

How I Built a Credit Card Portfolio of \$350,000

By Edward Jamison

I wasn't born an attorney, and I definitely did not come from a wealthy family. I grew up in a small steel mill town south of Pittsburgh, Pennsylvania, and was the first person in my family to go to college. I got my first paper route when I was nine years old and struggled to pay for college by working at pizza shops.

In my third year of college I realized I could make a better pizza than the owner and decided to open up my own shop called "Fast Eddie's." One big problem, though: I had zero savings. I always seemed to spend money faster than I earned it. Not being one to let that problem stop me, I relied on the small amount of credit I was able to build in the two years since I'd turned 18—about \$12,000 of available credit between four credit cards. I assumed that \$12,000 would be enough to get the doors open. However, after making a few bad purchasing decisions on junk used pizza ovens that I literally had to throw away, I ended up using the \$12,000 before I was even two-thirds of the way there.

THANK GOD I spent this money in a matter of days and the credit card companies had not yet updated my balances to my credit bureau, which would have made it impossible to get my limits increased. Since my credit report showed a zero balance with my credit card companies, each company assumed that they were the only one with whom I had outstanding debt. This was very important, because if you are maxed out with all of your creditors, they will run for the hills when you call for their help. It was OK that I was maxed with each particular creditor because, as far as they were concerned, I did not have debt with the others. This is how I learned that credit is a game of what companies perceive and not the actual situation. As a result, I was able to convince three of the four creditors to increase my limits by \$2,000 each, leaving me with an additional \$6,000 to spend.

Not wanting to spend the \$6,000 on anything else until my pizza shop was opened, I decided I was going to let my rent and utility bills go late. Besides, rent and utilities are not reported to the credit bureaus until they are sent to collection, which I had no fear of since I was planning on being only three weeks late before I paid them. I even went as far as going to my parents' and grandparents' houses for meals to save even more. I may be too proud to ask family for help, but I never felt bad about getting a free meal. Besides, I knew they would be paid back with free pizza if I could just get the shop opened—not to mention they were able to hear my wild tales about how I did this with zero money. Unlike me, my family was very conservative; they believed you should pay cash for everything and use credit only in extreme emergencies.

I ended up going down to my last \$50 with all of my credit cards maxed, yet I still needed a minimum \$350 food order for my grand opening day. I was so sure my shop was going to be a success that I felt safe writing a \$350 check that morning. I knew I could not cover it, but felt confident that I would make enough money by 5:00 PM to be able to run to the bank and deposit the \$300-plus dollars in the event the food supplier banked at the

same place I did. Luck would have it that I did make the money and cover the check. The pizza shop ended up making \$760 my first day and continued to do even better over the next two years until I decided it was not the path I was meant to take. I sold the shop for double what I paid. I should have gotten five times the price, but it was located in a horrible, crime-ridden neighborhood. The only people who had enough money to buy it at its true value would not even drive by, let alone own a business there.

I was 22 when I sold the shop and had no clue what I wanted to do next. I had a bachelor's degree in accounting but did not like accounting work. So what's the obvious choice when you have zero clues about what you want to be in life and a bachelor's degree? GO TO LAW SCHOOL (if you can afford it). Or, do like I did and leverage your newly discovered ability to get high credit limits at low rates. This became a hobby that would save me on more occasions in the future than I would ever have imagined.

Getting the actual loans for law school tuition itself was easy, but law school is not a place that allows you to work 40 hours a week and pass. Add to that the fact that I always had a desire to live the good life, bought new cars at least once every six months, and ended up losing a few thousand dollars each time. I finally graduated law school and made mediocre money until I decided to move to California and chase my own version of the GOLD RUSH.

While I waited to take the California bar exam, I ended up getting deeper and deeper into debt. I was working as an assistant for a film producer who made tons of money, but had horrible credit and was a disaster at money management. Working for the producer was interesting because I was still a naïve kid from the steel town who just recently became exposed to the heavy-hitter, big-money world of Hollywood, where you either eat or get eaten. I sure didn't have big money (not even close), but I did have awesome credit, and there was no shortage of people who wanted to take advantage of that.

