYTH.pdf
www.consumerfed.org/pdfs/yourcreditscore.pdf
www.consumerfed.org/pdfs/FIC-CFA_creditscore.PDF
www.consumerfed.org/releases2.cfm?filename=visacfasurvey042705.txt

Sen. Richard Shelby

Richard Blumenthal

Carol Tucker Foreman

Walter Dartland

Michelle Singletary

35th Annual Awards Dinner

The Consumer Federation of America honored distinguished consumer service at its 35th Annual Awards Dinner in June.

Sen. Richard Shelby (R-AL) and Connecticut Attorney General Richard Blumenthal received Philip Hart Public Service Awards.

Esther Peterson Consumer Service Awards were presented to Carol Tucker Foreman, Director of CFA's Food Policy Institute, and Walter Dartland, founder and head of Consumer Fraud Watch and Consumer Federation of the Southeast.

Washington Post columnist Michelle Singletary received the Betty Furness Consumer Media Service Award.

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