

A Legal Commentary on the Park West Gallery/GE Money Credit Card Statement

by **Cindy Hill**
for **Fine Art Registry™**

According to reports of cruise ship passengers who have attended art auctions conducted by Park West at Sea, an affiliate of Park West Gallery, after making a successful bid on artwork at such an auction, the purchaser is handed first an invoice to sign (see [A Legal Commentary on the Park West at Sea Art Auction Invoice](#)) and then a credit card slip. It is not entirely clear from the passengers' reports whether or how they applied for credit; the credit appears to have been automatically issued without a typical credit card application having been submitted. From the credit card statements which I have reviewed, the credit limits of these cards is also difficult to discern; it may be that the terms are more like a line of credit to the amount of the purchases rather than a fixed-limit card. The terms and limits of these cards can, depending on the financial status of the art customer otherwise, impact his or her credit rating, which is in part dependent upon a balance of net worth and outstanding available credit as well as debt. This impact would vary in each individual case, and for persons with significant personal assets, may make no difference at all; for others the difference may be significant.

PROMOTIONAL PURCHASE TERMS

The front page of the credit card statement is headed "Park West Gallery/GEMB – GE Money." GE Money is a component of GE Financial Services, which is in turn a sector of the General Electric Corporation. GE was primarily a manufacturing company, engaged in production of appliances and electrical devices, but like General Motors and other large manufacturing companies, diversified into far-flung fields including finance. GE Money operates worldwide, primarily issuing mortgages and facilitating the provision of corporate-brand credit cards, such as the Park West Gallery Collectors Card. Although Park West's name is on the card, it is really issued by the "bank", which is GE Money.

The front of the auction credit card statement describes the art purchase as a "promotional purchase" and does not itemize the purchase, which should be itemized on the Park West at Sea invoice. The table which states the dollar amount of the purchase also states a "Deferred Finance Charge." It appears that if the full amount is paid off within one year (or the specified promotional period), there is no finance charge attached. However, if full payment has not been tendered within one year, a

For Customer Service visit us online at www.geonlineservice.com or call: 1-866-396-8254 to report your card lost or stolen.

ACCOUNT INFORMATION		BALANCE SUMMARY	
Account Number	5 [REDACTED]	Previous Balance	\$0.00
Statement Date	[REDACTED]/2007	+ New Purchases / Balance Transfers	\$30,000.00
Payment Due Date	[REDACTED]/2007	- Payments	\$0.00
Total Minimum Payment Due	\$0.00	+/- Credits, Fees & Adjustments (net)	\$0.00
Days This Period	10	+/- FINANCE CHARGE / Transaction Fees (net)	\$0.00
PAYMENT DUE BY 5 P.M. ON THE DUE DATE		= New Balance	\$30,000.00
We may convert your payment into an electronic debit.		Credit Limit	\$30,000.00
See reverse side.		Available Credit	\$0.00

ACCOUNT ACTIVITY				
Tran Date	Post Date	Reference Number	Description	Amount
[REDACTED]/2007	[REDACTED]/2007	[REDACTED]	PWG RCI MARINER SOUTHFIELD MI NO PAY DEFERRED INTEREST	\$30,000.00

PROMOTIONAL PURCHASE SUMMARY					
You will incur no Finance Charges on a Deferred Interest promotional purchase, provided the promotional purchase amount is paid in full by the indicated Promotional Expiration Date and you pay, by the Payment Due Date, each Minimum Payment Due on your Account prior to the Promotional Expiration Date. If you do not satisfy these requirements, Finance Charges accrued from the date of purchase will be added to your Account*.					
Promotional Expiration Date	Promotional Balance	Deferred FINANCE CHARGE	Tran Date	Promotion Type	Initial Transaction Amount
[REDACTED]/2008	\$30,000.00	\$189.38	07/13/2007	No Pay Deferred Interest	\$30,000.00
* If you would like to make more than one payment see MAIL PAYMENT TO address or pay online at www.geonlineservice.com .					

