

**IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX**

WALEED HAMED, as Executor of the)
Estate of MOHAMMAD HAMED,)
)
Plaintiff/Counterclaim Defendant,)

v.)

FATHI YUSUF and **UNITED CORPORATION**,)
)
Defendants/Counterclaimants,)

v.)

WALEED HAMED, **WAHEED HAMED**,)
MUFEED HAMED, **HISHAM HAMED**, and)
PLESSEN ENTERPRISES, INC.,)
)
Additional Counterclaim Defendants.)

WALEED HAMED, as Executor of the)
Estate of MOHAMMAD HAMED,)
)
Plaintiff,)

v.)

UNITED CORPORATION,)
)
Defendant.)

WALEED HAMED, as Executor of the)
Estate of MOHAMMAD HAMED,)
)
Plaintiff,)

v.)

FATHI YUSUF,)
)
Defendant.)

CIVIL NO. SX-12-CV-370

**ACTION FOR INJUNCTIVE
RELIEF, DECLARATORY
JUDGMENT, AND
PARTNERSHIP DISSOLUTION,
WIND UP, AND ACCOUNTING**

Consolidated With

CIVIL NO. SX-14-CV-287

**ACTION FOR DAMAGES AND
DECLARATORY JUDGMENT**

CIVIL NO. SX-14-CV-278

**ACTION FOR DEBT AND
CONVERSION**

**YUSUF'S PROPOSED FINDINGS OF FACT AND
CONCLUSIONS OF LAW RE: CLAIM H-146**

FATHI YUSUF, through his attorneys, DUDLEY NEWMAN FEUERZEIG, LLP, hereby submits his Proposed Findings of Fact and Conclusions of Law regarding the hearing on Claim H-146 conducted on March 1, 2023.

PROPOSED FINDINGS OF FACT

1. Mr. Yusuf and his sons, and the Hamed sons have historically used their own credit cards issued to them personally to pay for certain business expenses of the Plaza Extra stores. Hisham Hamed testified that he paid the annual fees on his card, and the reasonable inference is that the other Hamed sons also paid the annual fees on their credit cards. Tr, 37-38.

2. Mr. Yusuf and Mohammed Hamed never made an agreement that “points” earned by Yusuf (and his sons) or by Mohammed Hamed (and his sons) would be treated as partnership property and divided equally. Tr, 84.

3. For that reason, as Mr. Yusuf testified, the Yusufs and the Hameds never made any periodic reconciliations to equalize points credit card points earned respectively by the Yusufs and the Hameds. Tr, 84. Hisham Hamed acknowledged that even before the lawsuit, there never was any attempt to equalize credit card points as between the two families, though he said “[t]here should have been.” Tr, 36-37.

4. The accounts payable clerk, Lisette Lima, had copies of all of the Hamed and Yusuf credit cards, and she determined which ones to use for any particular expenditure that could be made by credit card. Tr, 49.

5. John Gaffney began his employment at United Corporation in October 2012 (Tr, 48), which is shortly after the instant lawsuit was filed on or about September 17, 2012. He recalled situations in which Mike Yusuf recommended to him use of Hisham’s credit card, and he saw no attempt to exclude Hisham from use of his credit card.

6. Mr. Yusuf never directed any of the Plaza Extra accounting staff to use Yusuf family credit cards rather than Hamed credit cards to make purchases or pay taxes, either before

or after the filing of the lawsuit. Tr, 96. Nor did he ever instruct John Gaffney to prefer Yusuf credit cards over Hamed cards. Tr, 48.

7. There are two reasons that Plaza's accounting staff used the Yusufs' credit cards more than the Hameds for making credit card expenditures for the Plaza Extra stores during the time period at issue. The first is that the Yusufs collectively had a larger credit limit than the Hameds. Tr, 46-47, 94 (testimony of J. Gaffney and F. Yusuf, respectively). Yusuf's and Gaffney's testimony that Yusuf and his sons had a greater credit limit than the Hameds was uncontroverted, because Hisham Hamed testified that he did not recall his own credit card limit, and did not know the credit card limits for either his brothers or Mr. Yusuf and his sons. Tr, 31-32. *See also* Tr, 89 (testimony of Yusuf describing limits of his three credit cards as being \$100,000, \$80,000 and \$79,000).

8. The second reason the accounting staff used the Yusuf cards more often is that the Yusufs primarily used cards issued by local banks, while the Hameds primarily used cards issued by off-island banks. Tr, 94. As John Gaffney testified, the advantage of using local bank credit cards over cards issued on the mainland was that if it were necessary to make a payment to free up space on a card for use to pay a Plaza expense, that could be accomplished more quickly with a local credit card than a non-local one. Tr, 67-68. To make a payment on, say, a Banco Popular card, somebody could go directly to a branch and tender payment in person (instead of wiring or mailing funds, which would take longer). Tr, 68.

9. Credit cards were only accepted as a method of payment by three suppliers of inventory: Costco, Sam's Club and BJ Wholesale Warehouses ("BJ"). Tr, 84. Those three suppliers are the only ones which offered inventory called "value pack," which are larger size items than traditional grocery inventory. Tr, 87.

10. And without being able to offer value pack items, which the credit cards made possible, the Plaza Extra stores would have had to close down. Tr, 88. The average customer desires to purchase three value pack items each time they shop for groceries, and these items are a “magnet” for bringing people into the store and buying other items. Plaza Extra had to offer value pack items, even though they take up a lot of space and are priced competitively with Cost-U-Less, or the stores would not have survived. Tr, 86-88.

