

# C R E E P S

...give me death



# Citibank: The Pawnbroker

## CUNY Administration Helps Mega-Bank Steal Your Money

**CUNYCard aims to shoot you in the wallet!**

**I**n June 1996, the CUNY Board of Trustees authorized the University Contracting Office to enter CUNY into the CUNYCard contract with Citibank and its subcontractors, MCI, Diebold Incorporated, and Digital Equipment Corporation. That decision piggybacked CUNY upon a contract the State University of New York (SUNY) negotiated in April of 1995 and signed that December. The Board's approval consigned CUNY to a contract SUNY administrators negotiated.

The April 1996 contract shows CUNY's participation comes at a price. According to an "Affiliated Institution Election Agreement" the contract claims CUNY must sign in order to participate, "[E]ducational institutions located in the State of New York may elect to participate and take advantage of the Services provided thereunder, upon (a) written approval of such participation by SUNY, (b) agreement with SUNY concerning the distribution of certain commissions to be paid in connection with the Service..." These "certain commissions" are exemplary of how CUNYCard will drain money away from CUNY and its students.

**Administrators' Push-In Robbery**  
Any student who takes part in

the Citibank portion of CUNYCard will be socked with a series of fees. According to a confidential Campus Procurement Document provided for each campus' implementation team, there are two alternative regimes of cardholder fees from which campus administrators may choose for students. The first alternative includes a \$3 a month account maintenance fee and 10 cents for every ATM charge.

The second alternative eliminates the maintenance fee for student accounts that receive financial aid from CUNY. Students would receive a few free ATM transactions when their financial aid is deposited. But all other fees remain and the campuses accumulate royalties only after \$2.50 is siphoned off by Citibank, presumably from the other fees.

The first alternative reveals much about the flavor of contract CUNY administrators agreed to for their students. It provides administrators, not students, with the option to waive CUNY's portion of the royalties, 50 cents, from the \$3 maintenance charge. Either way, CUNY gets screwed. If the administration chooses to waive its 50 cent royalty, then CUNY doesn't get money, one of the supposed benefits of the CUNYCard. But if CUNY campus administrators opt for their portion of the banking royalties, then that means administrators made a decision that forced students to pay more when they didn't have to. The contract is written in such a way that any way administrators choose their royalties, Citibank takes in \$2.50 of the maintenance fee.

The second option, which a recent New York magazine article on CUNYCard indicates many of the



campuses are choosing, would likely scalp students at a slower rate. Like the first option, Citibank is to take out \$2.50 from students, and because CUNY collects no fees before Citibank takes its \$2.50 cut, it follows that it would be to the administration's advantage to encourage the extraction of more fees from students beyond the \$2.50 cut-off point.

Other fees appear to be in store for students who agreed to the Citibank option of CUNYCard. There are the standard fees for overdrawing an account. Another includes a \$2.50 service fee charged for dormant accounts. A May 14, 1996 Citicorp memo to William Anslow, SUNY Senior Vice Chancellor for Finance and Management, defines dormant accounts as "cardholder accounts which show no activity for a consecutive period of three months."

Why charge \$2.50 for these accounts? According to the Citicorp memo, "The objective is to stimulate account transaction activity." In other words, the aim of the charge is to push students into using the ATM machines, a service for which Citibank will charge \$1 fees.

Moreover, any interest such dormant accounts earn will be taken from the student accounts and given to the campus. "Balance earnings, if any, on such accounts will be paid to the campus," reads the memo.

The litany of fees are particularly disturbing as up until only last year a part-time branch of Chemical Bank operated in the basement of Shepard Hall on the City College campus. Until 1990, the bank was full-time. Since 1990 it opened only 8 to 10 times a year to cash students' Pell Grants and other student aid checks.

Just last April, the branch was robbed of at least \$600,000 by two daring bank robbers who pulled off a push-in robbery early one morning. The bank was subsequently closed for good. The kicker about the Chemical branch is that it cashed student checks without charge. The state presumably paid Chemical Bank for the service. With CUNYCard, the charge of cashing aid checks will be pushed off onto students.

We need to ask, Why was the bank closed? Because of the robbery or because CUNY terminated its agreement with Chemical knowing full well CUNYCard was coming in and Citibank would have exclusive access to CUNY students? Recall, CUNYCard has been in development behind closed doors at CUNY for two years.

Another suspect aspect of the

card's fees is the terms of the contract can be re-negotiated. The contract reads, "At either party's request... the parties shall negotiate in good faith a different Royalty and fee structure." According to Mark Piotrowsky of the Center for Campus Organizing, a gradual implementation of additional fees for a similar bank-sponsored ID card occurred at his alma mater, the University of Florida.

"It quickly became clear it was a scam to steal money from the students. The administration would force students to get a new card every few years because they would introduce new features to the card. They'd charge students \$10 each time," stated Piotrowsky at a recent student organizing conference held at Brooklyn College. The technology for CUNYCard and SUNYCard was developed at nearby Florida State University by the MCI-operated Card Application Technology Center (CATC). CATC provided SUNY administrators consulting services for SUNYCard.

The fees are exemplary of the sleazy nature of the contract. It's a no-lose situation for Citibank. The bank invests practically nothing into the project. The contract shows the CUNY campuses need to provide Citibank and MCI space on campus without charge to produce CUNYCard. The campuses must pay for all the computer equipment and software for the card system, for the maintenance of the hardware, for the labor the companies provide to install the card, for additional card stock for the card, and other expenses.

