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**JUSTICE DEPARTMENT SETTLES LENDING DISCRIMINATION**

**SUIT AGAINST ASSOCIATES NATIONAL BANK**

WASHINGTON, D.C.—Associates National Bank, a consumer credit card bank, will set up a \$1.5 million fund for hundreds of Hispanic applicants who faced stricter underwriting standards and for cardholders who were excluded from common promotional credit services, under an agreement reached today with the Justice Department.

The agreement, filed in U.S. District Court in Wilmington, resolves a March 1999 lawsuit that alleges that Associates National Bank violated the Equal Credit Opportunity Act. It was the first case ever brought by the Justice Department alleging lending discrimination in connection with consumer credit cards.

Under the agreement, the Wilmington, Delaware-based company will establish a \$1.5 million compensation fund to provide damages to hundreds of individuals who applied for credit cards on Spanish-language application forms and were subjected to stricter underwriting standards and less favorable credit terms and conditions than those who applied in English. Today's agreement provides compensation for victims of Associate National Bank's alleged discriminatory actions between February 1996 and April 1997. Any funds remaining after all claims have been paid will be used for consumer education in Hispanic communities in locations to be determined.

"Credit card companies cannot treat applicants differently based on their national origin or ethnicity," said Bill Lann Lee, Assistant Attorney General for Civil Rights. "The Department is committed to ensuring that all credit applicants are treated fairly and will hold lenders accountable when applicants are not."

The Justice Department's complaint, also filed in U.S. District Court in Wilmington, alleged that certain individuals who filled out the Spanish-language applications for an Associate National Bank/UNOCAL co-branded MasterCard were evaluated through a credit scoring system that had stricter standards than the scoring system used for English-language applicants. This practice resulted in some Spanish-language applicants being denied credit on a discriminatory basis. The higher standards also caused some

approved Spanish-language applicants to get lower credit limits than similarly-situated applicants who used English-language applications. The complaint also alleged that the bank excluded Spanish-language cardholders from certain promotional credit services commonly offered to English-language cardholders.

The Office of Comptroller of the Currency (OCC), the federal agency that regulates national banks, identified the problem during an April 1997 examination of Associates National Bank and referred the case to the Justice Department. The bank denied that its conduct violated Equal Credit Opportunity Act, but it changed its practices after notification from the OCC to ensure that applicants and customers are treated in a non-discriminatory fashion.

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