



BANKING LEGISLATION & POLICY

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Recent Developments

Many Industry-Specific Bills Stalled in Congress

The fourth quarter of 2002 ended with many industry-specific bills stalled in Congress. Deposit insurance reform, bankruptcy overhaul, and regulatory relief are all among the bills that were projected to move this quarter but didn't. Deposit insurance reform (S. 1945, H.R. 3717) would have merged the bank and thrift funds, given the FDIC more flexibility to charge premiums on all institutions, and raised coverage for certain investments in individual retirement accounts. Some sticking points between the House and Senate bills included coverage amount limits and whether to index for inflation. Members of both the House and the Senate plan to introduce similar legislation in 2003.

The real estate industry supported legislation to block banks from participating in real estate brokerage or management (S. 1839, H.R. 3424), but this bill also stalled. The measures aimed to prevent the Treasury Department from finalizing a proposal to let banks enter the real estate business until September 2003. Even though the House adopted the legislation, the Senate did not.

The bankruptcy overhaul bill (S. 220, H.R. 333) was very close to passing when, at the last minute, it was blocked by Republican conservatives who took issue with provisions that prohibited people with fines for violent protests from filing for bankruptcy to avoid paying the fines. The legislation, if passed, would have prohibited debtors who earn more than their state's median family income

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and who could afford to pay at least 25 percent of their debt or \$6000, whichever is higher, from filing Chapter 7 bankruptcy. This class of debtors would have been required to file under Chapter 13. It is unclear whether the bill will be reintroduced in 2003.

Finally, a regulatory relief bill (H.R. 3951)

stalled over a provision requiring depository institutions to alert customers when negative information about them was reported to a credit reporting agency. Other provisions would have eased restrictions on cross-marketing and interstate branching, protected banks from state capital requirements when establishing intrastate

branches, and eliminated some reports about loans to insiders. It is likely the bill will be reintroduced in the next Congress.

OCC Orders ACE Cash Express, Goleta National Bank to Cease and Desist Payday Lending

On October 29 the Office of the Comptroller of the Currency (OCC) issued cease and desist orders to ACE Cash Express, Inc., and Goleta National Bank, Goleta, CA, requiring them to halt unsafe and unsound payday lending activities and to pay \$325,000 in civil money penalties. ACE Cash Express originates, services, and collects payday loans made by Goleta. By signing the orders, ACE agreed to stop payday lending activities for

Goleta by January 1, 2003, and to pay \$250,000 in penalties. Also, ACE may not enter any service-providing arrangement with any national bank without the OCC's approval, and it must indemnify Goleta for 100 percent of the costs, including legal fees, from third-party claims. Among other things, the actions against ACE were prompted by its failure to safeguard 641 customer loan files when it disposed of them in a trash dumpster in Virginia in August. In addition, the OCC found that ACE repeatedly made exceptions to Goleta's policies and procedures and mismanaged Goleta's loan files. The OCC ruled that ACE had violated both the Equal Credit Opportunity Act and the Truth in Lending Act. As for Goleta, in addition to

violating both of those laws in its relationship with ACE, the OCC determined it also violated the Gramm-Leach-Bliley Act. OCC ordered Goleta to pay \$75,000 in civil money penalties and to terminate its payday lending relationship with ACE. In addition, Goleta must review a sample of 5 percent of loan files at each ACE store in order to determine if other files are lost. If more than one loan file is missing from any sample, Goleta must verify all other loan files at that particular store. Also, Goleta must notify all applicants whose payday loan files were lost and advise them of steps to take to address potential identity theft.

SUMMARY OF FEDERAL LEGISLATION

New Legislation

1. Truth in Lending Inflation Adjustment Act (H.R. 5507). Introduced by Rep. LaFalce (D-NY) on October 1, 2002.

Status: Passed by the House on October 7 and referred to the Senate on October 8.

This bill would amend the Truth in Lending Act (TILA) to adjust for inflation. TILA would be amended so that consumer leases and credit transactions other than mortgages of under \$75,000 would be subject to the law. The previous maximum was \$25,000.

2. An Act to Improve the Federal Subsidy Rate with Respect to Certain Small Business Loans (S. 3172). Introduced by Sen. Bond (R-MO) on November 15, 2002.

Status: Passed by the Senate November 15 and referred to the House Committees on the Budget and on Small Business on November 19.

