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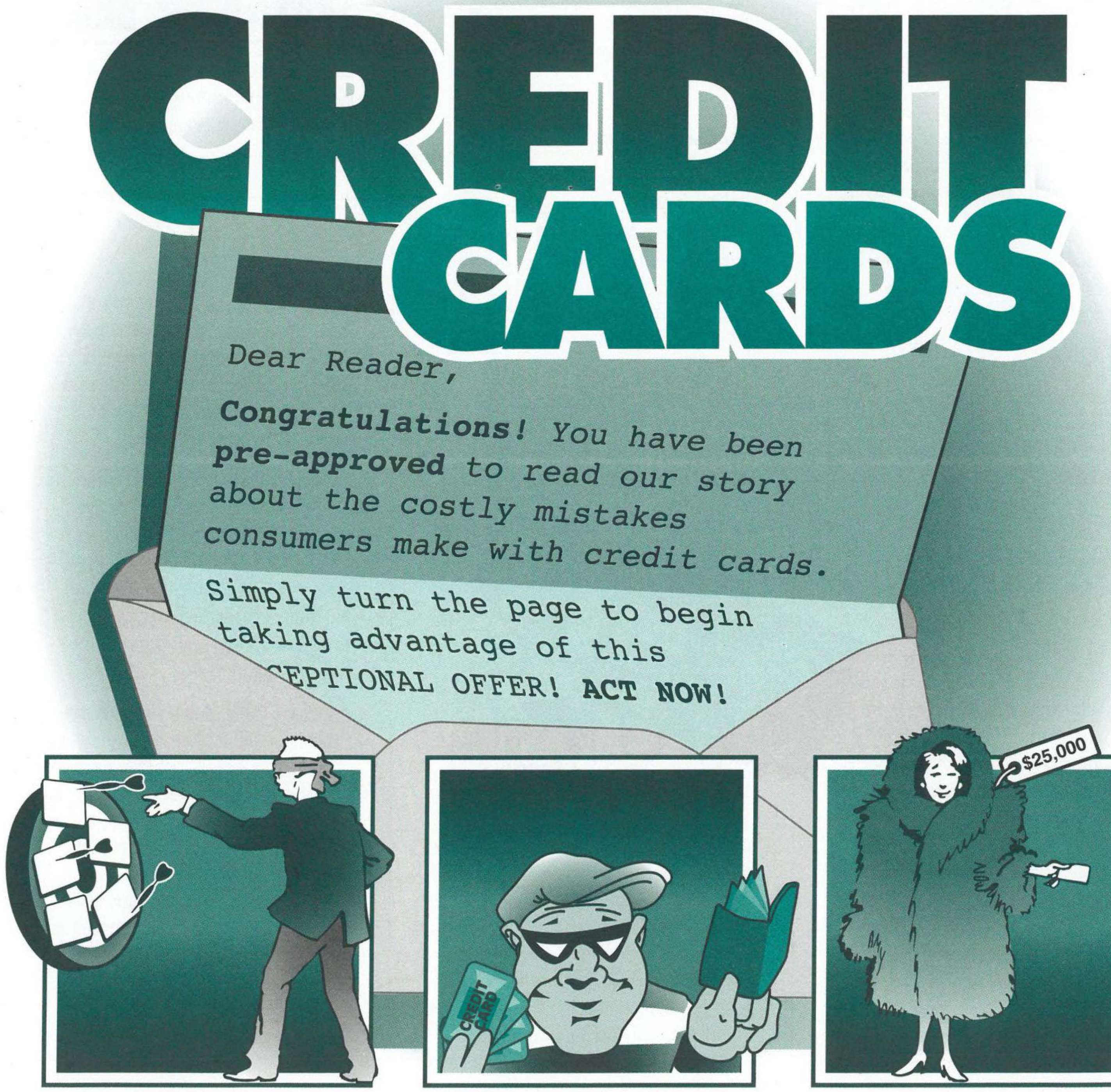
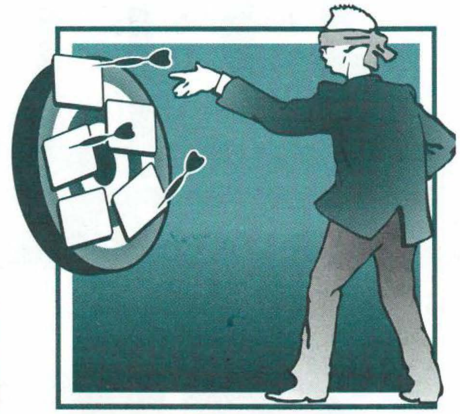


Illustration by T.W. Ballard

Choosing Them **Losing Them** **Using Them**

Lessons from the School of Card Knocks

Mistakes choosing and using credit cards can be costly and aggravating. Here are 12 errors many consumers make... and tips for avoiding those plastic pitfalls



