Lynne N. Clark, P.C.

A Virginia Professional Corporation
Attorney and Counselor at Law

7003 Backlick Court, #100
Springfield, VA 22151
Admitted in Virginia and D.C.

Tel 703-256-7900
FAX 703-256-7902
email: lynne@lynnenclark.com

REPORT FROM COUNSEL
FEBRUARY 2015 ISSUE

CASE BY CASE

Bait-and-Switch Credit Card Offer

In a variation on the typical "bait-and-switch" scheme, a bank made a promotional offer of a "no annual fee" credit card, then changed the terms mid-year to require such a fee. A credit card holder sued the bank under the federal Truth in Lending Act (TILA). She alleged a violation of the requirement in TILA that an issuer of a credit card disclose the terms of the card accurately and without misleading statements. A federal court allowed the lawsuit to continue.

Both the advertisement soliciting customers for the credit card and the card holder agreement stated that no annual fee would be charged, but the agreement also stated more generally that the bank had the right to change any of the terms at any time. The bank maintained that the latter provision gave it the right to impose an annual fee whenever it wanted.

In ruling for the credit card holder, the court found that a reasonable consumer was entitled to assume that the issuer of the credit card would refrain from imposing an annual fee for at least one year. Given the apparent intent of the bank to begin an annual fee after the "bait" had been taken, the statement of "no annual fee" was misleading and in violation of TILA. If the bank had wished to reserve the right to impose an annual fee later, notwithstanding the "no annual fee" solicitation, further clarification would have been necessary to comply with TILA.

Casino Cheats Gambler

Steven was a multimillionaire businessman with a fondness for high-stakes gambling. His reputation as a high roller led a Las Vegas resort to recruit him to gamble at the grand opening of its new casino. The enticement from the casino was a $2 million line of credit.

When Steven was just getting warmed up in what figured to be a long stretch of gambling, casino officials informed him that he had used up the line of credit, plus several million dollars of his own money. Steven had been gambling not with chips but with a "player card," and cameras had been recording his betting results. He strongly disputed how much in the red he really was, but the casino made him leave the premises.

Steven sued the gaming company that operated the casino, and a jury added more millions to his net worth. He convinced the jury that the casino's goal on opening night was to improve its bottom line by forcing him to quit while he was in the hole. The casino officials knew that an experienced gamer like Steven could recoup his losses, and then some, in the same night, so they created the conflict over the amount of the gambling debt as an excuse to ask Steven to leave. This breached the agreement between the parties.

Evidence of underhanded tactics of the casino no doubt made an impression on the jury. Steven produced gambling debt invoices that the casino had generated even before he began to gamble. The videotapes from the night in question, which were key to proving just how much gambling debt Steven had incurred, had been destroyed by the casino. These tactics cast a cloud of suspicion over the casino's version of the events.