This bill would permit the Director of the Office of Management and Budget (OMB) to use a newly developed model to calculate the federal cost for guaranteeing loans during fiscal year 2003. The use of this new model would increase federal subsidies by about \$5 to \$6 billion. The Small Business

Administration can then implement the OMB-approved subsidy rate for the 2003 fiscal year. Without the bill's passage, under the old model for determining the credit subsidy rate, the loan program is believed to be limited to less than \$5 billion for 2003 despite loan demand of about \$10 billion. If the bill passes, the rate would be applied retroactively to October 1, 2002.

3. Office of Federal Housing Enterprise Oversight Funding Reform Act of 2002 (H.R. 5696). Introduced by Rep. Bentsen (D-Texas) on October 21, 2002.

Status: Referred to the House Committee on Financial Services.

This act would amend the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 and would essentially remove the budget of the Office of Federal Housing Enterprise and Oversight (OFHEO) from the federal appropriations process. OFHEO regulates Fannie Mae and Freddie Mac, and it is funded through semiannual exam assessments of the two mortgage financiers. Currently, Congress must approve these assessments, but this bill would remove that requirement and make OFHEO self-funded. In addition, the bill would allow assessments collected in the OFHEO fund to be available

for OFHEO expenses without the approval of Congress.

Enacted Legislation

1. FHA Downpayment Simplification Act of 2002 (S. 2239). Introduced by Sen. Sarbanes (D-MD) on April 24, 2002.

Status: Signed into law by President George W. Bush on December 4 and became Public Law No. 107-326.

The Federal Housing Administration (FHA) Downpayment Simplification Act of 2002 will simplify the process of determining mortgage down payments, preserve Government National Mortgage Association (Ginnie Mae) guarantee fees at current levels, and index FHA multifamily mortgage loan limits. First, the bill changes loan-to-value (LTV) limits for the issuing of FHA insurance. For properties valued at \$50,000 or less, the maximum LTV is 98.75 percent; for properties valued at between \$50,000 and \$125,000, the maximum LTV is 97.65 percent; and for properties valued at more than \$125,000, the maximum LTV is 97.15 percent. The previous limits were 97, 95, and 90 percent, respectively. Next, the law repeals a three-basis-point increase (from six to nine basis points) in Ginnie Mae fees that was scheduled to go into effect October 1, 2004. Finally,

starting next year the Department of Housing and Urban Development must index multifamily mortgage limits to the rental component of the consumer price index each year.

2. Terrorism Risk Insurance Act of 2002 (H.R.3210). Introduced by Rep. Oxley (R-Ohio) Nov. 11, 2001.

Status: Signed into law by President George W. Bush on November 26 and became Public Law No. 107-297.

The Terrorism Risk Insurance Act establishes a three-year Treasury Department program under which the federal

government and insurance companies would jointly share the responsibility for claims associated with future terrorist attacks. Private insurance companies would pay for the first \$10 billion of 2003 claims, plus 10 percent of claims exceeding \$10 billion, and the government would pay for the remaining 90 percent. For claims filed in 2004 and 2005, the arrangement would be the same, except the dollar amount thresholds will increase to \$12.5 billion and \$15 billion, respectively. Over the life of the program, the government will not pay more than \$100 billion each year, and it cannot be sued for punitive damages. In addition, to be eligible for government assistance, insurers will have to pay a percentage of its direct earned

premiums from the previous year. In 2003 the deductible will be 7 percent of premiums, and that will increase to 11 percent in 2004 and 15 percent in 2005.

A separate section of the law will allow the Board of Governors of the Federal Reserve System, by an affirmative vote of five members, to provide increased liquidity for the financial markets in the event of a terrorist attack. If the Board determines that action is necessary to preserve the United States economy and financial system and such action is required before five members of the Board can be contacted to vote, then a unanimous vote of all available members would suffice, as long as there are at least two available.