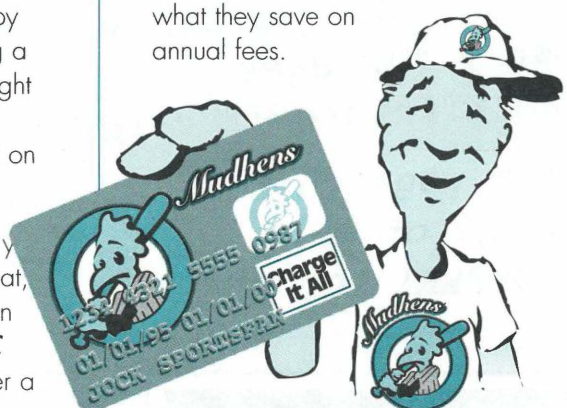
Credit cards can offer tremendous benefits, including the ability to buy goods and services *now* and pay for them *later*. Unfortunately, many people make mistakes when choosing and using credit cards, and then pay the consequences later with extra costs, excessive debt and frustrations that could have been avoided.

We're sure you know that credit cards often are safer and more convenient than cash. They're accepted by merchants across the globe, they're a source of cash or payment in an emergency, and they can guarantee hotel or travel reservations. And depending on the circumstances, if you're not happy with a purchase you made using a credit card, you may have the right to withhold payment until the problem is resolved (see the box on Page 8).

But chances are there's still a lot you don't know about credit cards that, if you did, might make them even more valuable. That's why *FDIC Consumer News* has put together a list of common mistakes to avoid. Our list primarily involves mistakes with "bank cards" issued by individual banks, thrifts and credit unions under the VISA or MasterCard label. Even so, many of the same lessons apply to other charge cards — American Express and Diners Club (both of which have no pre-set spending limit but expect payment in full each month), the Discover card, and limited-purpose cards offered by retailers, oil companies and other corporations.

Choosing a Card

1. Choosing a card for the wrong reasons. About two-thirds of the card-holding Americans carry a balance on their card each month and pay interest on that debt. Yet many of these same people get an offer for a card with no annual fee and they jump at the chance, without considering whether the interest rate is high. They could pay far more in interest charges than what they save on annual fees.



Then there are people who choose a card primarily to get free airplane tickets, bonus points toward trips or cars, cash rebates, the logo of a favorite organization or sports team on the card, or other "rewards." They can end up paying more in fees or interest than the value of their "freebies." This doesn't include cases in which people buy items they might not otherwise buy— just to rack up more points or miles on their card.

In general, if you expect to pay your credit card bill in full each month, your best bet is a card with no annual fee and the kinds of rebates or rewards you expect to use the most. If you don't expect to pay your card balance most months, go for a card with a low interest rate and the right mix of rebates or rewards to justify any fees.

2. Misunderstanding card offers. It's easy to assume too much or read too little when sorting through solicitations. At first glance, every offer may look like a good deal. But there are differences and potential dangers, depending on how you plan to use your card.

- Interest rates: A low interest rate prominently featured in a mailing or advertisement actually may be a short-term "teaser" rate that, as noted in the fine print, may increase dramatically after six months or so. That low introductory rate also may only apply to balances you transfer to your card from other loans or cards you have, and not to any new purchases you put on the card. Be aware that an interest rate advertised as "fixed" still can be changed with advance notice to card holders. And if your card company does raise your rate for any reason, that new rate usually will apply to any outstanding balance plus new purchases.

- Interest calculations: Consumers who routinely carry a balance on their credit card should pay closer attention to how their interest is calculated. Perhaps the most common and the most advantageous methods for consumers is the "average daily balance" approach, where you'd have a 15- to 30-day "grace period" to pay before facing charges on the daily average for that period. However, a few cards have much costlier calculation methods, including the "two-cycle" system. Under that method, if you pay in full one month but only pay part of the bill the next month, you'll be charged interest for both months instead of just one.
- "Pre-approved" offers: This doesn't mean you're guaranteed a card. It means a "pre-screening" indicates you may meet the income, employment and other criteria the card company might want in a customer. You still must apply for the card and await the results of a credit check. Also, you're not guaranteed the credit limit stated in your offer.

Before you sign up for a credit card, carefully review the solicitation and the application. By law, key terms must be disclosed; they're usually described in a separate box somewhere on the application form. If after reviewing these documents you don't understand something, call the card issuer and ask for an explanation.

3. Not shopping around for the best deal. It's a big mistake to assume that interest rates, credit limits, grace periods and other card features are pretty much the same no matter which card you choose.

"The fact of the matter is that rates and terms may vary widely," says Alan Cox, a consumer affairs specialist in the FDIC's Division of Compliance and Consumer Affairs in Washington. "Because card issuers are private businesses, they set their own standards and fees according to the marketplace and internal marketing strategies." Even within one bank you can find several different types of rates and terms being offered on credit cards.

