



PRESS RELEASE

APRIL 5, 2007

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Secret Marketing Deals Between Universities & Credit Card Issuers Under Scrutiny: *Sponsor of AB 262 Asks NYS Attorney General Cuomo and Senator Kennedy to Expand Investigation to Include College Student Credit Card Marketing*

Berkeley, CA – There may be a new twist in the brewing battle between college students and the banks that market high-interest credit cards to them.

In February, Assemblymember Joe Coto (23rd Assembly District - San Jose) introduced AB 262, the College Student Credit Protection Act. The proposed law would:

- Annually direct each campus to disclose exclusive credit card marketing arrangements with banks and financial institutions on those campuses
- Prohibit card companies on each campus from offering gifts to students who complete credit card applications.
- Urge the regents to revise the University of California Policy on the On-Campus Marketing of Credit Cards to Students as it relates to specified future contractual agreements.

Today the Greenlining Institute, sponsor of AB 262, sent letters to New York State Attorney General Andrew Cuomo and Senator Edward Kennedy requesting that they expand their respective investigations on kickbacks to campuses for steering students to particular lenders, by also investigating the often-secret arrangements between credit card companies and college campuses that may involve payment to campuses.

Thus far, the California Bankers Association has opposed AB 262, and particularly the item requiring transparency of exclusive marketing arrangements. The bill simply calls for transparency, not prohibition, of these arrangements.

According to student lender Nellie Mae, in 2004 more than 75% of college students nationwide had credit cards, and more than 40% of students had at least four credit cards. Student credit card debt increases significantly over college years; on average, senior college students owe nearly double that owed by freshmen students in credit card debt. A new documentary, "Maxed Out", documents credit card marketing to college students.

Chithalina Khanchalern, a UC Berkeley senior, said: "I signed up for a credit card the first week of my freshman year. I got a free T-shirt and a pile of debt that rivals my student loan debt."

Alberto Gonzalez, a UC Berkeley senior, said: "I sometimes wonder if we students are being sold to the highest bidder. We don't know what kind of secret deals our campuses are making with the banks, and this bill will provide that sunshine. UC Berkeley's motto is *Fiat Lux*, or let there be light. Indeed."

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The Greenlining Institute is a multi-ethnic public policy, research and advocacy center.