SUMMARY OF FEDERAL REGULATIONS

Board of Governors of the Federal Reserve System

Regulation Z, Truth in Lending (11/26/02)

Partly in response to industry comments, the Board of Governors of the Federal Reserve System (the Board) has proposed to revise the staff commentary to Regulation Z. Regulation Z implements the Truth in Lending Act (TILA), which promotes the informed use of consumer credit by providing for disclosures about its terms and costs. The revised commentary first addresses credit card industry inquiries regarding the proper disclosure of expedited payment charges, or charges for quickly applying a payment to an account usually through an electronic funds transfer or a draft on a checking account. In the proposal, such a charge would need to be disclosed in the "other charges" section of the disclosure because it is a significant charge that might regularly occur for some customers. However, charging an expedited payment fee would not require a change-in-terms notice. In addition, the proposal explicitly says that fees for expedited delivery of a credit card upon request would not need to be disclosed as either finance charges or other charges.

Credit card industry representatives have also solicited guidance about issuing

substitute cards now that technology has made possible cards of different sizes and formats. Before, in an attempt to prevent identity theft and fraud, issuing substitute cards and renewal cards was strictly prohibited unless it was a one-for-one exchange where a cardholder had only one card per account. However, now that cardholders may wish to have both a traditional card and a new-technology card, the Board plans to revise the existing commentary so that card issuers may replace an accepted card with more than one renewal or substitute card on the same account, as long as the consumer's total liability does not increase and the new card follows the same terms and conditions as the original card. In addition, issuance of the new card must entail the same security procedures as existing cards for verification of receipt.

The proposal also clarifies some ambiguities concerning required disclosures for mortgage loans. First, the proposal would provide guidance and examples for disclosing mortgage insurance premiums on the payment schedule when some premiums are collected in advance and escrowed at the time the loan is closed. The Board also offered a number of clarifications about the Home Ownership and Equity Protection Act of 1994 (HOEPA), which is part of the Truth in Lending Act and requires

additional disclosures for certain closed-end home mortgages and provides protections for these loans carrying rates or fees above a specified amount. In the proposal the Board provides for a more standardized method for calculating yields to determine coverage under HOEPA. The Board reasons that a more standardized method will ensure that different creditors are subject to the same reporting requirements under HOEPA.

Comments were due January 27. For more information, see 67 *Federal Register*, pp. 72618-22.

Regulation A, Discount Window (10/31/02)

The Board of Governors of the Federal Reserve System (the Board) approved replacing the adjustment and extended credit discount window program with primary and secondary credit facilities. Under the proposal, primary credit would be available on a very short-term basis to institutions in generally sound financial condition, and it would carry an interest rate initially set 100 basis points above the target federal funds rate. Secondary credit, with an interest rate 50 basis points above the primary credit rate, would be available to institutions that do not qualify for primary credit because they are in more serious financial trouble. Qualification for either program remains at the discretion of the Federal Reserve Banks. The Board did

not propose any changes to the seasonal credit program. This change took effect January 9. For more information, see 67 *Federal Register*, pp. 67777-87.

Office of Thrift Supervision

Broker/Dealer Activities (12/12/02)

The Office of Thrift Supervision (OTS) published a final rule establishing the record-keeping and confirmation requirements for thrifts that perform securities transactions for their customers. This regulation outlines broker/dealer activities that savings associations may perform without registering with the Securities and Exchange Commission (SEC). The rule requires thrifts to notify a customer, in a timely fashion, when a securities transaction has been performed on his or her behalf, either by providing a registered broker/dealer confirmation, written notification, or electronic notification. The confirmation's content would follow the SEC's requirements for registered broker/dealers. The rule was proposed July 11, 2002 (for further information see *Banking Legislation and Policy*, April-June 2002).

The effective date of the final rule was January 1, 2003. For further information, see 67 *Federal Register*, pp. 76293-304.

Securities and Exchange Commission

Off-Balance-Sheet Transactions (11/8/02)

To implement section 401(a) of the Sarbanes-Oxley Act and help investors gain a clearer impression of a company's financial condition, the SEC proposed rules for disclosures in Management's Discussion and Analysis (MD&A) about off-balance-sheet arrangements, contractual obligations, and contingent liabilities and commitments. Current MD&A rules require disclosure of financial information that would not be captured by financial statements under U.S. generally accepted accounting principles (GAAP), including trends that may influence a registrant's liquidity, capital resources, net sales, and expectations about future earnings and losses. In an effort to elicit more thorough disclosures, the proposed rules specifically target off-balance-sheet transactions.

