

Congress of the United States
House of Representatives
Washington, DC 20515

December 29, 2020

The Honorable Steven T. Mnuchin
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

The Honorable Charles P. Rettig
Internal Revenue Service
1111 Constitution Ave, NW
Washington, DC 20220

Dear Secretary Mnuchin and Commissioner Rettig,

We write to urge improvements as you distribute the upcoming second round of direct payments to Americans which was included in the Coronavirus relief package signed into law on Sunday.

Many of us previously wrote in May to share concerns with how those direct payments were distributed by debit card, and to urge changes in that program. The direct payments from the CARES Act supported more than 150 million Americans¹ who received them, but many of our constituents had concerns after receiving prepaid debit cards with their Economic Impact Payment (EIP). Since the Treasury Department and Internal Revenue Service (IRS) had not alerted the public that they would be sending stimulus payments via debit card, recipients were often surprised, confused, and some even threw these away, thinking it was a fraud. Those who did use them could be charged fees simply to get the aid Congress intended and were forced into agreeing to arbitration to resolve any issues.

Now that Congress has passed, and the President has signed into law, a second round of similar direct payments, we would like to know whether you plan on distributing some of these via debit card again, and request the following improvements in the event of additional direct payments via debit card.

Communication about EIP cards must be improved

We recognize that having seen this in May, many people will be more aware of the possibility they'll receive their payment on a debit card. However, we ask that you also directly provide more clear information about the cards to those receiving them. That should include a clear explanation that this card is their direct payment, the amount of that rebate, and how to quickly transfer this to a bank account or receive a check. We hope better communication will reduce confusion and prevent people cutting up their debit cards again because they believed this was a scam.

The cards should come with no fees for the recipient

The debit cards sent in May could cost our constituents a significant amount to use.² While in-network ATM withdrawals were free, those ATMs are almost exclusively in larger towns and metropolitan areas, forcing people to either pay a fee or drive more than an hour to access their EIP. Waiving fees on the first ATM withdrawal out of network ATM is a positive step, but does nothing for additional

¹ <https://www.irs.gov/newsroom/irs-statement-on-economic-impact-payments-by-state>

² <https://www.eipcard.com/cardholder-agreement>

withdrawals, nor does it include any fees charged by the ATM owner, or fees to check your balance. In addition, the transaction size limits will make it difficult for a family to simply get their money off the card and into a bank account.

These cards are intended to provide support for Americans during COVID-19, and any fees are likely to simply add insult to injury. We recognize that the card provider needs to cover its costs, but believe that the people trying to receive these cards should not have to pay fees regardless of where they live. We appreciate you taking action to waive the fee for the first replacement card, and would encourage you to remove all costs to use these cards.

If you are unable or unwilling to fully eliminate the fees, we ask that the lengthy fee schedule be dramatically simplified, and that transaction size limits be adjusted to allow people to easily transfer the full amount of their rebate off of the card immediately.

The EIP card agreement should be simplified

The EIP card agreement which came with the first cards³ was more than 8 pages of dense text, which can be intimidating to Americans who were expecting a simple check. We heard from numerous constituents calling with complaints and questions, including being unsure of how to even find out how much money they had just received. This agreement should be simplified as much as possible or come with a summary document to better explain the terms for those who had no idea they were getting a credit card.

Further, the cardholder agreement included a mandatory arbitration clause, requiring that any disputes be resolved through individual (not class-action) arbitration. Americans in the most urgent need of this aid, who must immediately access their payment through the debit card will be forced into arbitration, often without even knowing the implications.

In addition, the arbitration clause prevents people with the same dispute from forming a class. Not only does this practice hurt those with less financial and legal resources in virtually all situations, it makes even less sense in this case. With 4 million people receiving very similar EIP cards, it is very likely that if there are issues, many people are having the same problem, making class action simply a more efficient way to resolve disputes.

We urge you to simplify the agreement for anyone receiving an EIP card to reduce confusion, and specifically request that you remove any mandatory arbitration clause from future agreements.

We appreciate the important work you did this spring in getting Economic Impact Payments out to Americans quickly. While we appreciate the value prepaid debit cards provide to those without checking accounts, and understand that sending these cards is a part of attempting to get payments out faster, we would urge additional consideration of how to ensure the cards are providing the benefits they are intended to.

We understand that no further cards were sent after our letter in May, but would request a written response to our letter, explaining whether you intend to send prepaid debit cards again. If so, we ask that you explain how you plan to improve communication, ensure there are no fees for the user, and simplify the agreement they have to sign, removing any mandatory arbitration clauses.

³ <https://www.eipcard.com/cardholder-agreement>.



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