Opinion

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415 N. Killingsworth St.,

P.O. Box 5455, Portland, OR 97228.

Telephone (503) 285-5555.

E-mail: **info@theskanner.com**

World Wide Web site:

http://www.theskanner.com

Fax: **(503) 285-2900**

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Cogen: It's About Confidence and Trust

EDITORIAL

The Skanner News

In his role as Multnomah County Chair Jeff Cogen has done good work. Despite shrinking government revenues, Cogen championed the social welfare safety net and kept the books balanced. Under his leadership, the county has made a significant commitment to equity in contracting, hiring, and justice. It has built one of the best health departments in the country.

Much more remains to be done in all those areas. And we've been disappointed in the county's lack of outreach on disaster preparedness.

It's true that in most circumstances, having an affair is not a firing offense. If it were, we'd see a lot more people losing jobs. But Cogen's mistakes were far more than a private stumble that's best sorted out in family therapy or with pastoral support. The affair between county boss Cogen and his subordinate Sonia Manhas hurt the county and its employees.

Cogen has denied pulling strings to promote Manhas to a top job in the health department. And we'd like to make it clear that we believe Manhas deserved her position.

Nevertheless their affair has created the perception that power was abused.

> But the crux of the matter is that Cogen has lost the confidence and trust of his colleagues and the public

But that's just part of the harm done. For more than a year, Cogen and Manhas maintained a secret affair, manipulating their work environment to carve out time together, blurring the lines between work and romance, traveling together on more than one occasion. Their colleagues have a right to feel betrayed.

It's clear they had passion for their work. But it's unclear where that passion left off and their passion for one another started. It's also unclear if the affair would have stopped had their reckless behavior not been called out by an anonymous letter.

Nobody likes being lied to or taken for a fool. County employees don't like it. County commissioners don't like it. And neither do voters.

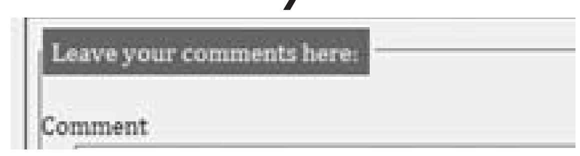
So even though law does not require it, it's hard to see how Cogen can justify holding tight to his job when Ms. Manhas was forced to quit hers. After all, both are adults and Cogen was in the more powerful position.

Cogen denies any misuse of county funds and resources. But even if the criminal investigation agrees, his ability to lead has been irreparably damaged.

Unfortunately, Cogen is no longer the man for the job. Last week all four of his colleagues asked him to resign. He refused. As an elected official that is his right. He answers to the citizens of Multnomah County and no-one else.

But the crux of the matter is that Cogen has lost the confidence and trust of his colleagues and the public. He simply can't continue supervising 4,500 employees under that cloud. That leaves him no other alternative. Chair Cogen you should resign.

What do *you* think?



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Overdraft Fees Cost U.S. Over $36 Million

RESPONSIBLE LENDING

Charlene Crowell

In recent years, many banks and credit unions have encouraged new checking account customers to accept two items: a debit card that replaces cash transactions and a 'protection' known as overdraft coverage. Overdraft programs automatically pay for transactions not covered by available funds; the bank then repays itself the overdraft amount along with fees – often hefty ones — from the customer's next deposit.

However what many unsuspecting consumers soon discover is that this so-called protection from banks comes at an extremely high cost. In only one year, 2011, financial institutions charged consumers $16.7 billion in overdraft fees, affecting over 36 million Americans' checking accounts.

High-Cost Overdraft Practices, the latest installment in the Center for Responsible Lending's research series, The State of Lending, found that debit cards trigger the most disproportionate fees. On debit card purchases, the median overdraft charge is $35 for a $20 overdraft. Further, debit card and ATM transactions account for at least 35 percent of all overdraft fees charged.

The high share of fees generated by debit cards is ironic, since banks and credit unions can simply decline these transactions at no cost to the consumer – and some institutions do. For banks that continue this pernicious practice, the consequences for their customers can be severe.

The report states, "Abusive overdraft programs drive consumers out of the banking system; indeed they are the leading reason consumers lose their checking accounts."

Today, three-fourths of the nation's largest banks and large numbers of smaller banks and credit unions charge fees on debit card purchases, ATM withdrawals, or both. Moreover, these overdrafts and associated fees are assessed without regard to a consumer's ability to repay them.

> 'Abusive overdraft programs drive consumers out of the banking system; indeed they are the leading reason consumers lose their checking accounts'

In response to widespread criticism surrounding overdraft programs, the Federal Reserve Board made a 2010 regulation that required institutions to obtain a customer's 'opt-in' for overdraft coverage on debit card purchases and ATM withdrawals before fees would apply. Additionally and in the same year, the Federal Deposit Insurance Corporation's guidance advised that more than six overdraft fees within a 12-month period was excessive for any account holder.

However, CRL and others have found that many financial institutions aggressively market their overdraft programs, pushing customers most likely to generate the most fees to "opt-in" for coverage. Customers with small and no cushions in their accounts may initially view overdraft coverage as a way to save money. But as overdraft fees are assessed per transaction, the costs can quickly become burdensome, leaving fewer available dollars for the next month.

"Over time, the repeated fees strip away consumers' cash assets, leaving them financially worse off than when they first over-drafted and unable to meet obligations they otherwise could have met even with no overdraft coverage at all," says CRL.

Some major banks have heeded consumer concerns and improved their overdraft practices. For example, Bank of America, the nation's largest debit card issuer, stopped charging overdraft fees on debit card purchases. HSBC also stopped charging overdraft fees on debit card purchases as well as at ATMs. Citibank has never charged overdraft fees on debit card or ATM transactions, and JP Morgan Chase does not charge them on ATM transactions.

Recent related findings by the Consumer Financial Protection Bureau (CFPB) show that the Fed's opt-in rule has not eliminated the substantial harm inflicted by overdraft fees triggered by debit cards. CFPB determined that involuntary account closures were more than twice as likely for customers that opted in to overdraft than those who did not.

"Banks and credit unions have long defended overdraft fees by saying they protect customers from bounced checks, which typically trigger insufficient funds (NSF) fees and potentially merchant fees", states the CRL report. "But the same justification could not be made for debit card purchases, since there is no NSF or merchant fees charge for debit card transactions that are declined at check-out when the customer's account is short."

CRL offers a set of policy remedies to halt overdraft's harmful features. Highlights include banning overdraft fees on debit cards, ATM transactions and on pre-paid cards. CRL also advocates banning banks from manipulating the order of consumers' checking transactions to increase fees.

"Without substantive reform of the product, the fees overdrafts generate provide financial institutions too powerful an incentive to ensure that customers continue to incur overdraft fees – an incentive that will continue to outweigh even the best disclosures," concluded CRL.

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