



ICCC Advisory

THOMAS J. MILLER
ATTORNEY GENERAL

Department of Justice

CONSUMER PROTECTION DIVISION

ADDRESS REPLY TO:
HOOVER BLDG., SECOND FLOOR
1300 EAST WALNUT
DES MOINES, IOWA 50319
515/281-5926

September 16, 1985

RE:

"Grand Grocery

Dear

I have reviewed the enclosed brochure as you requested. I have reviewed the document solely for the purpose of whether it complies with the Iowa Consumer Credit Code, Iowa Code ch. 537, 1985. In addition, this response assumes that the Credit Union "share draft account" or some phase of it falls under §§ 537.1301(14), 537.1301(25) or 537.1301(28).

There is nothing in the ICCC which expressly prohibits a lender from offering a "giveaway" to attract business. However, any advertising done by a consumer creditor must be in compliance with § 537.3209 of the ICCC which requires that a creditor's advertising not contain any false, misleading or deceptive statements or representations with regard to rates, terms or conditions of credit with respect to a consumer credit transaction.

So long as the brochure advertising the "grocery giveaway" does not misrepresent the terms of the contest as they are related to the terms or conditions of credit, there would be no violation of § 537.3209. For example, the Credit Union brochure says a consumer may have as many as two separate chances to win the "giveaway" if they: 1) join the credit union, and 2) if they open a share draft account. This sort of representation would require that all credit union members may enter the contest only once unless they open a new share draft account which would entitle them to enter the contest a second time. No member would be entitled to more than two entries.

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I hope this information answers your inquiry. If you wish to discuss the matter further, please contact me at 281-5926.

Sincerely,

LINDA THOMAS LOWE
Assistant Attorney General

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Enclosure: Brochure