You can shop for good deals nationwide, for free, by checking the listings of cards and toll-free phone numbers that appear regularly in major consumer and financial publications. Also, twice a year, the Federal Reserve Board collects and publishes the interest rates and other terms being offered by many card issuers. The Fed makes this information and general shopping tips available in a booklet called "Shop: The Card You Pick Can Save You Money." It's available by mail (Federal Reserve Board, Publication Services, Washington, DC 20551) or on the Fed's Internet site at www.bog.frb.fed.us/pubs/shop.

You also can purchase lists of low-rate or no-fee cards regularly

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compiled by groups that closely follow the credit card industry. They include the nonprofit Bankcard Holders of America (524 Branch Avenue, Salem, VA 24153, phone 540-389-5445), which currently charges $4 for its report, and private publishers such as CardTrak (P.O. Box 1700, Frederick, MD 21702, phone 800-344-7714), which charges $5.

4. Having too many credit cards. There are good reasons to have more than one card, especially if your credit limit isn't high enough on one card to suit your needs. You don't want to be traveling and discover you can't charge a hotel room, car rental or airline ticket because you'd exceed your credit limit. Even so, most experts agree that two or three general-purpose cards and a few (if any) cards issued by stores or oil companies should be enough for the average family.

What's wrong with too many cards? One, they make overspending too tempting. And two, they become part of your credit history. Your record will show the number of cards you own, the total amount you're eligible to borrow on your cards, the number of times you've applied for cards, plus your rejections. This can haunt you the next time you apply for a loan you really need — perhaps a mortgage or a car loan.

"Even if you don't owe a dime on those cards now, the possibility that you could borrow up to your credit limit in the future could make a lender question whether you'd be able to meet all your financial obligations," says Lisa Kimball, supervisor of the Minneapolis office of the FDIC's Division of Compliance and Consumer Affairs.

Using a Card

5. Getting too deep in debt. Each year millions of people drown in debt— from mortgages, home equity loans, auto loans, credit cards and other borrowings. Many people bring on their own troubles— they can't control their spending or manage their finances wisely. But many others are responsible people who became overwhelmed by expenses or reduced income triggered by a serious illness, a job loss or some other unforeseen event.

If you've got a serious debt problem, there may be corrective steps you can take involving your credit cards. For example, you can reduce your expenses by paying off the balance on your highest-rate loans first— usually your credit cards— even if you have higher balances on other loans. Also, you can pay for future purchases using a debit card, which deducts funds directly from your bank account. There also are reliable credit counselors you can turn to for help at little or no cost. Unfortunately, there also are scams masquerading as "credit repair clinics" and other companies that charge big fees for unfulfilled promises or services you can perform on your own.

For more information about dealing with problems— including rebuilding your credit history with a "secured" credit card— read our spring 1996 story "How to Climb Safely out of Debt," which is available free from the FDIC Public Information Center listed on Page 3.

6. Running up fees and penalties that could easily have been avoided. Pay your credit card bill late— even by one day— and you may face interest charges on the outstanding balance plus your new purchases. Pay with a check that bounces or exceeds your credit limit, and you could pay $20 to $30 in penalties. Become a habitual offender and your card company could significantly raise the interest rate on your card. These problems can be avoided simply by keeping better financial records and being aware of your card's fees explained in the fine print. And make sure your payment arrives at the card company by the due date; having it postmarked by that date won't suffice.

Many consumers also use their credit cards to get quick cash at an automated teller machine (ATM) or teller window, or they use one of the blank checks or "convenience checks" that card companies send to customers. In many cases these "cash advances" carry sizable up-front fees— often two percent of the amount advanced and not less than $2— a higher interest rate than regular card charges, and no grace period before interest begins accumulating. You may be better off writing a check, using a debit card or charging purchases rather than trying to pay in cash.

7. Skipping a payment or paying less than you can afford. It's tempting, especially during the holiday shopping season, to take advantage of an offer from your card company to "skip a payment" or two. You also might like the idea of paying back only the minimum required each month or even reducing your minimum payment. But these aren't really good deals, especially if you can afford to pay off all or much of your card balance.

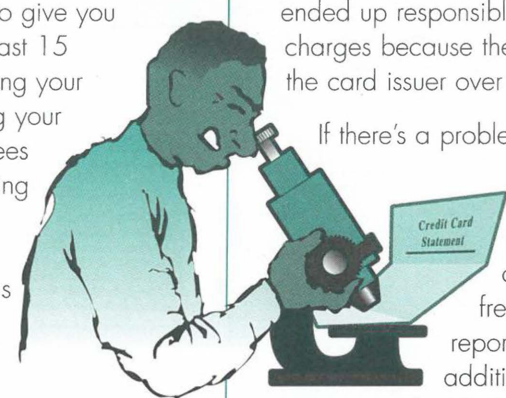
When you pay only the minimum on your credit card bill, you're simply taking more time to pay off your debt. That means more money in interest charges— perhaps thousands of dollars and a debt that takes 10 or 20 years longer to pay than necessary. Your card company also may begin to see you as more of a risk and decide to substantially increase your interest rate.