It was no accident that I got the job. In fact, little did I know that the producer hired me for only one reason: When I pitched him on cleaning up his bad credit, I used my credit as my sales pitch. I had already made myself very capable in the area of credit and was just starting to offer my expertise for a fee to clients of mortgage brokers and anyone else who either had bad credit or knew someone who did. Seeing that I was naïve and knowing that he was horrible at managing his own money, the producer offered me a job and ended up asking me to charge his business expenses on my cards, assuring me that his event underwriters would pay the bill when it came in the mail. Now, this guy had a new Mercedes, and at the time that was enough of a reason for me to risk lending him \$10,000—especially since I was always homesick and knew that the charges would earn airline miles that could take me to see my family in Pennsylvania.

But before I knew it, he was asking me for more and more each month and pushing me further and further into a corner. I was constantly on the phone with American Express, trying to convince them to let me charge more than they felt comfortable with. The producer would tell me that if I didn't charge a certain expense for him, his business

would fall apart and I would never get the money he owed me to pay my outstanding bills. YIKES!!!

The good news is, I think I may be the only person in the world to get approved for a black American Express card while making less than \$100,000 a year. However, that card came with a price! And no, what you heard is not true—the card does have a limit. When I first got it, my initial credit limit was \$60,000, but after I continually paid it off and charged it up again, I was able to push Amex to allow me to charge \$188,000 in a single month before they told me “NO MORE!” The funny thing was, I first learned they were shutting me down when my card was declined for an \$8 tab at IHOP. You should have seen the look on the waitress’s face when she told me my supposed “unlimited” black card was declined for an \$8 charge. I did, however, convince Amex to let me pay \$90,000 of the outstanding \$188,000 over time, since the producer left me high and dry when the bill came in that month. I ended up having to transfer balances from all of my remaining credit just to cover the \$98,000 that Amex insisted I pay immediately. This literally brought me down to my last thousand dollars with credit cards that were MAXED, MAXED, MAXED OUT.

In 2002, I was \$265,000 in credit card debt with a house and two expensive vehicles I couldn't afford. It was time to get serious or at least sink trying. I had all 12 of my credit cards maxed and was backed so far into a corner that I couldn't even transfer the money around anymore. My minimum monthly credit card payments were more than \$8,000, and I was literally on the verge of giving up and declaring bankruptcy.

Just as I started to lift my hand to throw in the towel, I decided to first try and refinance my house as a last-ditch effort at saving myself. Good ol' California real estate to the rescue: When I bought the house in 2001 I couldn't afford it, and I was shouldering a lot of credit card debt from the producer, which in turn trashed my credit score. Fortunately, I was able to time the loan closing for the initial purchase to coincide with when the credit report would be pulled, and strategically moved money from one credit card to another, making sure that each was paid off the day it was reported to the credit bureau. Since credit card companies report on different days, I was able to give the appearance of having just one-third of the debt I truly had, which in turn increased my credit score by 30 points. That was plenty to pull my score back into A-Paper interest rate status, but, more importantly, it let me finance 95% of the home’s value, which was the only way I would have been able to buy it.

Over the next 18 months, the house that I could not afford the day I bought it changed from Medusa to Madonna (assuming you like Madonna), and had appreciated enough that I was able to refinance with my now 680 credit score. Plus, I cashed out enough money to wipe out almost all of my credit card debt and get the breathing room I needed to focus on my business.

I have since become more conservative and try to keep my credit card debt below \$125,000, but, hey, my middle credit score was still 741 even when carrying that much in credit card debt. In part, this was thanks to my being able to increase my credit limits

another \$80,000 since the \$265,000 disaster, which put me well under 50% of my total credit. I am sure my score would be 800 if I paid off the cards, but an 800 will get me nothing more than a 720 as far as rates go, so why bother?

In conclusion, I was able to build such a high credit line for two reasons. One, I continually maxed out and paid off my credit cards, which made the credit card companies comfortable with extending more credit. Two, through sheer perseverance and continually calling, I was able to get the credit card companies to increase my credit limits. When I look back, I consider what I did to be very careless, and do not suggest that anyone try it the same way. The only reason I currently have \$350,000 rather than zero in credit limits is extreme luck, as the ball could have very easily bounced the other way.

I hope you enjoyed my story.