FINANCE CHARGE SUMMARY				
How Your FINANCE CHARGE Was Calculated	Computed on Average Daily Principal Balance	Daily (D) Periodic Rate	Corresponding Annual Percentage Rate	Periodic FINANCE CHARGE
Purchases	\$0.00	0.06295% (D)	22.98%	\$0.00
No Pay Deferred Interest	\$30,085.12	0.06295% (D)	22.98%	\$0.00
ANNUAL PERCENTAGE RATE -Purchases		22.98%	Total Periodic FINANCE CHARGE	
				\$0.00

CARDHOLDER NEWS
IN ORDER TO PROTECT YOUR ACCOUNT PRIVACY, WE ARE UNABLE TO PROVIDE ACCOUNT INFORMATION TO ANYONE OTHER THAN THE CARDHOLDER(S) OR AN AUTHORIZED PARTY. IF YOU WISH TO PERMIT US TO SPEAK TO ANY AUTHORIZED PARTY SUCH AS A SPOUSE ABOUT YOUR ACCOUNT, PLEASE SEND WRITTEN AUTHORIZATION TO THE GENERAL CORRESPONDENCE ADDRESS.
YOUR PERIODIC RATE AND ANNUAL PERCENTAGE RATE MAY VARY.

* NOTICE: See reverse side and additional pages (if any) for important information concerning your account

Front of an actual Park West/GE Money credit card statement.

hefty finance charge is levied – calculated at 22.98% per year, a very high interest rate, especially for persons of good credit who are making a large-sum purchase. Tucked into the paragraph labeled “Cardholder News”

comes another interesting announcement about that credit rate: “Your periodic rate and annual percentage rate may vary.” Fail to pay the bill off in its entirety within a year, and you actually have no idea what you will

be hit with for charges. The effect, no doubt, is to encourage everyone to pay the tens of thousands of dollars on the bill in short order, either by actually paying off the bill or by transferring it to a credit source with more favorable terms. Either way, although you don't have to pay cash for your artwork at the auction itself – a fairly standard term at many auctions – you also are stuck paying it off soon, or having to pay hefty fees.

THE FINE PRINT

The back of the credit card statement is covered in two columns of print which is virtually unreadable to eyes over the age of 40. But like the news of the nearly 23% interest rate on the front of the form, the back of the bill also contains interesting information about the Park West credit card.

The first provision found in the fine print is entitled "Billing Rights Summary." It states that any errors in your billing must be brought to the attention of GE Money's Texas address in writing within 60 days of your receipt of the bill on which the error occurs, and notes that calling to discuss the error will not preserve any rights regarding that error.

The second provision is rather unusual. Most credit cards today offer some level of customer purchase protection, allowing the customer to cancel payment for an item purchased with the card if there turns out to be an issue with the item. The terms, however, of the Park West/GE card include a "Special Rule for Credit Purchases" which states: "If you have a problem with the quality of goods or services that you purchased with a credit card and you have tried in good faith to correct the problem with the merchant, you may not have to pay the remaining amount due on the goods or services. You have this protection only when the purchase price was more than \$50 and the purchase was made in your home state or within 100 miles of your mailing address. (If we own or operate the merchant or if we mailed you the advertisement for



the property or service, all purchases are covered regardless of the amount or location of purchase)."

Since this credit card is issued to persons purchasing art on a cruise ship, it is a fair bet that virtually all of them are more than 100 miles from home at the time of purchase. But the question which is totally unclear is who the "we" refers to in the last sentence which states "If we own or operate the merchant..." If a court interprets that to mean Park West, then all Park West purchases are indeed covered by this consumer protection provision. If, however, it means GE Money, then the Park West purchases, made more than 100 miles from home, are not covered. Since all correspondence, billing inquiries, and payments go to GE Money, I suspect the implication is the latter; on the other hand, at the very end of the fine print terms is a statement that says, "Notice: Please refer to the front page(s) of your statement for the name of the owner and servicer of your account." On these art auction credit cards, the first name listed is Park West Gallery, which might be enough, under at least some states' consumer protection statutes, to support a court decision that this purchase protection provision applies to Park West purchases. The language is sufficiently vague, in any event, that savvy consumers should realize this matter is up to interpretation, and the purchase they have just made on this card might not have the benefit of this protection.

