

**JOHN FENNIMAN**

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**From:** JOHN FENNIMAN [johnfenn@bellsouth.net]  
**Sent:** Monday, June 04, 2007 4:08 PM  
**To:** 'mailto:regs.comments@federalreserve.gov'  
**Subject:** DOCKET Number R-1286

In response to this consumer's complaint to AARP Credit Card Services that Chase Credit Card Services' solicitation of "Fixed APR, until balance is paid in full" checks was misleading and in actual usage a misrepresentation, Chase Credit Card Services advised (see March 23, 2007 letter contained in attachment), "In most instances, payments are applied to balances with lower annual percentage rates (APRs) before balances with higher APRs." The AARP sponsored Chase solicitation small print advised "We may allocate payments to balances with low APRs (including balances with introductory and promotional APRs) before applying payments to higher APR balances. This means that lower APR balances are paid before higher APR balances."

This consumer requested that AARP (and Chase Credit Card Services) discontinue the use of "Promotional 4.99% fixed APR until the balance is paid off" and "Fixed APR, until balance is paid in full" because:

1. The asterisk is not an appropriate way to disclose the consequences of the use of the low-APR checks by members; and
2. The asterisk IMPORTANT INFORMATION should say shall or in most instances will and not mislead the AARP member with the language of "may allocate payments."

John Fenniman, Esquire  
John Fenniman, Chartered

[Redacted]

Stuart, FL 34995-2455

[Redacted]

[Redacted]  
e-mail: johnfenn@bellsouth.net

**John Fenniman**

**Palm City, Florida 34990**

~~20~~  
April 19, 2007

Ms. Sharon Greber  
AARP Services  
Member Relations Liaison  
650 F Street NW  
Washington, DC 20004

RE: AARP Credit Card Services from Chase

Dear Ms. Greber:

This AARP member's complaint is that the solicitation used by Chase Card Services under the AARP logo is misleading and in actual usage, a misrepresentation.

The "low-APR check" used by this member was solicited by the Chase representation of "4.99% fixed APR until the balance is paid off ..." with an asterisk that advised, "We may allocate payments to balances with low APRs (including balances with introductory and promotional APRs) before applying payments to higher APR balances. This means that lower APR balances are paid before higher APR balances."

Enclosed is a similar recent solicitation submitted by Chase in the name of AARP to this member.

Enclosed is copy of Chase Cardmember Service March 23, 2007, response to the same complaint that your April 12, 2007, letter addressed. The "may" has now been changed in ordinary use to "In most instances".

The misrepresentation is that Chase Card Services in the name of AARP will always "apply any payment to balances with low APRs. Therefore, if a member continues the use of an AARP credit card, the promise of 4.99% Fixed APR is an illusion and therefore a misrepresentation.

When this member attempted to pay the monthly usage in order to continue the fixed 4.99 Fixed APR on the low-APR check, the result was in effect to push the 4.99% APR rate on the total remaining balance up each time a monthly payment was made.

Ms. Sharman Greber  
AARP Services  
April 19, 2007  
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If AARP wants to stand by its mission to serve its members, then the continued use of "Promotional 4.99% fixed APR until the balance is paid off" should be discontinued because:

1. The asterisk is not an appropriate way to disclose the consequences of the use of the low-APR checks by members; and
2. The asterisk IMPORTANT INFORMATION should say shall or in most instances will and not mislead the AARP member with the language of "may allocate payments".

If Chase Credit Card Services does not change the presentation of the solicitation for supposedly "low-APR checks" in the near future, this member reserves the right to disclose our communications to any media that supports this member's belief that he was misled by the AARP endorsed solicitation.

Sincerely,

John Fenniman

Enclosures



April 12, 2007

John Fenniman

Palm City, FL 34990

Dear Mr. Fenniman:

William Novelli has asked me to thank you for your letter regarding the AARP Credit Card and for the courtesy copy of your correspondence to Chase. Your letter was forwarded to me for response.

Upon receipt of your letter, I contacted Chase on your behalf. The representative does understand your concern. She said that you used a convenience check, #4264, that was attached to your 9/22/06 statement. I understand that the payment application method is displayed on the same page as the convenience checks. You are receiving the 4.99% Fixed APR for the life of the loan on the amount of the check. However, the purchases made using the card are at the 8.90% Fixed APR.

You will receive a letter explaining how the payments are applied. Payments are applied to balances with lower APR's before balances with higher APR's. Payments are paid last to standard cash advance balances.

I would like to assure you that the AARP Credit Card Program, provided by Chase is a customer focused organization with a deep commitment to providing our membership with a superior level of service. Additionally, I will bring your comments to the attention of AARP managers responsible for the AARP Chase Credit Card Program. I know they share the Association's vision of providing a valuable member experience.

Thank you for taking the time to write AARP with your concerns and for being a member of AARP.

Sincerely,

A handwritten signature in black ink that reads "Sharman Greber".

Sharman Greber  
AARP Services  
Member Relations Liaison

CARDMEMBER SERVICE  
PO BOX 15298  
WILMINGTON, DE 19850-5298  
800-283-1211  
VISIT US ONLINE AT WWW.CARDMEMBERSERVICES.COM



March 23, 2007



17100 RCS 001 008 00307 - ANNNNNNNNNNN  
Mr John H Fenniman

Palm City FL 34990-2011

RE: [unclear]

Information about how your payments are applied is noted below.

Dear Mr Fenniman,

As your credit card company, we value your business and want you to be completely satisfied with your credit card account. We are writing in response to your questions about the application of payments made to your above-noted credit card account.

In most instances, payments are applied to balances with lower annual percentage rates (APRs) before balances with higher APRs. Unpaid finance charges and fees associated with each balance type are generally paid first. We then allocate any remaining payment amount to the principal balances beginning with lower-APR balances and ending with higher-APR balances. Payments are generally applied last to standard cash advance balances and special qualifying interest-free promotional balances. As noted in the Cardmember Agreement, payments are applied to account balances in a manner determined by the bank.

If a payment is greater than the balance on your last statement, the excess will be applied toward future transactions or refunded to you if no additional charges are made to your account.

If you have any questions, please call us at the toll-free number noted above. For your convenience, we are available 24 hours a day to assist you.

Sincerely,

Noemi Vega  
Financial Service Advisor