8. Not closely reviewing the notices sent by your card company. Card issuers are required to give you notice (typically at least 15 days) before increasing your interest rate, lowering your credit limit, adding fees and penalties, reducing or eliminating your grace period or cutting back on bonus programs. But if you don't monitor your monthly billings or other mailings from your card company, you could end up paying more for a credit card that offers you less— and not even realize it.

So, to avoid paying a higher interest rate than you expected, to avoid penalties for actions that in the past were allowed, or to make sure you still get the services and bonuses you want, *read that junk mail!* This also gives you the opportunity to negotiate a better deal from your existing card company or shop around for a new card.

9. Not correcting errors in your monthly billings. Many people don't check their monthly statements for overbillings. And even those consumers who do spot a problem don't resolve it the right way. For example, in the case of a simple overcharge, the Fair Credit Billing Act allows you to withhold payment on a disputed amount until the situation is resolved. But to be fully protected, you must report the problem to your card company in writing within 60 days of the postmark of the bill.

"A phone call— even numerous phone calls— may not be sufficient," warns the FDIC's Lisa Kimball. "I've seen several cases where people ended up responsible for fraudulent charges because they only notified the card issuer over the telephone."



If there's a problem with your monthly bill, immediately call your card company's toll-free number to report the matter. In addition, Alan Cox of the FDIC suggests that you follow up with a note that includes your name and account number, and details why the charge is incorrect. Send your note to the address designated on the bill for handling errors; do not send it in the same envelope with your payment. If you don't get an answer or acknowledgement within 30 days, follow up in writing using certified mail for proof of arrival. Keep a copy of all correspondence for your records. And be aware that you're still expected to pay the rest of your bill that is not in dispute.

10. Not catching errors in your credit report. Credit reports are compiled by private "credit bureaus" for use by lenders, employers and others who have a legitimate need to know about your credit history and reliability. Chances are your credit reports describe how much you charge each month on your credit cards, whether you have problems paying your loans back, and whether you've filed for bankruptcy in the last 10 years.

Unfortunately, the people who supply and collect data for credit reports sometimes make mistakes, resulting in wrong or obsolete information being in your credit reports. That's why it's a good idea to review your credit reports periodically to get any errors corrected as soon as possible. First, call the three major credit bureaus (Equifax at 800-685-1111, TRW at 800-682-7654 and Trans Union at 800-916-8800) and find out how to request their reports about you. You can find other credit bureaus in your phone book under "credit

(Continued on next page)

bureaus" or "credit reporting." Sometimes your copy is free, but if not, the most you can be charged is $8. If you spot any errors, the Fair Credit Reporting Act sets procedures and timetables for getting them corrected.

Losing A Card

11. Not taking precautions against lost or stolen cards. Under federal law, if your credit card or card number is used by a thief, the most you're liable for is $50 per card. If you contact your card company before any unauthorized charges are made, you owe nothing. Still, credit card fraud is a national problem and one reason interest rates are higher on credit cards than on other types of loans. Here are some tips for fighting fraud.

First, never give your card number, confidential "PIN" (personal identification number) or similar personal information over the telephone unless you originate the call to someone you know is legitimate. Always save your receipts to compare to the monthly card statement, then destroy them. As for new card applications and blank "convenience checks" you receive in the mail and don't intend to use, destroy them immediately.

Giving Credit to the Inventors of "Plastic"

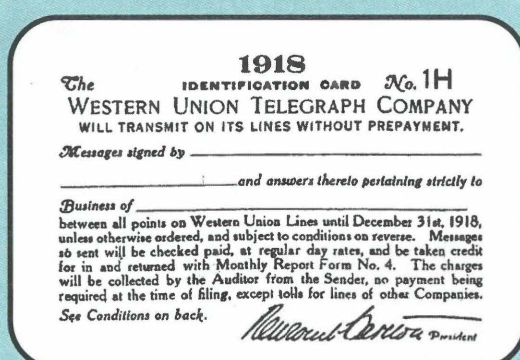
Many of us assume that the charge card first appeared in the 1950s or 1960s— the result of innovations in the banking, communications and plastics industries. Details are fuzzy and often in dispute, but according to professional card collectors and other history buffs interviewed by ***FDIC Consumer News***, consumers probably began carrying charge cards 100 years before then— around 1865.

