

CREDIT CARDS | Days of easy access dry up

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and a half, analysts say. Currently, the total losses amount to 5.5 percent of credit card debt outstanding, and could surpass the 7.9 percent level reached after the technology bubble burst in 2001.

"If unemployment continues to increase, credit card net charge-offs could exceed historical norms," said Gary L. Crittenden, Citigroup's chief financial officer.

Faced with sobering conditions, companies that issue MasterCard, Visa and other cards are rushing to stanch the bleeding, even as options once easily tapped by borrowers to pay off credit card obligations, like home equity lines or the ability to transfer balances to a new card, dry up.

Tighter standards

Big lenders — like American Express, Bank of America, Citigroup and even retailer Target — have begun tightening standards for applicants and are culling their portfolios of the riskiest customers. Capital One, another big issuer, for example, has aggressively shut down inactive accounts and reduced customer credit lines by 4.5 percent in the second quarter from the previous period, according to regulatory filings.

Lenders are shunning consumers already in debt and cutting credit limits for existing cardholders, especially those who live in areas ravaged by the housing crisis or work in troubled industries.

In some cases, lenders are even pulling in credit lines after monitoring cardholders who shop at the same stores as other risky borrowers or who have mortgages from certain companies.

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While such changes protect lenders, some can come back to haunt consumers. The result can be a lower credit score, which forces a borrower to pay higher interest rates and makes it harder to obtain loans. A reduced line of credit can make it harder for consumers to manage their budgets, since lenders have 30 days to notify their customers, and often wait to do so after taking action.

The depth of the financial crisis has shocked a credit-hooked nation into rethinking its habits. Many families once content to buy now and pay later are eager to trim their reliance on credit cards. The Treasury Department, which is spending billions of dollars in taxpayer money to clean up an economic mess brought on in part by all sorts of easy credit, recently started an advertising campaign inviting consumers to check into the "Bad Credit Hotel," an online game that teaches the basics of maintaining good credit.

At the same time, the fear factor among lenders has deepened just as the crisis makes it harder for some financially stretched consum-

ers to wean themselves from credit cards for even basic needs, like gas and food.

"We are not going to say, 'Yahoo, this is over' and extend credit like we did without fear," Jamie Dimon, JPMorgan Chase's chief executive, said in a recent conference call. "If you're not fearful, you're crazy."

The creditworthy are no exception. American Express, which traditionally catered to more-upscale cardholders, said it would be increasing the effective interest rates by 2 or 3 percentage points for a broad range of its credit card holders — a move that could, for example, push a 15 percent rate up to 18 percent.

"We think it's prudent, given the nature of those products and the economic environment we face," Daniel Henry, its chief financial officer, said in a recent conference call.

For less-creditworthy customers, issuers are pulling back on promotional offers that allowed borrowers to pay no interest for months as they try to get ahead of stiffer lending rules that have been proposed by federal banking regulators and Congress.

The regulations, while beneficial to consumers, will curb profits on credit companies' riskiest customers. JPMorgan said that it was withdrawing some of its teaser-rate loans that were only marginally profitable. Discover Financial shortened the duration of its zero-balance offers.

Fewer mail offers

And lenders, over all, are slowing the flood of mail offers to a trickle, with moves that would translate for the average American household into about 13 fewer pieces of credit card junk mail a year than its peak in 2005. Mail offers to new and existing customers are on pace to drop below 8.4 billion pieces, the lowest level since 2004, according to Mintel Compermedia, a direct marketing research firm.

Online credit card applications have fallen for the first time in five quarters, in part because customers are receiving fewer mail offers that drive them to the Web, according to data from comScore, an Internet marketing research firm.

"We used to get a couple of offers a week, but I haven't seen a credit card offer in over a year," said Brett Barry, who owns a real estate agency outside Phoenix. "What blows me away is these companies are in the business of extending credit, but they don't want to do it for me."

Barry said that, without any notice, American Express has reduced the credit limit on his business and personal credit card at least four times in the last year, which he said had lowered his credit score.

