Congress of the United States

Washington, DC 20515

June 11, 2012

Dear [redacted]:

We write to express serious concerns about debit and prepaid card programs on college and university campuses.[1] A recent report by the U.S. PIRG Education Fund has highlighted a number of unreasonable fees and secretive practices associated with these programs. These fees and practices are especially disturbing when they are related to the disbursement of taxpayer subsidized federal student financial aid. We owe it to our nation's students, parents and taxpayers to ensure that campus debit and prepaid card programs are operated in a fair, transparent and reasonable manner.

We are particularly troubled by several egregious fees that the U.S. PIRG report highlighted as being charged to students in some campus debit and prepaid card programs:

- the charging of a per-transaction fee to a student cardholder for the cardholder's use of a PIN number for a debit card purchase (as this fee steers students into using less secure signature-based debit transactions);
- the charging of a fee for an ATM balance inquiry by a student cardholder;
- the charging of a fee for a student cardholder's alleged failure to provide documentation to verify the student's identity within a timeframe specified by the financial institution (as any such verification should take place prior to the opening of the account or prior to the issuance of the prepaid card);
- the charging of any inactivity or "abandoned account" fee to a student cardholder; and
- the charging of unreasonable overdraft or overdrawn account fees to a student cardholder.

These types of fees should be discontinued immediately.

We are also concerned about secret debit or prepaid card contracts between financial institutions and colleges or universities. All such contracts should be made public so members of the campus community can ensure that the contracts' terms are fair and reasonable for students and that they are devoid of conflicts of interest or improper incentives.

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[1] By campus debit and prepaid card programs, we are referring to either debit cards associated with checking accounts or prepaid debit cards when (1) the cards are labeled or branded with the name of the college or university; (2) the cards are linked to student identification cards; or (3) the college or university has contracted with a financial institution to disburse student financial aid dollars to students through the cards.

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In order that we can better understand the fees and practices associated with your company's campus debit or prepaid card programs, we request that you respond to this letter and provide the following information no later than Monday June 25:

1. The names of all U.S. colleges and universities with which your company has contracted to provide debit or prepaid card services to students;
2. A copy of the contract(s) you have signed with each college or university you have identified in #1 above;
3. A copy of the schedule of debit or prepaid card fees and terms that you provide to students at each institution you have identified in #1 above;
4. Whether your company charges any of the five specific fee types highlighted earlier in this letter, with a description of each such fee charged; and
5. Whether your company plans to make any changes to its campus debit or prepaid card programs in response to the U.S. PIRG report.

Thank you for your consideration of this request and we look forward to your prompt response. Should you have any questions, please feel free to contact [redacted] in Senator Durbin's office at [redacted], [redacted] in Senator Reed's office at [redacted], or [redacted] in Representative Welch's office at [redacted].

Sincerely,

Richard J. Durbin
United States Senator

Jack Reed
United States Senator

Peter Welch
Member of Congress