

of Financial Empowerment is the first municipal office of its kind in the nation with a mission to educate, empower and protect New Yorkers with low incomes. DCA's OFE administers a citywide network of Financial Empowerment Centers and other products and services that help these New Yorkers make the best use of their financial resources to move forward economically. For more information, call 311 or visit DCA online at nyc.gov/consumers.

Wednesday, March 17, 2010

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**DEPARTMENT OF CONSUMER AFFAIRS COMMISSIONER MINTZ WARNS BANKS
AGAINST USING TEXT MESSAGING TO ENROLL CUSTOMERS INTO OVERDRAFT
PROTECTION SERVICES**

*The Department Issues Consumer Alert Urging New Yorkers to Watch Out for
Deceptive Text Message Solicitations*

*Commissioner Mintz Calls on Federal Reserve Chair Bernanke to Prohibit Financial
Institutions From Using Deceptive Text Messages to Obtain Consumer Overdraft
Consent*

Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today warned firms not to undermine new federal regulations with aggressive solicitations to enroll New Yorkers into overdraft protection services. This message comes after the Department learned the marketing firm SoundBite Communications has promoted its "text message solution" to financial institutions that will need to obtain consent from their customers beginning July 1 before enrolling them into overdraft services. In a letter to the firm, Commissioner Mintz cautioned against aggressive marketing strategies that defy new federal regulations of overdraft protection and threaten the financial security of consumers. In a letter to Federal Reserve Chairman Ben Bernanke, Commissioner Mintz also asked that the Federal Reserve to prohibit financial institutions from using text messages to obtain consent from their customers

before enrolling them into overdraft services, a tactic that would eliminate the consumer's opportunity to make informed choices about overdraft protection services.

"Only four more months remain before banks must stop automatically enrolling their customers into expensive overdraft protection services without their consent, a practice that generated more than \$38 billion alone last year," said Consumer Affairs Commissioner Jonathan Mintz. "Many banks have already begun aggressively marketing overdraft services and DCA is working hard to ensure that any business soliciting New Yorkers is doing so legally and transparently – and not deceptively – so New Yorkers can make informed choices."

Last March, DCA urged the Federal Reserve Board to require banks to obtain consumers' consent before enrolling them into overdraft protection services, effectively banning automatic enrollment into overdraft. In New York City, DCA enforces the Consumer Protection Law, allowing the Department to stop deceptive marketing of products and services to New York City consumers. Under the leadership of Mayor Michael R. Bloomberg, the Department has prosecuted national tax preparers and wireless phone companies for these types of violations. Since 2005, the Department has secured more than half a million dollars in settlements from wireless phone companies for deceptive advertising.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace for consumers and businesses, DCA licenses more than 71,000 businesses in 57 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. DCA's Office of Financial Empowerment (OFE) is the first municipal office of its kind in the nation with a mission to educate, empower and protect New Yorkers with low incomes. DCA's OFE administers a citywide network of Financial Empowerment Centers and other products and services that help these New Yorkers make the best use of their financial resources to move forward economically. For more information, call 311 or visit DCA online at nyc.gov/consumers.