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CREDIT CARD COMPANY SUED BY JUSTICE DEPARTMENT
FOR DISCRIMINATING AGAINST HISPANICS

WASHINGTON, D.C. -- A Delaware credit card company was sued today by the Justice Department for engaging in a pattern of discrimination against Hispanics.

The lawsuit, filed in U.S. District Court in Wilmington, Delaware, charges Associates National Bank, a consumer credit card bank headquartered in Wilmington, with violating the Equal Credit Opportunity Act by intentionally subjecting Spanish-language credit card applicants and cardholders to stricter underwriting standards and less favorable terms and conditions than those applied to non-Hispanic individuals.

"Credit card companies cannot treat applicants differently based on their national origin or ethnicity," said Bill Lann Lee, Acting Assistant Attorney General for Civil Rights. "Today's suit should put lenders on notice that they will be held to account under the law."

The Office of the Comptroller of the Currency (OCC), a federal financial regulatory agency, identified the problem during an April 1997 examination of the bank. After completing its examination, OCC referred the case to the Justice Department.

In its complaint, the Justice Department alleges that between January 1996 and April 1997, 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. As a result, some Spanish-language applicants were 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 alleges that the bank excluded Spanish-language cardholders from certain promotional credit services commonly offered to English-language applicants including skip-a-payment and balance consolidation offers.

The Justice Department estimates that approximately 1800 Hispanic applicants were victims of the bank's discriminatory actions.

Today's complaint seeks an order requiring the bank to stop discriminating against Hispanics, pay compensatory and punitive damages to victims, and adopt a plan to remedy the bank's discriminatory practices.

"It is important that citizens of Delaware know that discrimination based on race or national origin will not be tolerated," said Carl Schnee, U.S. Attorney in Delaware. "The lawsuit filed today is part of a continuing effort to assure that all citizens are treated equally."

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