Although it's possible to trace the concept of the credit card back many hundreds of years (when the first checks and "letters of credit" promised payment from a bank to a merchant), the first charge cards in the "modern" sense probably were issued around the end of the Civil War by individual American stores and companies, not by banks. These cards offered a way for preferred customers to buy goods based on their creditworthiness — not specific funds on deposit.

"The earliest cards were made of celluloid, varied in color, and smaller than a bar of hotel soap," says Bill Wieland, founder and past-president of the American Credit Card Collectors Society in Midland, Michigan. "These cards also were embossed with the customer's account number and usually an attractive drawing of the store."

Mort Myers, a long-time collector in Sharon, Massachusetts, adds that these early celluloid cards were beautiful but brittle, so about 1890 companies began issuing cards made of metal and other durable materials. These included "charge coins"— metal tokens with a customer's account number stamped into them, and frequently hole-punched to fit on a chain. (Myers says charge cards made of paper became widely used in the 1920s and 1930s, and that "plastic cards didn't become popular until the mid- to late-1950s.")

While collectors date the earliest charge cards to the 1800s, many historians consider the "true" starting point for the business to be between 1910 and 1915. That's when Western Union and several other companies and retailers began issuing charge cards to a larger customer base. Still, until the late 1930s, charge cards were limited to use at only that one company, and bills had to be paid in full each month. One breakthrough came when the Philadelphia department


1918

The IDENTIFICATION CARD No. 1H

WESTERN UNION TELEGRAPH COMPANY

WILL TRANSMIT ON ITS LINES WITHOUT PREPAYMENT.

Messages signed by ______________

______________ and answers thereto pertaining strictly to

Business of ______________

between all points on Western Union Lines until December 31st, 1918, unless otherwise ordered, and subject to conditions on reverse. Messages so sent will be checked paid, at regular day rates, and be taken credit for in and returned with Monthly Report Form No. 4. The charges will be collected by the Auditor from the Sender, no payment being required at the time of filing, except tolls for lines of other Companies.

See Conditions on back.

President

An early Western Union charge card.

Second, immediately notify your card company if your card is lost or stolen, or if you spot something fishy in your monthly billing. If you've been a victim of fraud, contact the National Fraud Information Center (phone 800-876-7060, Internet www.fraud.org). The NFIC is a project of the National Consumers League in Washington, and it reports suspected frauds to the appropriate law enforcement agencies. More suggestions appear in the winter 1994 issue of ***FDIC Consumer News*** in a story called "Protect Your Plastic," available from the FDIC's Public Information Center listed on Page 3.

12. Closing out a card for the wrong reasons, or in the wrong way. Many consumers try to cut costs by transferring the balance on one card to a new card offering a super-low introductory interest rate...but some later find out they're paying about the same money or more. That can happen if you don't pay down the transferred balance before the low rate expires— usually within six months— or if the transferred balance is subject to hefty cash-advance fees or other charges. So, look before you leap from one card to another.

If you don't use a card anymore, cancel it out. Why? As we said previously, too many cards on your credit record could prompt a lender to reject your application for a mortgage or some other loan. Also, even if you don't find the card of much value, a thief who takes it from your home or wallet can use it fast!

(Continued on next page)

store Wanamaker's gave its charge-card users the choice of paying in full each month or over a few months (without paying interest).

Then in 1950, Diners Club issued the first card for use at different businesses and in a relatively large area (New York City). Diners Club traces its history to when businessman Frank McNamara, entertaining guests in an elegant New York restaurant, realized he didn't have enough cash to pay the bill. Vowing never to be embarrassed or inconvenienced again, McNamara and some associates started Diners Club as a way for businessmen traveling around New York to charge meals and entertainment.

Other companies followed in the 1950s with similar "travel and entertainment" (T&E) cards, according to Thomas Bower, a specialist with the Smithsonian Institution's National Museum of American History. They include American Express, the biggest player in that field today, which prior to entering the card business in 1958 was known primarily for its traveler's checks.

The first bank credit cards appeared around 1951 (after a few limited experiments in the 1940s). They were similar to T&E cards in that payment in full was expected each month. But unlike T&E cards, bank cards were designed primarily for use in local department stores. They arrived on the scene as middle-class Americans, shedding Depression-era fears, were willing to go into debt in order to buy big-ticket items such as refrigerators and televisions.

Another difference between the T&E and the early bank card was that the banks didn't charge cardholders an annual fee. As a result, bank cards weren't very profitable, and many banks got out of the card business. To deal with that problem, banks in the late '50s began offering customers the option to pay in small monthly installments, in exchange for interest charges.

From the 1950s through the early 1960s, bank cards still were limited to local or statewide use. That changed in 1966 when California's Bank of America formed the BankAmericard system (now called VISA). This network of banks, all issuing the same brand of card, meant that consumers could use one bank card for purchases nationwide. Other banks quickly formed a second, competing national card system, today known as MasterCard.

