

Statement of
The Honorable Patrick Leahy

United States Senator
Vermont
March 24, 2009

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Chairman, Senate Judiciary Committee
Hearing on "Abusive Credit Card Practices and Bankruptcy"
Before the Subcommittee on Administrative Oversight and the Courts
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Thank you, Mr. Chairman, for holding this important hearing to examine the effects of abusive credit card practices on bankruptcy filings.

Hundreds of Vermonters have contacted my office in recent months voicing concerns about the credit card industry. People have shared stories about credit card companies raising interest rates arbitrarily, charging usurious fees, and refusing to work cooperatively with their clients. Most troubling, the biggest offenders appear to be large, national banks that gladly accepted the mercy of taxpayer bailout money when they were in trouble.

At a time when corporate executives are collecting millions of dollars in bonuses, many American families are struggling to make ends meet. Our current credit structure disadvantages many Americans and makes it harder for them to get out of debt. In addition, the current economic crisis has made it more difficult for hard-working families to pay their bills. I believe time is long overdue for more transparent and equitable credit card practices.

Last Congress, I cosponsored Senator Akaka's bill to require enhanced disclosure to consumers regarding the consequences of making only minimum required payments in the repayment of credit card debt.

And this year, I am an original cosponsor of Senator Dodd's Credit Card Accountability Responsibility and Disclosure Act, which would provide a more comprehensive overhaul of the credit card system by improving a number of billing, marketing, and disclosure practices.

Many others also are working on legislation to address the multitude of problems in the credit industry. Senators Whitehouse and Durbin have introduced the subject of today's hearing -- Consumer Credit Fairness Act -- which would disallow bankruptcy claims from credit card companies where the unpaid balances resulted from an extremely high annual percentage rate. In addition, I have joined Senators Sanders, Durbin, Levin, Harkin, and Whitehouse in cosponsoring the Interest Rate Reduction Act, which would set a national consumer interest rate ceiling of 15 percent.

Again, I thank you, Mr. Chairman, for holding this hearing today. I look forward to hearing from our witnesses today about how the bankruptcy code should handle personal and business credit card debts. As the economy continues to remain soft, more families and firms will find themselves the deeper in debt. They should not find themselves pushed closer to the brink to bankruptcy because of outrageous interest rates and fees piling up on their credit cards.

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