



**“Challenging People to Shape a Better Future Now”**

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## \$11 Million Settlement for Students

As millions of college students return to campus, a recent settlement by the Federal Deposit Insurance Corporation (FDIC) may become a financial blessing to students and their parents. An estimated 60,000 students are expected to share \$11 million in restitution from two financial firms – Higher One Holdings, Inc. and Bancorp Bank.

According to FDIC, beginning in July 2008, the firms charged multiple nonsufficient fund (NSF) fees from a single merchant transaction. By allowing student accounts to remain overdrawn for long periods of time, the firms were able to collect more NSF fees while also charging more fees for subsequent deposits to student accounts.

Most importantly, these practices exposed an often hidden role that financial institutions have on college campuses. As student monies were eaten up by these fees, the remaining available funds diminished the availability of monies intended for tuition and other student expenses.

FDIC held that Bancorp Bank, based in Wilmington, Del. was responsible to ensure that Higher One operated the OneAccount program in compliance with all applicable laws. Unfair or deceptive acts or practices are violations of the Federal Trade Commission Act.

According to the U.S. Public Interest Research Group (PIRG), Higher One has card agreements with 520 campuses that enroll 4.3



### RESPONSIBLE LENDING

Charlene Crowell

million students. Commenting on the settlement announcement, Rich Williams, higher education advocate for U.S. PIRG said, “We commend the FDIC for holding Higher One accountable. Student aid should not be a piggy bank for banks to dip into especially when

their practices are unfair or deceptive.”

accounts are expected to be paid by check. Additionally, the settlement orders multiple changes to practices by the two financial firms. Higher One has agreed to:

- Not charge NSF fees to accounts that have been in a continuous negative balance for more than 60 days;
- Not charge more than three NSF fees on any single day to a single account;
- Not charge more than one

NSF fee with respect to a single automated clearing house transaction that is returned unpaid within any 21-day period;

- Refrain from misleading or deceptive representations or omissions in its marketing materials and/or disclosures; and

- Institute a sound compliance management system.

Similarly, Bancorp Bank is now required to:

- Correct all violations;
- Significantly increase its management of third-party risk;
- Increase board oversight of all compliance matters; and

- Improve its compliance management system.

In the aftermath of the Great Depression, Congress created the FDIC in 1933 to restore public confidence in the nation’s banking system. The FDIC insures deposits at 7,309 banks and savings associations across the country.

Today, a series of recent enforcement actions in financial services are giving hope to consumers: the Consumer Financial Protection Bureau’s recent \$140 million action against Capital One, the Department of Justice’s \$175 million action against Wells Fargo and the newest FDIC \$11 million settlement signal that regulators are heeding the concerns of consumers.

*Charlene Crowell is a communications manager with the Center for Responsible Lending.*

**‘Student aid should not be a piggy bank for banks to dip into especially when their practices are unfair or deceptive’**

— Rich Williams, U.S. PIRG

their practices are unfair or deceptive.”

In May, U.S. PIRG released “The Campus Debit Card Trap,” a report that found banks and financial firms now control or influence federal financial aid disbursement to more than 9 million students by linking checking accounts and prepaid debit cards to student IDs and providing financial aid disbursement services. According to the report, students can pay signif-

icant fees that are charged against their student aid, including per-swipe fees of 50 cents, inactivity fees of \$10 or more after six months and overdraft fees of up to \$38. Financial institutions use aggressive marketing to maximize these fees, the report found.

The FDIC settlement will also require the two firms to pay a combined \$282,000 in civil penalties. In addition, should Higher One fail to fully repay the \$11 million in restitution, Bancorp Bank will be financially responsible for restitution payment. Higher One expects to pay credits on current and charged-off accounts. Closed

accounts are expected to be paid by check.

Additionally, the settlement orders multiple changes to practices by the two financial firms.

Higher One has agreed to:

- Not charge NSF fees to accounts that have been in a continuous negative balance for more than 60 days;
- Not charge more than three NSF fees on any single day to a single account;
- Not charge more than one

## I Wanted a Good Education for My Kids

As a parent, what lengths would you take to ensure that your child had an opportunity to achieve the American Dream?

If you love your child as much as I love my two daughters, the limits to your sacrifice are endless.

Marian Wright Edelman once said, “Education is a precondition to survival in America today.” I believe this to be true. Despite my family’s socio-economic status, I knew that a quality education would blaze a trail to a better life for my daughters and allow them to reach their God-given potential.

I am an ex-felon. However, I did not burglarize or assault anyone. I did not rape or steal. I was convicted for falsifying records about my residency so that my daughters could attend a safer, higher-performing suburban school.

Sadly, wanting the best for my children earned me nine days in prison, 80 hours of community service, and two years of probation.

Each night I spent in my jail cell, I prayed for my daughters and spent countless hours thinking about other parents and guardians like me. Parents that were helpless – recognizing that their child deserved a better education than what was being provided, but no rational options to attain it. I thought about families like mine, who did not have room in their tight budgets to pay for private education, nor afford the high property values of suburban districts. What are they to do?

### NNPA GUEST COLUMNIST

Kelley Williams-Bolar

My nightmare was further evidence that education is the civil rights issue of our generation. And, like most rights, our country’s most vulnerable communities are left behind.

In an effort to help families avoid the fate that befell to me, I

increasing pressure on districts and others in charge of failing schools. By granting this power to parents, low-performing schools can now be held accountable to the needs of the students, families, and communities they serve.

Think about it.

It is natural for parents to put the interests of their children above interests of the school system. Moreover, the more power parents can exercise over their children’s

**Sadly, wanting the best for my children earned me nine days in prison, 80 hours of community service, and two years of probation**

founded the Ohio Parents Union, an organization tasked with empowering parents throughout the state and providing families with resources to effectively advocate for the rights of their children. No longer should parents with children trapped in failing schools be left without rational options.

One of the solutions my organization strongly supports to aid this issue is a parent trigger.

Parent trigger allows a majority of parents to mobilize together and sign a petition to turn around a persistently low-achieving public school. In addition, it provides families with leverage where they otherwise do not have it by

education, the more likely our cities will be to construct education systems that put our students first.

Despite aggressive efforts to intimidate parents, four states – including my home state of Ohio – have passed comprehensive parent trigger legislation. Many others are have considered, or currently in the process of considering this revolutionary idea.

The concept of parent trigger has even inspired an upcoming film, “Won’t Back Down,” starring Viola Davis. The film – scheduled for release September 28 – portrays a single mother that organizes parents to take control of their children’s failing school

over strong union opposition.

I strongly encourage parents, teachers and school administrators to watch the movie.

Though the film was scripted in Hollywood with make-believe characters, real parents across this country are faced with this harsh reality every day. For those parents, please keep your head up and continue fighting the good fight. There is no reason we should have to gamble with the academic outcomes of our children.

I was handcuffed, portrayed as a villain, and called a criminal by our justice system for doing what I could to guarantee my children had access to a quality education, and a chance to have a better life than I had. Like many of you, I am not rich. However, the greatest legacy or inheritance we could ever leave our children is a fair shot to achieve the impossible.

I encourage parents across the country to learn your rights, and visit the websites of StudentsFirst ([www.studentsfirst.org](http://www.studentsfirst.org)), and the Black Alliance for Educational Options ([www.baeo.org](http://www.baeo.org)) to educate yourselves on this issue.

In addition, I urge parents to press elected officials to pursue parent trigger legislation in your communities.

Politicians, I urge you to listen to our voices.

Our kids should not be trapped in failing schools with no way out. This needs to change now. Our future is way too important to wait.