

FTC Assesses \$250,000 in Consumer Redress

The **Federal Trade Commission** (FTC) has negotiated a settlement agreement with DBC Financial, Inc. in the amount of \$250,000 for allegedly misleading public benefits recipients and other consumers in its marketing of the "Delaware Bank Card." According to the FTC, DBC made several false representations in its marketing of the card, representing that:

- Use of the card requires no up-front fees when, in fact, a set-up fee of \$19.95 is required as well as a monthly service fee of \$9.95;
- The card is affiliated with a U.S. government agency, institution or program when, in fact, it is not; and
- Use of the card automatically provides free overdraft protection services up to \$1,000 a year when, in fact, the card charges an overdraft protection fee of \$19.95 for every month in which the consumer's account is overdrawn by as much as \$80.

DBC began marketing the card at the same time the government launched its program to encourage recipients of public benefits to receive their payments through electronic transfers to bank accounts.

The proposed agreement prohibits DBC from engaging in misrepresentations or material omissions in the future. Additionally, the company must clearly and conspicuously disclose the following: "NOTICE: The [Delaware Bank Card or Name of Bank Card] is NOT affiliated in any way with any federal government agency or program." when it is marketing in connection with any representation about the availability of electronic fund transfers from any government entity.

DBC must pay \$250,000 for a consumer redress program and associated administrative costs. Consumers eligible for the redress fund are those who had an active card account as of August 31, 1999, and were charged an account set-up fee. Also, DBC has agreed to waive the account set-up fee for all card accounts opened between August 31, 1999, and January 31, 2000. DBC must begin recordkeeping and monitoring activities as prescribed by the agreement to enable the FTC to monitor its ongoing compliance.

The public can comment on this proposed agreement until March 6, 2000, by writing to the FTC, Office of the Secretary, 600 Pennsylvania Avenue, N.W., Washington, D. C. 20580. After that date, the FTC will decide whether to make the agreement final.