For purposes of the proposal, an off-balance-sheet arrangement is recognized as any transaction or arrangement where two separate parties have or in the future may have: 1) any obligation or liability under a direct or indirect agreement that is not fully reflected in the financial statements; 2) an interest in shared assets; or 3) derivatives, to the extent that they are not fully reflected in the financial statements.

To determine whether an off-balance-sheet arrangement falls within the scope of this proposal, management must first identify the firm's guarantees, retained interests, equity-indexed derivatives, and other obligations to decide if they are fully reflected in financial statements. Next, management must assess the likelihood of any trend, demand, commitment, or other event that might require performance of a guarantee or other obligation or result in an impairment. If the likelihood of its occurrence is thought to be remote, no disclosure is necessary. However, if its likelihood cannot be determined, management would need to evaluate the consequences of the event should it occur, and if management believes that the likelihood of the event having a material effect is more than remote, disclosure would be required. This threshold of "more than remote" is lower than MD&A's previous standard of "reasonably likely."

In general disclosures, management must detail the nature and business purpose of the off-balance-sheet arrangement, the significant terms and conditions of the arrangement, and the nature and amount of the total assets and total obligations and liabilities (including contingent obligations and liabilities) of an entity in which off-balance-sheet activities are conducted. Specific disclosures would be required, including the amounts of revenues, expenses, and cash flows arising from the arrangements; the nature and total amount of any interests retained, securities issued, and other indebtedness incurred; and the nature and amount of any other obligations or liabilities that may be triggered and an explanation of the triggering event. In addition, tabular disclosure is required for long-term debt, capital lease obligations, operating leases, unconditional purchase

obligations, and other long-term obligations. Also, total contractual obligations payments would need to be disclosed for each of the following time frames: total, less than one year, one to three years, three to five years, and more than five years.

Comments on this proposal were due December 9. For further information see 67 *Federal Register*, pp. 68054-79.

Financial Accounting Standards Board

Guarantees (11/25/02)

In an effort to provide better disclosure requirements for issuers of guarantees, the Financial Accounting Standards Board (FASB) published Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. This interpretation clarifies that when a company issues a guarantee, it must recognize an initial liability, at the fair market value, of the obligations it assumes under that guarantee, and that liability must be disclosed in its financial statements. The Board was afraid that under current practice many firms were not recognizing this liability and were not accurately depicting their assets and liabilities in financial statements.

The new guidelines will also require guarantors to disclose the nature of the guarantee, the maximum potential amount of future payments under the guarantee, the carrying amount of the liability, if any, for the guarantor's obligations, and the nature and extent of any recourse provisions that would allow the guarantor to recover the amounts paid under the guarantee. Under current practice, disclosures usually require only general information, such as the nature and amount of guarantees. This interpretation does not apply to certain guarantee contracts, such as those issued by insurance companies, capital leases, and vendor rents. Guarantees issued after December 31, 2002, will be subject to this rule, regardless of the issuer's fiscal year-end. The disclosure requirements apply to all financial statements for periods ending after December 15, 2002. For more information, see *FASB Interpretation No. 45*.

Oakar banks must continue to pay assessments to BIF, SAIF

On November 15, the U.S. Court of Appeals for the District of Columbia Circuit ruled that Bank Insurance Fund (BIF) banks that acquire Oakar banks—banks with deposits belonging to both the BIF and the Savings Association Insurance Fund (SAIF)—must continue to pay assessments to both funds (*Wells Fargo Bank N.A. v. Federal Deposit Insurance Corporation*, No. 01-5280).

Wells Fargo, a BIF member, merged with First Interstate Bancorp and seven of its subsidiaries in April 1996. Three of those entities were Oakar banks because they had acquired SAIF associations in prior transactions. Special Oakar rules dictate that banks holding some deposits insured by BIF and some insured by SAIF must pay premiums to both funds. The Federal Deposit Insurance Corporation (FDIC), with no explicit guidelines to follow for BIF-Oakar mergers, treated the merger as though it were a conversion transaction between a BIF bank and a SAIF bank and assessed premiums for each fund for Wells Fargo's new deposits in the years following the merger. Wells Fargo filed suit against the FDIC contesting the assessment of SAIF premiums, which are higher than BIF premiums. The company requested a \$23 million refund for the SAIF premiums it paid because it believes that Oakar banks are BIF members and therefore should not be subject to rules for conventional conversion transactions.

