Blue Keycard complaints lead to change

By Marcy Waxman

Ohio Blue Keycard, which also has been called Buckeye Keycard, has changed ownership due to numerous complaints about the way the company was run. The keycard is a credit card designed specifically for college students.

Approximately 1,000 OSU students have Blue Keycards, according to Gordon Achinson, new president of the Ohio corporation, a group of Ohio businessmen that recently bought the credit card company. The corporation is located in Kenton.

All of the complaints occurred while the company was under the ownership of Brent Jett. Jett owns Blue Keycard companies in Florida.

The Undergraduate Student government (USG) has been investigating the company because of student inquiries concerning student rights and responsibilities when offered a credit card in college, said USG presidential assistant Marc Greenberg, a senior from Columbus.

Although ownership has changed, Blue Keycard is still a Florida corporation licensed to do business in Ohio. The new owners plan to change totally to an Ohio corporation with no ties to the Florida corporation, Achinson said.

The new owners said changes will be made in response to the complaints received about some of the former management's business practices.

The original corporation first took out ads in the Lantern Feb. 12. Included in these ads was an application for the Buckeye Keycard, at that time owned by Jett.

The applications in the Lantern did not comply with the Federal Truth-in-Lending Act, Achinson said. The application does not include stipulations or agreement terms for the cardholder, which are needed when placing an application for a credit card in a publication.

"The advertisement will be changed," Achinson said. "If a student wants to purchase a card, he will send in his name and address, then an application form stating all the terms will be sent to him."

The application in the Lantern required students to fill out the application and mail in a $12 annual enrollment fee. The advertisement stated students were allowed to charge up to $100 a month, interest free, with payment due the end of each month.

In addition, part of the formal cardholder agreement authorizes "Blue Keycard to, from time to time, receive information regarding my academic standing from the university I am currently attending."

However, William J. Napier, assistant to President Harold L. Earson, said Blue Keycard has no right to examine student records.

Napier has been investigating the matter due to the clause in the credit card agreement that says the company has the right to inspect a student's academic files.

"The only way anyone can see a student's records is if the student makes a request in writing," Napier said. Only the student has access to his or her academic files, he added.

The new ownership of the organization will not look at student records, Achinson said. "We are not authorized to look at records and we don't want to look at them," he said.

Blue Keycard's practices also conflicted with certain federal laws.

To begin the keycard promotion at Ohio State, Jett sent out complimentary cards to all student organizational leaders on campus.

Mailing an unsolicited credit card, however, is a violation of the Federal Truth-in-Lending Act, said Charlyn Buss, an attorney for the Federal Trade Commission.

Students who received these complimentary cards could use them immediately and were not required to mail in the application form, which, according to Jett, "is just used for records and it is not necessary for them to send it in."

But the company later asked in a letter sent to these students at the end of March that the application forms be completed and returned to the company. If the application was not returned, the owner was instructed to destroy the card.

Jett claimed the company was not doing anything illegal when it mailed out these cards.

Authorities at Florida universities where there are Blue Keycards, have checked out the company and have found it did not use any illegal practices, Jett added.

The company will continue to charge merchants an 8 percent service charge to use the card, Achinson said.

According to Larry Harris, owner of The Image, a clothing store located at 1872 N. High St., the service charge is too high.

"The only way a clothing store can pay for the service charge is by charging the customer more," he added.

The service charge Keycard charges is higher than Mastercard and VISA, which charge from 2 to 7 percent, depending on the volume of business a store does, according to a Huntington Bank official.

Many merchants said they accepted the card because there are times when students may be low on cash and need some other way to pay for the items they purchase.

The Ohio corporation also is planning changes in the sales drafts and vouchers for the company.

The Ohio corporation will control Blue Keycards in Ohio and Indiana schools. Ohio State is the only school the company is set up at, but it has extension plans. These schools will include Bowling Green, Miami University, Kent State, University of Toledo, Purdue, Notre Dame, University of Indiana, Ball State and Evansville, according to Achinson.