Classic credit cards— especially early versions or cards that belonged to famous people— can be worth thousands of dollars. You can collect them for fun or, for a switch, make a profit on your credit cards by selling them to collectors. For more information about card history or collecting cards, write to the American Credit Card Collectors Society, P.O. Box 2465, Midland, MI 48640.

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Once you decide to cancel a card, take the following precautions. First, send a letter to the card issuer stating that you decided to stop the card. This clarifies, for your credit records, that the card was closed by you and not by the card issuer because of any problems you may have created. Also, cut up your old card and dispose of it in such a way that a thief rummaging through your trash can't piece it together and get your account number and expiration date— it's all he needs to go on a shopping spree over the phone.

Final Thoughts

Given the intense competition in the card industry and the profits to be made, you might be surprised at how far a bank or other card company will go to sign you up or keep you as a customer. So if you're not happy with your card's interest rate, credit limit or other terms, or if you just don't like the way a problem is being resolved, try to work things out with the card company directly.

If you can't resolve a complaint on your own, consider contacting one of the government agencies listed on Page 11. There may be a consumer protection law or regulation that these offices can enforce or provide information about.

Remember, a credit card can be one of your most important possessions. With more than 6,000 banks and companies now offering credit cards, chances are you'll find at least one or two cards to your liking!

■ ■ ■

Credit Cards and Your Rights

- **The Truth in Lending Act** requires useful, uniform disclosures of the costs and terms of credit cards and other loans so that consumers can compare the offers of various lenders. The same law also protects consumers against inaccurate and unfair credit billing and credit card practices.
- **The Equal Credit Opportunity Act (ECOA)** prevents lenders from discriminating on the basis of: race, color, religion, national origin, sex, marital status, age; the fact that all or part of an applicant's income is derived from public assistance; or that an applicant has in good faith exercised any right under the Truth in Lending Act (such as delaying a credit card payment until a billing dispute is resolved). Lenders can set their own standards for rejecting loan applicants— typically involving current income and debt levels plus past credit history— but they cannot include criteria prohibited by the ECOA.
- **The Fair Credit Billing Act**— part of the Truth in Lending Act— protects consumers against billing mistakes and unauthorized charges. Also, if you have a gripe with the quality of goods or services you bought with a credit card and you cannot settle the problem with the merchant, you may be able to withhold payment to the card company until the matter is settled. To qualify, the purchase must have been for more than $50 and in your home state or within 100 miles of your current address.
- **The Fair Credit Reporting Act** regulates the kind of information that can be contained in your credit report (see Page 5), spells out who is entitled to your report, and limits how it can be used. The law also gives consumers the right to check their credit report and dispute errors.

For more information about a consumer protection law, or to file a complaint against a banking institution, see our list of federal regulators on Page 11. You also can take a complaint to your state attorney general (listed in your telephone book).

The Federal Trade Commission enforces credit laws at non-banking institutions, including consumer finance companies and credit bureaus (firms that collect and distribute credit reports). For help or information from the FTC, write to its Public Reference Branch, Washington, DC 20580, call 202-326-2222, or check out the FTC's Internet site (www.ftc.gov).

Fraud from Abroad: Don't Let Your Money Flee the Country

We all learned over the years to safeguard our money when shopping, traveling or investing abroad. But more and more, you can lose money to a con artist in Africa, the Caribbean, or anywhere else in the world, without leaving your home or office.

Con artists around the world are getting more sophisticated and all it takes for them to reach you is the mail, a fax machine, an answering machine, or even your home computer. Don't kid yourself that these international scams only happen in the big cities. If you live in a small town you are just as vulnerable. Here are a few example of the kinds of scams that can easily cross international boundaries to enter your home.

- A fax arrives from Nigeria promising you—believe it or not—millions of dollars if you will help retrieve many millions more from a bank. But first, you will be required to pay various types of government and legal fees to get the money out of Nigeria. In the end, your money and the scamsters vanish. Unfortunately the U.S. State Department estimates that this scam is grossing more than $250 million a year, and the amount is rising.

- You find an urgent message on your answering machine, pager, or computer e-mail falsely claiming a family member has been injured, you've won a prize or there is a problem with your credit. You are given a phone number to call. The area code perhaps is 809 (Dominican Republic); 758 (St. Lucia); or 664 (Montserrat). Area codes like these and dozens more easily could be mistaken for U.S. or Canadian and can be dialed without requiring a country code used in most international calling. If you return the call, however, it could cost you plenty—sometimes $25 per minute. The Federal Trade Commission warns that those urging you to call "have an incentive to keep you on the line as long as possible because they receive a portion of the international long distance charge." The con artist trying to persuade you to call gets either a commission or a kickback from the foreign phone company.