"Credit card issuers have realized their market is shrinking and that there is no room for extra credit cards, so they have to scale back," said Lisa Hronek, a research analyst at Mintel. "People are completely maxed out with mortgages, home equity lines and credit card debt."

"You can go in broad daylight, and if the ghost is there, it's there. As soon as I walk in, they come out because they're eager to have someone to talk to." — PSYCHIC ANNETTE MARTIN



DAVID M. BARREDA — MERCURY NEWS PHOTOGRAPHS

Psychic Annette Martin holds a teddy bear while her body is being inhabited by a ghost named Johnny in aisle 5B at the Sunnyvale Toys R Us. No one else could tell the lovesick lad was there.

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Martin, a grandmotherly woman with a sunny disposition and smiling eyes that look right through you. "You can go in broad daylight, and if the ghost is there, it's there. As soon as I walk in, they come out because they're eager to have someone to talk to."

Of course, there is no scientific evidence that supports the existence of ghosts, but Martin pays little mind to disbelievers.

We begin our search under harsh fluorescent lights at the Sunnyvale Toys R Us, where toys have been said to jump off the shelf and float through the air. The purported poltergeist is Johann Johnson, a ranch hand who bled to death on the site in the 1880s after slashing his leg with an ax. According to lore, Johnson fell in love with the rancher's daughter, but she never returned his yearning.

Martin needs no crystal balls, tarot cards or Ouija boards to uncover secrets of the dead. She does not shudder and convulse; she feels a sudden drop in temperature or sees a bright white aura flecked with hints of red. She casually strolls past shoppers and stops at aisle 5B, known as animal alley. "I've got goose bumps," she says, before asking the empty air: "Why are you here?"

Her face flushed, her breathing rapid, eyes tightly shut, Martin channels a spirit — Johann, who calls himself Johnny. He says his father told him to tend to the orchard. He never meant to scare anyone by making toys levitate.

"We were playing," he says through Martin, who shifts abruptly into the first person.

"I like the watching the children," she murmurs softly. "I like to watch them laugh and play."

Later, tears well up as she says Johnny entered her body. She describes Johnny's thoughts as jumbled and childlike. It takes her a few moments to recover from



A passing tourist's flashlight beams from a window at the Winchester Mystery House in San Jose. Martin says Clyde follows her when she visits.



An evening flashlight tour passes through the earthquake-damaged front section of the Winchester Mystery House, where Clyde, Sara Winchester's coachman, is said to still exist between life and death.

the experience, which she describes as intense, not unlike the pottery scene from the movie "Ghost." Minus the Patrick Swayze factor.

Johnny disappears by the time Martin asks him to make a toy move.

Earlier, we ghostbusted the valley's most iconic urban legend. Martin claims to have chatted up the resident specter at the Winchester Mystery House so many times they're old chums. Only it's not the one you might think. The drafty manse with the stairs going nowhere is still home not to rife heiress Sarah Winchester but her coachman.

Moments after Martin steps inside, Clyde comes to greet her. Apparently lurk-

ing in the shadows at the top of the stairs, he gives no sign to anyone but Martin, who communes with him in silence. He wants to know who is with her. Clyde confesses he was madly in love with Winchester. Not one to kiss and tell, he vowed to tend her house for all eternity.

But can he make a pen roll off the fireplace mantel? Martin inhales deeply, rolling forward on the balls of her feet, whispering to the wraith. The pen stays put. For the record, Shozo Kagoshima, manager of the Winchester, says he has never seen any evidence of the supernatural in 32 years on the job.

"I think you have to believe," he says. "If you don't believe, you don't see."

The investigation continues in Niles Canyon, on the winding old road that snakes between Fremont and Sunol, in search of the Niles Canyon Ghost. Legend has it that a young bride was killed in an auto accident in 1938. On dark and stormy nights, the lady in white flags down motorists for a ride to San Francisco. As the car reaches the Dumbarton Bridge, the hitchhiker evaporates.