The FDIC argued that if it were to stop charging SAIF premiums on second-generation mergers, some banks may rush to BIF-Oakar mergers in order to stop paying SAIF premiums and, at the same time, avoid paying steep exit fees imposed for disaffiliating from the SAIF. The court felt that allowing that to happen would hinder Congress's intent, through the 1989 Oakar amendment, to restrict conversion transactions. Therefore, the court found for the FDIC and affirmed a lower-court ruling that second-generation mergers between BIF members and Oakar banks be treated as conversion transactions for purposes of assessing premiums.

West Virginia preemption suit dismissed

On November 19 the U.S. Court of Appeals for the Fourth Circuit dismissed a case questioning the Office of the Comptroller of the Currency's (OCC) authority to preempt West Virginia state insurance law (*Cline v. Hawke*, No. 02-2100). West Virginia Insurance Commissioner Jane Cline brought suit against the Comptroller of the Currency seeking judicial review of an OCC letter preempting, under the Gramm-Leach-Bliley Act (GLBA), four provisions and a portion of a fifth provision of the West Virginia Insurance Sales Consumer Protection Act, an act regulating the sale of insurance by banks and other financial institutions.

The court decided that the OCC had the authority to interpret GLBA and then determined that deference should be given to the OCC because of its experience and expertise. Finally, the court evaluated the thoroughness of the OCC's consideration, the validity of its reasoning, and its consistency with earlier and later pronouncements and decided that the regulator's decision met the standard for persuasiveness under *Skidmore v. Swift and Co.*, 323 U.S. 134. Therefore, the petition for review was dismissed in an unpublished opinion that will not set a binding precedent. A similar case, *Bowler v. Hawke* (78:1118), is being tried in the First Circuit, and a decision is expected soon.

Visa, MasterCard not guilty of promoting online gambling

On November 20 the U.S. Court of Appeals for the Fifth Circuit affirmed a district court decision to dismiss claims alleging that Visa International and MasterCard International violated the Racketeer Influenced and Corrupt Organizations Act (RICO) by permitting cardholders to purchase gambling chips at online gambling casinos (*Thompson v. MasterCard International Inc. and Bradley v. Visa International Service Association*, No. 01-30389). Thompson and Bradley blame the card companies, and the banks that issued them, for facilitating and encouraging their gambling, which resulted in \$1510 and \$7048 losses, respectively. The plaintiffs, by way of their class action suit

against the companies, were seeking damages under RICO's civil remedies provision and also declaratory judgment that their gambling debts are unenforceable because they are illegal.

To prove a RICO violation the plaintiffs needed to show that Visa and MasterCard engaged in the collection of unlawful debt and that they participated in the operation or management of the enterprise itself. The court found that the facts satisfied neither provision. In addition, because the cards were used to purchase gambling chips, they were purchased before even the possibility of illegal gambling took place and were therefore not involved. For these reasons, the court dismissed the case and also advised that RICO was not designed or intended to help people, like these plaintiffs, avoid responsibilities they knowingly and voluntarily accepted.

Mortgage markups are not kickbacks and do not violate RESPA

On December 26 the U.S. Court of Appeals for the Seventh Circuit ruled that a title company did not violate the Real Estate Settlement Procedures Act (RESPA) by marking up by \$14 the price of recording a mortgage (*Krzalic v. Republic Title Co.*, No. 02-2285). The plaintiffs claim that by charging \$50 for recording a mortgage but only paying the county recorder \$36, Republic Title violated the anti-kickback section of RESPA, Section 8(b). Referring to an October 2001 Department of Housing and Urban Development (HUD) policy statement, the plaintiffs argued that RESPA's Section 8(b) bans price markups. The judge, however, disagreed and affirmed a lower court's decision.

While the 2001 HUD policy statement does ban price markups under RESPA, the court refused to give the statement deference because the court viewed the statement as an "announcement" rather than a firm rule because it's establishment did not follow the procedure for rule-making under the Administrative Procedures Act. Also, the court reasoned that most firms do charge additional fees for providing services because of the costs they bear in association with

providing them, and the judge pointed to lawyers' charging photocopying fees. In this case, the court decided that the service for which the plaintiffs paid was provided and the additional \$14 the defendants kept was a charge for providing the service. Finally, the court declared that RESPA is an "anti-kickback rule, not an anti-markup rule." This decision follows the reasoning in *Echevarria v. Chicago Title & Trust Co.*, 256 F.3d 623, decided before HUD's October 2001 policy statement.