- A few years ago the Internet was an exotic and remote source of information. Today it is a new channel for some of the tried-and-true scams of old. The National Consumers League in Washington says the Pyramid or Ponzi Schemes—in which you are promised high returns on your investment, but the money goes only to those who invested before you—are at the top of its list of the five most common scams found on the world-wide information highway.

- Sweepstakes are now the number one fraud being operated from Canada, says Michael Hartman, a U.S. Postal Inspector in Harrisburg, Pennsylvania. You may be told you've won a $25,000 prize, but first, you must pay $2,000 in "taxes" or fees. The victims get no prize of any value. If anything is received it is worth less than the "reimbursement fee."

- The mail and the phone can also bring investment scams into your home, including such popular ones as higher interest rates or tax shelters in a foreign bank. Check these out carefully before sending any money. Many unlicensed "phantom banks" use names that are very similar to the names of some of the largest banks in the world. And in some of the scams they even claim to have FDIC deposit insurance. In reality, they are none of these things. To see if a bank is FDIC-insured, look in a directory of financial institutions at a library, contact a local bank for assistance, or ask the FDIC's Division of Compliance and Consumer Affairs (listed on Page 11). Call the Internal Revenue Service if the claim is that you can shelter your money from taxation by depositing it abroad. Also check with your state banking department to see if they have a banking license, because a business license isn't enough to legally carry on banking activities in the U.S.

- In another investment scam, some victims bought overpriced semi-precious gemstones as a hedge against inflation. Now they are being told by con artists in Canada who sold them the stones originally that if they invest in just another stone or two to complete

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the collection, it will be purchased by a group of overseas collectors. But there are never collectors. It is another ploy to get the victims to buy more stones that are worth less than 10 percent of the claimed value.

You may wonder how these cross-border scams can be pulled off and even endure. The Nigerian fraud, for example, has been bedeviling law enforcement agencies for about 12 years. There are a couple of reasons.

First, the victims of scams often are reluctant to report to police that they were taken because they are too embarrassed.

Second, foreign scams are often disguised, such as by using a commercial mail receiving agency in the U.S. As mentioned earlier, area codes in Canada and the Caribbean appear to be domestic.

Third, prosecution can be tough. Take the case of unlicensed banking operations—most of which operate out of the Caribbean and the South Pacific. There are few restrictions on banking, and bank privacy laws in those places make it almost impossible for U.S. law enforcement agencies to gain access to bank records, notes Gene Seitz, who deals with bank crimes for the FDIC's Division of Supervision.

Of course, efforts are always under way to deal with these crimes across national borders. For example, the U.S. Secret Service in 1996 worked with the Nigerian Police Force to arrest some 40 persons in Nigeria in connection with a long-running scam centered in that country.

On another front, last fall the Federal Trade Commission (FTC) and Industry Canada (the Canadian counterpart to the FTC) formed a task force on deceptive cross-border marketing practices that targets citizens in each other's country.

Consumers, of course, can take action to defend themselves against fraud, whether it's domestic or cross border. Much of it involves ordinary common sense. Here are some tips from experts in the field:

• If you get a card in the mail that gives you a phone number to call about your prize, or if a stranger calls with a suspicious offer, don't get suckered in, says John Bordenet of the American Association of Retired Persons. (See the box on this page for tips on how to handle such callers.)

• Don't hesitate to call the police or sheriff's department. Chances are if you are being approached, so are others in your community.

• Think about what is being offered. As Postal Inspector Hartman says of the sweepstakes and gem scams: "Does it make sense to have to pay money to collect a prize? Does it make sense to buy another stone to sell yours?"

• If you think a call, fax or a letter is a scam, contact the National Fraud Information Center at 800-876-7060. You will talk to a trained person who has heard it all before. If you wish, they will report the situation to law enforcement agencies. But the information will be kept confidential.

Just a final thought. Remember the old adage: If it sounds too good to be true, it probably is.

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When a Stranger Calls

You might want to clip this box and tape it beside your phone so that you will recall what to do when you think you may be the intended victim of a scam. Remember: Telemarketing fraud is a crime, and fraudulent telemarketer are criminals. So, don't fall for a telephone line or a phony pitch through the mail. Instead, follow the advice below.

I Will Hang Up Immediately if the Person:

- Wants money for a prize I am told I won.
- Asks for my credit card or bank account number.
- Offers, for a fee, to recover money I previously lost.
- Makes me feel uncomfortable with all the words and promises.
- Insists I make an immediate decision.
- Offers to send a courier to take my check.
- Keeps talking after I say "NO."

If I am not sure if the call is from a swindler, I can always call the National Fraud Information Center at 800-876-7060

Source: American Association of Retired Persons.