ALLOCATION AND IRKSOME FEES

Much of the remaining terms and conditions are not inconsistent with other credit card provisions – at least, credit

Billing Rights Summary: In Case of Errors or Questions About Your Bill:

If you think your bill is wrong, or if you need more information about a transaction on your bill, write to us on a separate sheet at: Billing Inquiries - P.O. Box 981438, El Paso TX 79998-1438, as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information: (a) Your name and account number. (b) The dollar amount of the suspected error. (c) Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Special Rule for Credit Purchases: If you have a problem with the quality of goods or services that you purchased with a credit card and you have tried in good faith to correct the problem with the merchant, you may not have to pay the remaining amount due on the goods or services. You have this protection only when the purchase price was more than \$50 and the purchase was made in your home state or within 100 miles of your mailing address. (If we own or operate the merchant or if we mailed you the advertisement for the property or service, all purchases are covered regardless of the amount or location of purchase).

Credit Reports and Account Information: If you believe that we have reported inaccurate information about you to a credit bureau, please write to us at P.O. Box 981439, El Paso, TX 79998-1439. In doing so, please identify the inaccurate information and tell us why you believe it is incorrect. If you have a copy of the credit report that includes the inaccurate information, please send a copy of that report to us as well.

Use of Information About You and Your Account: Our Privacy Policy describes our collection and disclosure of information about you and your Account. If you would like another copy of the Privacy Policy, please call our toll-free Privacy service number, (877) 905-2097.

This is an attempt to collect a debt and any information obtained will be used for that purpose.

Credit Bureau Reporting: We may report information about your Account to credit bureaus. Late payments, missed payments, or other defaults on your Account may be reflected in your credit report.

Payments: You may at any time pay the entire balance (the "New Balance") in full or more than the "Total Minimum Payment" shown on the front of this statement, but you must pay at least the Total Minimum Payment. Payments received by 5:00 p.m. at the address shown on the front of this statement for receipt of payments will be credited as of the date received. Purchases, returns, and payments made just prior to billing date may not appear until next month's statement. Unless promotions call for special terms, additional finance charges can be avoided if we receive the new balance by 5 p.m. on the due date. We reserve the right to obtain payment electronically for any check or other instrument that you send to us by initiating an ACH (electronic) debit in the amount of your check or instrument to your account. Your check or instrument will not be returned to you by us or your bank. Your bank account may be debited as early as the same day we receive your payment. **Conditional Payments:** Any check or payment instrument in an amount less than the full amount due that you send us marked as "PAID IN FULL", or you otherwise tender as full satisfaction of a disputed amount, must be sent to us at the BILLING RIGHTS SUMMARY address shown above and NOT the "Payments" address shown on the front of this statement for your undisputed amounts. If you make a payment at a location other than the address shown on the front of this statement for receipt of payments, crediting that payment to your account may be delayed by up to five days. Credit to your Account may be delayed up to five days if payment is: (a) not received at the Payment Address, (b) is not made in U.S. dollars drawn on a U.S. financial institution located in the U.S., (c) is not accompanied by the top portion of your statement, (d) contains more than one payment or coupon, (e) is not received in the remittance envelope provided or (f) includes staples, paper clips, tape, or correspondence of any type. We reserve the right to select the method by which payments and credits are allocated to your Account in our sole discretion. The payment allocation method that we use may result in higher Finance Charges on your Account, depending on the types of transactions you make (such as promotional or non-promotional purchases), and the timing and amount of your payments. For example, on promotions requiring Minimum Payments, payments over the minimum will usually be applied to those promotional balances before non-promotional and other balances. If you have a non-promotional balance, this may reduce the benefit from the promotion. If you want to change this allocation, please call Customer Service.

If you file bankruptcy you must send us notice, including account number and all information related to the proceeding to the following address, GE Money Bank, Attn: Bankruptcy Dept, P.O. Box 103106, Roswell, GA 30076.