California minimum payment statute unenforceable

On December 23 the U.S. District Court for the Eastern District of California prohibited California from enforcing a section of the California Civil Code that would have forced California credit card issuers to warn

customers about the consequences of paying only the minimum payment (*American Bankers Association et al. v. Lockyer*, No. S-02-1138). The law would have required credit card issuers, except those that impose at least 10 percent of the balance as a minimum payment, to tell cardholders the downside of making only minimum payments and refer them to credit counseling in certain circumstances. Also, card issuers would have been required to set up toll-free telephone numbers to give cardholders payoff estimates. The court ruled that the National Bank Act, the Federal Credit Union Act, Office of the Comptroller of the Currency regulations, and National Credit Union Administration regulations all preempted this law. Therefore, all federally chartered credit card issuers are not subject to this section of the California Civil Code.

Arbitration clauses unconscionable?

On December 16 the U.S. Supreme Court decided not to hear an appeal of a West Virginia Supreme Court ruling that an arbitration clause is unconscionable because it prohibits customers who signed the agreement from seeking "class action" relief (*Friedman's Inc. v. West Virginia ex rel. Dunlap*, No. 02-315). The court's decision to deny a rehearing was not a ruling on the merits of the case, but it is expected to raise more questions about the legality of anti-class action provisions in arbitration clauses. Similar cases, *Green Tree Financial Corp. v. Bazzle* (U.S., No. 02-634) and *Discover Bank v. Szetela* (California Court of Appeals, Super. Ct. No. OCCC12582), are currently pending before the Supreme Court and might tackle the class action issue more directly.

SUMMARY OF THIRD DISTRICT DEVELOPMENTS

New Jersey

Introduced November 14, the New Jersey Home Equity Protection Act (S.2051) aims to protect consumers from abusive and unfair lending practices without obstructing legitimate subprime lending.

The bill, covering mortgage loans for less than \$300,000, prohibits: 1) adding credit insurance premiums to the loan principal, 2) balloon payments, defined as those that are more than twice as large as the earlier scheduled monthly payments, 3) negative amortization schedules for loans of under 15 years, except as part of a temporary restructuring or forbearance agreement, and 4) increasing interest rates because of a default. The bill also places limitations on pre-payment fees and late-payment fees, except during the first 36 months of the loan, saying that if lenders offer loans with pre-payment fees, they must also make available loans without pre-payment fees. Lenders may not assess fees for late payments unless they are more than 15 days' overdue, and the fee cannot exceed 5 percent of the payment. Additionally, lenders must provide borrowers with a drafted statement

acknowledging that rates and fees vary and that less expensive loans might be available to them if they shop around. Also, a broker may not charge a yield-spread premium unless he or she gives the borrower a written account of the services performed to justify the charge.

Lenders who violate provisions of this bill could have their licenses suspended or revoked and face other consequences such as civil penalties and restitution for damages. Should a court find a lender guilty of purposefully violating this act, it may award to the borrower actual damages, punitive damages, and reasonable attorneys' fees and costs.

The New Jersey legislature also considered two acts concerning credit cards and identity theft protection this quarter. On November 18, the Assembly passed and referred to the Senate A.675, an act prohibiting delivery of unsolicited credit cards and releasing the intended recipients from liability for unauthorized use. Under this bill, an unsolicited credit card is one that was not requested or one for which no application was submitted. Unless a

recipient accepts the unsolicited credit card by signing it or authorizing its use, that person is not held liable for any amount accumulated on the account when he or she, or a member of his or her household, derives no benefit from the purchase.

Next, a bill requiring credit card applications to be verified before being processed (S.1987) was introduced on October 24. This bill requires credit card issuers who solicit applications at locations other than their regular business establishment or issuers who offer gifts in exchange for completing applications to confirm by mail that the applicant actually is applying for the credit card before any further action is taken. Credit cards bearing only the name of a specific retailer for purchases only at that retailer or its affiliates are not covered under this act. In addition, speedy credit-granting decisions made within one hour of completing an application do not fall within the scope of this bill. Violations of this bill may result in a consumer's being awarded actual damages of between \$100 and \$1000, punitive damages, and reasonable attorneys' fees and costs.

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