Driving through the canyon, we zigzag past sun-dappled hillsides, trees erupting in fall colors and a stream of bicyclists. Martin remains silent. We bolt from the car. On the tracks near the Sunol train depot, hands outstretched like weather vanes, she sees a figure in the distance, a woman of 17 or 18 in a wedding dress, with long brown hair and brown eyes.

"Oh, she's so sad," says Martin, her eyelids fluttering. "She's very shy; she's afraid, and she's lost. She doesn't know where to go ... She's waiting for her fiancée."

"Mary Anne" is trying to get to San Francisco, but is unable to cross the bridge. She wanders the canyon forever reliving the accident that took her life.

As a locomotive chugs into the depot, Martin senses Mary Anne's vibrations in the last car.

"Sometimes people riding the train report strange things," admits brakeman Jim Corder.

A cold wind howls through the canyon, and passengers board the train, unaware they may be rubbing elbows with the undead.

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ONLINE If you've got a question about the world of the paranormal, we'll pass it along to psychic detective Annette Martin. Post your questions at www.blogs.mercurynews.com/AEI

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of the IPA," said Attard, who held similar positions in San Francisco and Berkeley before coming to San Jose. "It sends a message to future IPA directors, to the community and the police department. That message is that if the IPA director makes serious or controversial recommendations, she does so at risk of losing her job."

Now the city will have to pick the city's third police auditor, a position that was created in 1993 to oversee how the department handles complaints against its officers. Attard, who will work through the end of the year, was paid \$169,543 a year.

Mayor Chuck Reed released a terse statement:

"Barbara Attard's service to the city of San Jose is sincerely appreciated." In a later interview, Reed said only that he and Attard had "philosophical differences" about the best model for civilian oversight.

The vote was close — 6-4 — with Vice Mayor David Cortese and council members Sam Liccardo, Madison Nguyen and Kansen Chu voting against the decision. Councilwoman Nora Campos was absent.

"Nobody would tune into Siskel and Ebert if they gave every movie a thumbs-up," Liccardo said. "I had reason to believe that Barbara would continue to perform her duties in an independent and competent manner."

The decision to toss out Attard comes at a time when

the police department is under heavy scrutiny over such issues as the numbers of Latinos who have been arrested for public drunkenness. With that issue and others — from Taser usage to the convoluted system used to define civilian complaints — Attard has gone public with her concerns.

Her outspokenness appeared to irritate the mayor and the council — who scolded both the auditor and the departmental brass to try to work together with less acrimony.

Attard has alleged that the police complaint process was confusing and that the police department was giving short shrift to serious complaints about its officers. The city council ordered some

changes, but they fell far short of Attard's ambitions.

Attard's office is responsible for civilian oversight of the citizen complaint process and recommending improvements in police policies, procedures and training. Attard sought twice to expand her powers, but was rebuffed by the council.

The police department was often at loggerheads with Attard, feeling that she overstepped her authority and that she unfairly disparaged its work.

When asked for comment, police department spokesman Sgt. Michael Sullivan said: "Out of respect for all parties involved and the process, we don't comment in personnel matters."

Bobby Lopez, the president

of the Police Officers' Association, said that Attard had not given the department "a fair shake."

"She became an advocate for all the cop hate groups," Lopez said. "Her job was to go to the community and find the problems and help quell the problems. She actively incited people."

But she also had her fans. Attard was this year's recipient of the Don Edwards Civil Liberties Award, given to her by the ACLU and named after the retired San Jose congressman.

"I think the decision was a retaliatory act for her trying to be an advocate for police accountability and expanding the powers of the IPA office into a mechanism that could be useful for the com-

munity," said Raj Jayadev, director of De-Bug — a local cop watch organization. "The message to the next IPA director is 'Don't advocate for more police oversight or you will have a very short stint.'"

Said Eduardo Diaz, head of police oversight in Miami and president of the National Association for Civilian Oversight of Law Enforcement: "I have some concerns about the strength of the office in San Jose. It had been known as one of the better models of civilian oversight, but it's clear that the person who replaces Barbara will have to deal with apparent resistance."

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