BALANCE COMPUTATION METHOD

A. The total periodic Finance Charge imposed in a billing period ("Current Billing Period") is total of (i) the daily periodic Finance Charges on Purchases and Cash Advances in the Current Billing Period, plus (ii) the total of the periodic finance Charges on new Purchases in the previous billing period ("Previous Billing Period"). There will be no periodic Finance charges imposed in the Current Billing Period on any new Purchases in the Previous Billing Period if daily Finance Charges were imposed on those new Purchases in the Previous Billing Period. The periodic Finance charge imposed in the Current Billing Period on Purchases or Cash Advances for the Current Billing Period is determined by multiplying the Periodic Rate for the Current Billing Period times the Daily Balances of Purchases or Cash Advances in the Current Billing Period to determine the daily periodic Finance Charges, and adding together those daily periodic Finance Charges for each day in the current Billing Period. The periodic Finance Charge imposed in the Current Billing Period on new Purchases for the Previous Billing Period is determined by multiplying the Periodic Rate for the Current Billing Period times the Daily Balances of new Purchases in the Previous Billing Period to determine the daily periodic Finance charges, and adding together those daily periodic Finance Charges for each day in the Previous Billing Period. However, there is a minimum periodic FINANCE CHARGE of \$1.50 for a billing period in which a periodic Finance Charge is assessed. The periodic Finance charges will be determined separately for charges incurred under any Special Payment Plan in accordance with the terms established for such Special Payment Plan. *You understand and acknowledge that this Account provides for the daily compounding of periodic Finance Charges.*

B. To calculate the Daily Balance of Purchases in the Current Billing Period, we take the beginning Daily Balance of Purchases in your Account each day in the Current Billing Period, add any new Purchases, including any Balance Transfers that are treated as Purchases, fees (other than Transaction Fees for Cash Advances), debt cancellation fees, or credit insurance premiums assessed that day. We also add other debits assessed that day, and subtract any payments or credits issued on that day, allocated to the Purchase balance. We then multiply this Daily Balance of Purchases by the Periodic Rate for the Current Billing Period and add the daily periodic Finance Charge to the ending Daily Balance of Purchases to determine the beginning Daily Balance of Purchases for the next day. To calculate the Daily Balance of Cash Advances in the Current Billing Period, we take the beginning Daily Balance of Cash Advances in your Account each day in the Current Billing Period; add any new Cash Advances, including any Balance Transfers that are treated as Cash Advances and Transaction Fees for Cash Advances assessed that day. We also add other debits assessed that day, and subtract any payments or credits issued on that day, allocated to the Cash Advance balance. We then multiply this Daily Balance of Cash Advances by the Periodic Rate for the Current Billing Period and add the daily periodic Finance Charge to the ending Daily Balance of Cash Advances to determine the beginning Daily Balance of Cash Advances for the next day. To calculate the Daily Balance of new Purchases in the Previous Billing Period, we take the beginning Daily Balance of new Purchases in your Account each day in the Previous Billing Period, and add any new Purchases that day. We also add other debits assessed that day, and subtract any payments or credits issued on that day, allocated to the balance of new Purchases. We then multiply this Daily Balance of new Purchases by the Periodic Rate for the Current Billing Period and add the daily periodic Finance Charge to the ending Daily Balance of new Purchases to determine the beginning Daily Balance of new Purchases for the next day. Any Daily Balance of less than zero will be treated as zero. You can determine the finance charge by (1) multiplying each average daily balance shown on the front of the statement for Current Billing Period Purchases, previous Billing Period Purchases and Cash Advances by the appropriate number of days in the billing period; (2) multiplying each of the results by the applicable periodic rate; and (3) adding these results together.

C. Purchases and Cash Advances begin to accrue periodic Finance Charges from the date of the transaction (or, at our option, from the date they are posted to your Account) and continue to accrue finance charges until the charge is paid in full. However, you can avoid periodic Finance Charges on new Purchases in the Current Billing Period if for each billing period you pay your New Balance, including any Cash Advance balance and any balance of Purchases made under any Special Payment Plan, in full on or before the Payment Due Date for such billing period. There is no period within which you can avoid periodic Finance Charges on Cash Advances or Transaction Fees for Cash Advances.

Hearing Impaired TDD users call 1-877-448-8512

Notice: Please refer to the front page(s) of your statement for the name of the owner and servicer of your account.

