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CFPB Takes Action to Shut Down Sham Credit Card



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WASHINGTON, D.C. – Today, the Consumer Financial Protection Bureau (CFPB) asked a federal district court to enter a consent order that would permanently ban a Texas-based company, Union Workers Credit Services, from offering any consumer credit products or services after it duped thousands of consumers into signing up for a sham credit card. The order would also require the company to pay a penalty of \$70,000.

“Union Workers Credit Services deceived consumers into paying fees to sign up for a sham credit card,” said CFPB Director Richard Cordray. “The Bureau is taking action to shut down this company’s bogus credit card operation that targeted union members and permanently ban it from offering future credit products.”

The CFPB’s proposed consent order can be found at: http://files.consumerfinance.gov/f/201502_cfpb_proposed-stipulated-judgement-and-order_union-workers-credit-services.pdf

In December 2014, the CFPB filed a lawsuit against Union Workers Credit Services alleging that the vast majority of the company’s revenue was generated from selling a buying-club membership card that it falsely advertised as a general-purpose credit card. In reality, the card could only be used to buy products from the company. Most consumers never used the membership card but could not recoup their membership fees. Union Workers Credit Services also deceptively implied an affiliation with unions by, among other things, using pictures of nurses, firefighters, and other public servants in its advertising.

Thousands of consumers had filed complaints with law enforcement agencies and the Better Business Bureau about Union Workers Credit Services. The company has also been sued by multiple government authorities, including the New York State Attorney General and the U.S. Postal Service.

Under the terms of the settlement announced today, Union Workers Credit Services would pay a civil penalty of \$70,000. The company will also be prohibited from offering any credit products or services, and from committing any future violations of federal consumer financial protection laws. Consumers who were harmed by these violations may be eligible for relief from the CFPB’s Civil Penalty Fund in the future.

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov



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Photos and bios



Director Rich Cordray



Deputy Director Steven Antonakes

Press contacts

Jen Howard
 Assistant Director of Communications
 (202) 435-7170
Jennifer.Howard@cfpb.gov

Walter Suskind
 Press Assistant
 (202) 435-9469
Walter.Suskind@cfpb.gov

Moira Vahey
 Spokesperson

(202) 435-9151
Maira.Vahey@cfpb.gov

Sam Gilford
Spokesperson
(202) 435-7673
Samuel.Gilford@cfpb.gov

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