For More Help

For questions about consumer or civil rights laws, or complaints involving a specific institution: First attempt to resolve the matter with the institution. If you still need assistance, write to the institution's primary regulator listed on this page. Although the FDIC insures nearly all banks and savings associations in the United States, the FDIC may not be the primary regulator of a particular institution. The regulators enforce consumer protection and civil rights laws, including prohibitions against discriminatory lending practices; initiatives to prevent unfair or deceptive practices in deposit–taking or lending; and rules that encourage institutions to meet local credit needs.

For questions about deposit insurance coverage: The FDIC offers protection to consumers by insuring deposits up to $100,000 at federally insured banks and savings associations. For more information, contact the FDIC's Division of Compliance and Consumer Affairs as listed below. The National Credit Union Administration insures deposits up to $100,000 at federally insured credit unions and can be contacted at the address below.

Federal Deposit Insurance Corporation

Federal Deposit Insurance Corporation
Supervises state-chartered banks that are not members of the Federal Reserve System. Insures deposits at banks and savings associations.

FDIC
550 17th Street, NW
Washington, DC 20429
Home Page: **www.fdic.gov**

For information about consumer protections, including deposit insurance:

FDIC Division of Compliance and Consumer Affairs
550 17th Street, NW
Washington, DC 20429
Phone **(800) 934-3342** or **(202) 942-3100**
Fax: **(202) 942-3427** or **(202) 942-3098**
E-mail: **consumer@fdic.gov**

For questions, concerns or complaints about the Federal Deposit Insurance Corporation:

FDIC Office of the Ombudsman
550 17th Street, NW
Washington, DC 20429
Phone **(800) 250-9286** or **(202) 942-3500**
Fax: **(202) 942-3040** or **(202) 942-3041**
E-mail: **ombudsman@fdic.gov**

Other Key Regulators

Office of the Comptroller of the Currency
Charters and supervises national banks. (The word "National" appears in the name of a national bank, or the initials "N. A." follow its name.)

Customer Assistance Unit
Mail Stop 3–9
Washington, DC 20219
Phone (800) 613-6743
Home Page: **www.occ.treas.gov**
E-mail: **consumer.complaint@occ.treas.gov**

Federal Reserve System
Supervises state-chartered banks that are members of the Federal Reserve System.

Division of Consumer and Community Affairs
20th St. and Constitution Avenue, NW
Washington, DC 20551
Phone **(202) 452-3693**
Fax: **(202) 728-5850**
Home Page: **www.bog.frb.fed.us**

National Credit Union Administration
Charters and supervises federal credit unions. Insures deposits at federal credit unions and many state credit unions.

Office of Public and Congressional Affairs
1775 Duke Street
Alexandria, VA 22314
Phone **(703) 518-6330**
Fax: **(703) 518-6429**
Home Page: **www.ncua.gov**
E-mail: **pacamail@ncua.gov**

Office of Thrift Supervision
Supervises federally and state-chartered savings associations plus federally chartered savings banks. (The names generally identify them as savings and loan associations, savings associations or savings banks. Federally chartered savings associations have the word "Federal" or the initials "FSB" or "FA" in their names.)

Consumer Affairs Office
1700 G Street, NW
Washington, DC 20552
Phone **800-842-6929** or **202-906-6237**
Home Page: **www.access.gpo.gov/ots**
E-mail: **consumer.complaint@ots.treas.gov**

Some banking matters may involve state laws. For assistance, contact the appropriate state financial institution regulatory agency or state Attorney General listed in your telephone book and other directories.

Help Us Help "Financial Caregivers"

Send us suggestions or questions about handling the finances of an elderly, ill or disabled loved one

"Caregivers" are unsung heroes who attend to the needs of an aging parent, an ill spouse or a disabled friend or relative of any age. We often think of caregivers as responsible for a person's physical needs — such as food, housing, medicine. But many caregivers also take on the responsibility for financial needs. These "financial caregivers" or "financial aides" write checks, handle deposits and investments, arrange estate planning, keep records and otherwise oversee the financial affairs of less-fortunate loved ones.

Caregiving can be stressful, time-consuming and potentially costly if you make a wrong move. That's why we want to help. In an upcoming issue of *FDIC Consumer News,* we'll give tips and information we hope will make the role of financial caregiving less burdensome.

But we also want to hear from you. If you're a financial caregiver, if you expect to be one soon, or if you're a financial advisor to caregivers, please write to us. Send us your stories and your words of wisdom. Tell us what works, what doesn't, where problems occur, and why.

Give us questions about banking, deposit insurance and other financial topics you'd like answered in our report. Please send your suggestions and questions by June 30 to: Jay Rosenstein, Editor, *FDIC Consumer News,* 550 17th Street, NW, Washington, DC 20429. Fax: 202-898-3725. Internet: editorconsnews@fdic.gov. Please also include your name, address and phone number. No names will appear in print without your permission.

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FDIC
Federal Deposit Insurance Corporation
Washington, DC 20429-9990

OFFICIAL BUSINESS
Penalty for Private Use, $300

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MAIL
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