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GENERAL CORRESPONDENCE:
Send inquiries (not payments),
including your account number to:

MAIL PAYMENT TO:
GE MONEY BANK

BILLING INQUIRIES:
GE MONEY BANK

Back of the Park West/GE Money credit card statement

card provisions of high-interest, lower credit-rating issued terms, rather than the terms many auction purchasers with significant financial assets might have on their usual business and personal credit

cards. But a few of these terms are worthy of notice.

One is that, in the long paragraph regarding payments, the card issuer "reserves the right to select the method by which

payments and credits are allocated to your Account in our sole discretion. The payment allocation method that we use may result in higher Finance Charges on your Account, depending on the types of transactions you make (such as promotional or non-promotional purchases) and the timing and amount of your purchases.”

Purchasers who are accustomed to more favorable terms of credit and to business-type bank loans might well be under the assumption that banks must apply your payments first to principle and only then to other fees or finance charges, and that advance payments must be allocated to principle. In the world of lower-end consumer credit, this is simply not the case. The credit card issuer can effectively allocate that money however they like.

Another small but irksome provision contained within the Balance Computation Method section is that the credit card company is attaching a \$1.50 fee for every billing cycle in which a finance charge is pending; this apparently applies to the Park West at Sea auction purchases even during the deferment period. Granted, it’s a minuscule amount, but when viewed in combination with the shipping, handling, transit, and appraisal fees already charged by Park West and the specter of a nearly 23% interest compounded daily, credit card fee, it seems gratuitous.

MISSING INFORMATION

The fine print terms and conditions of credit do note that to change your terms of payment allocation or for other issues, you should call customer service. However, no phone number for customer services is provided. The credit card bill includes the web address for GE Online Service, and a phone number for reporting a lost or stolen card, but no phone number for customer service.

Park West Gallery provides cruise ship

art auction services under a contract they have with Cruise Management International (CMI), the Florida corporation which in turn contracts with most of the major cruise lines to provide shipboard entertainment services. Under the publicly available Securities and Exchange Commission filings relative to this contract (and many of the provisions have been sealed), Park West at Sea is required to provide “a customer service department to deal with customer complaints.” Letters of complaint to Park West from dissatisfied cruise ship auction purchasers, however, have been responded to directly from corporate legal counsel. Such purchasers have reported that they have not been directed to any customer service or complaint resolution department, nor is any such department noted on the Park West at Sea invoice or on the Park West/GE Money credit card bill.

Another interesting omission from the credit card bill terms, which is also absent from the Park West at Sea invoice terms and conditions, is any indication of what law controls the document or the transaction. It is not uncommon for sales documents, and particularly consumer credit card documents, to contain a provision stating something along the lines of, “This card is issued under the laws of the state of X.” The addresses on the credit card bill for various GE Money departments include two different states, and the GE company is headquartered in a third state. But the credit card bill does not indicate under which state’s laws the credit has been issued, which adds a level of uncertainty for the consumer in terms of not being able to learn and understand what the applicable law is regarding both issuance of credit and recourse for disputes. Credit card and banking laws vary widely from state to state, including laws regarding what rates of interest and what payment allocation methods are legal. If a consumer doesn’t know which state the card is issued from, he or she will have difficulty determining

whether the offered terms are legal, or constitute a banking and insurance violation.

Art auction customers should carefully read and knowledgeably understand the credit terms offered before they sign to commit to purchase artwork on these terms. Art purchasers should be aware that they can insist on purchasing through methods other than accepting the credit card as offered. Some Park West at Sea customers have made their purchases, for example, on their own personal credit cards through other banks, and some of these purchasers have then been able to successfully stop payment on the sales when they discovered problems with their purchases, taking advantage of other credit card's favorable customer protection provisions.

As with the terms and conditions of sale noted on the purchase invoice, a wise purchaser at any auction, at sea or on land, will request and inspect all documents regarding the terms of credit for their purchases BEFORE engaging in the auction process, and will not engage in any substantial purchase without fully understanding the terms. ✍️

Find out
more about the
controversial
practice of holding
fine art auctions at
sea and join
Fine Art Registry™
here.