CUNY picks up the charges for the card implementation and gets little of the profit. The money CUNY does take in comes from the pockets of some of the country's poorest college students. "Access and Excellence," indeed. City College's motto now only applies to corporations who have been provided by administrators access to an excellent way of making money off the poor and working class.

**Soaking the Fringe Economy**  
Why does the world's second largest bank, with approximately \$200 billion in assets and already raking in about \$1.5 billion a year, want to get involved in a university whose students are poorer than their national counterparts? Citibank, like its financial comrades Nationsbank, Bank America, American Express, and Western Union among others, have entered the poverty-making industry. Sixty million Americans are

basically shut out of conventional banking venues. Those Americans must instead engage the services of pawn shops, check-cashing outlets, rent-to-own stores, and high interest mortgage lenders. Citibank is attempting to tap into this \$200-300 billion fringe economy. The bank is in essence positioning itself as a high-end pawnbroker. As more Americans are driven by capitalism into economic destitution - the New York Times reports personal bankruptcies have skyrocketed to 1 in 100 American families! - the market of individuals seeking loans balloons. There's money to be made ripping off the burgeoning classes of poor and struggling working people.

According to a May 1996 article in The Nation, the bottom-feeding

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finance outlets rake it in from poor borrowers. Although credit card holders pay 6 to 8% annual interest, poor Americans can pony up to 240% for pawnbroker loans, 300% for a finance company loan, 20% for a second mortgage, and even 2,000% for a quicky loan from a check-cashing place. The poor, who are really in no position to negotiate rates when food needs to be placed on the table or a tuition bill must be paid, exist as a magnificent cash cow for bottom-feeding finance companies.

Citibank wants to get in on the action. As tuition increases, more students seek recourse in financial aid either from state or private sources. According to the 1995-6 edition of City Facts, a compendium of statistics about City College, 70% of CCNY undergraduates already receive financial aid at an average of \$4,559 per student. With these new fees, "This [card] is taking money out of poor people's pockets," says Terrence Podolsky, Day Student Government Vice-President for University Affairs.



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Giving Notice

All right, the card sucks. What are we going to do about it?

"I'm not getting this card and I advise everybody else not to get it either," says Podolsky. "There is no reason why we need to get this card," he adds. This past December CCNY Day Student Government passed a resolution against CUNYCard. The Faculty Senate at City College also passed a resolution against the card.

CUNY has already braced itself for such adverse reactions from students and faculty. In a November 19 memo to Vice-Chancellor for Student Affairs Elsa Nunez, Vice-Chancellor for Legal Affairs Robert Diaz declares any students or faculty who refuse the card are breaking the law and will be dealt with accordingly. Diaz cites the Henderson Rules of New York State's Education Law which declare members of campus communities must present ID to col-

lege officials when requested. Diaz continues, "Students who refuse to present their CUNYCard when requested may be subjected to disciplinary charges." Such charges might include anything from suspension to expulsion. Diaz makes no mention of the type of discipline CUNY has reserved for faculty who refuse to comply.

Here on campus? When asked in an interview by The Campus what penalties students would suffer if they did not turn in their old cards for a new CUNYCard, CCNY Vice President for Finance and Management Nathan Dickmeyer replied, "We have been told that students that don't have the CUNYCard will not be allowed into the building."

This begs the question, Who told City College administrators that students without CUNYCard would be denied entrance into CUNY buildings? Does CUNY Central at 80th Street dictate security policy at CCNY? And, if not, why is Dickmeyer passing the

buck to some unnamed source?

Clearly, if one or a few students refuse to give in their old ID's for the CUNYCard, they will likely be swiftly made an example of by CUNY administrators. Of what would any concerted effort to stop CUNYCard from infecting City College need to be comprised?

"The best thing to do is to keep doing what we've been doing — try to organize students and faculty against the card, hold forums and spread the word about CUNYCard. That's what has made the administration give pause and delay implementation," responds Keeanga Taylor, a history major. The card's implementation, previously slated for March 17, has been postponed until next semester. "In the long run though, we need to take collective action against an administration that declares that if you don't use it, then we're going to dump you out of the school, we're going to give you hell if you

don't comply with a contract CUNY negotiated with Citibank without any student input whatsoever."

On the possibility of stopping CUNYCard altogether, Dickmeyer stated in the Campus interview, "There are questions about the choices of Citibank and MCI... but we cannot eliminate, discriminate against suppliers other than by substantive or financial means. To do so is illegal.

The procedures to choose the supplier is done at the State level with State lawyers." It's the usual administration excuse that "Our hands are tied. There's nothing we can do." But there are always ways to dump racist, anti-student, anti-union companies off-campus. It's just that Dickmeyer and other administrators embrace Citibank's agenda and have no intentions of bouncing their invited guest.

In fact, the contract allows for several ways to escape. For example, a section entitled "Participation," proclaims, "Affiliated Institutions within the State of New York may elect, but shall not be required, to participate in the SUNYCard System..." Each CUNY campus then, including City College alone, can opt-out of the contract if it so chooses.

Under the "Termination and other remedies-SUNY" section, the contract reads, "SUNY may also elect, at its sole option, without liability, 91) to terminate this Agreement and its obligation hereunder, in whole or in part, by giving Notice..."

Sounds good. Let's give them notice: Get out you racist, thieving bastards! What these sections of the contract show is that all those bleatings from administrators that there's nothing we can do to get out of the contract are really inaccurate at best, lies at worst.

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