11. The ability to pay for store inventory from Sam’s Club, BJ’s or Costco with credit cards also benefitted Plaza Extra by affording it the ability to fill up space on a container vessel if an order were placed with any of these three vendors, and the vendor was only able to fulfill part of the order because certain items were out of stock. By using credit cards for purchase, Plaza Extra was able to purchase other items from these vendors to replace the out-of-stock items, and thereby ensure that the vessel for which they were paying a fixed rate was filled to capacity. Tr, 44-45, 70-71 (testimony of Gaffney); 85-86 (testimony of Fathi Yusuf); *see also* Tr, 32-33 (testimony of Hisham Hamed).

12. Credit cards were also used to make quarterly gross receipts and income tax payments, and this benefitted the partnership by avoidance of late fees, including the 5% late fee for untimely gross receipts taxes. Tr, 89.

13. Finally, because a credit card purchase provides interest-free credit for several weeks, there is an obvious benefit to the partnership in the form of avoiding interest that would be charged by other credit facilities. Tr, 70-71.

14. John Gaffney tabulated the amounts which were spent on credit cards by the Hamed and the Yusufs for the three stores during the relevant period. Tr, 51-52.

15. For the Plaza Extra East store, Gaffney determined that the Yusufs' credit card expenditures totaled \$8,081,777.12 and the Hameds' \$6,375,102.62. Tr, 56-57; *see also* Exhibit B-1, Bates page no. FY 016670, attached hereto. He was unable from the accounting records to allocate an additional \$118,320.79 in credit card expenditures for that store. *Id.*; *see also* Tr, 57.

16. For the Plaza Extra West store, Gaffney determined that the Yusufs had \$12,695,951.83 in credit card expenditures, and the Hameds, \$3,820,393.48 for the relevant period. Exhibit B-1, Bates page no. FY 016761, attached hereto. He was unable to allocate an additional \$1,754,350.08 in credit card expenditures made for Plaza Extra West expenses during the relevant period. *Id.*; *see also* Tr, 57-58.

17. For the Plaza Extra Tutu Park store in St. Thomas, Gaffney determined that total credit card expenditures during the relevant period were \$10,142,701.37. Exhibit B-1, Bates page no. FY 016851, attached hereto. He was unable from the accounting records to allocate any of that total credit card expenditure as between the Hameds and the Yusufs. Tr, 58.

18. The reason Gaffney could not allocate credit card expenditures at the Plaza Extra Tutu Park store in St. Thomas is that the accounts payable clerk at that store had "a practice of not putting the owner of the card in the electronic record." Tr, 58. When Gaffney spoke to the clerk about this, she advised him that Willie Hamed "felt that it was a security issue to put the credit card owner with all that information" in the system, because it would make any security breach that much worse. Tr, 58.

19. Yusuf testified that he did not cause the Plaza Extra Tutu Park accounting system to be set up in a way that did not allow tabulation of Hamed and Yusuf credit card expenditures. Tr, 97-98. John Gaffney confirmed this in his testimony. Tr, 59.

20. At the hearing, Yusuf submitted a calculation of a 50/50 distribution of all credit card payments and a calculation of the value of the credit card points. The table that was marked as Exhibit C at the March 1 hearing assumes that all of the credit card expenditures which John Gaffney could not allocate, *i.e.* the unknown payments, including the \$10,142,701.37 sum for Plaza Extra Tutu Park, were in fact paid for by Yusuf.

21. However, when considering the known amounts which the Yusufs spent on credit cards, based on Gaffney's tabulations, the Yusufs' expenditures represent approximately 67% of the total amount spent. In the absence of any definitive knowledge of who paid what from the unknown expenditures, it is fairer and more equitable to assume that Yusuf paid 67% of the expenditures which Gaffney was unable to allocate, not 100%. Mr. Yusuf is not responsible for the way in which the accounting system was set up in that store, as noted above in finding of fact number 18. Moreover, if the Hameds had kept and produced their own credit card statements for the period at issue, Gaffney could have used that information to determine an exact allocation.

22. The total credit card expenditures for the three stores for which Gaffney was unable to make an allocation are \$12,015,372.24. Applying the 67% figure to this sum to arrive at an estimated allocation of the \$12,015,372.24 sum would mean that \$8,050,299.40 would be attributable to the Yusufs and \$3,965,072.84, to the Hameds. To arrive at an equal (50/50) division of the the total credit card would require the Yusufs to surrender \$7,333,726.70 in credit card points to the Yusufs, as shown in the table below:

**50/50 Distribution of Credit Card Payments Calculations - Modified
And Credit Card Point Valuation Calculations**

Store	Yusuf	Unknown	Hamed	
East	\$ 8,081,771.12	\$ 118,320.79	\$ 6,375,102.62	
West	\$ 12,695,951.83	\$ 1,754,350.08	\$ 3,820,393.48	
STT – Tutu		\$ 10,142,701.37		
Sub-Total	\$ 20,777,722.95	\$ 12,015,372.24	\$ 10,195,496.10	
Ratio between Yusuf and Hamed for known Credit Card Payments	67%		33%	
Allocation of Unknown Credit Card Payments by same 67/33 ratio	\$ 8,050,299.40		\$ 3,965,072.84	
New Sub-Total	\$ 28,828,022.35		\$ 14,160,568.94	
Total Credit Card Payments from All Stores				\$ 42,988,591.29
50% Allocation of Credit Card Payments				\$ 21,494,295.65
Calculation to Equalize Credit Card Payments for Each Family to 50%	\$ 21,494,295.65 <u>-\$ 28,828,022.35</u> -\$ 7,333,726.70		\$ 21,494,295.65 <u>-\$ 14,160,568.94</u> \$ 7,333,726.71	

Points Valuation Calculation	Yusuf		Hamed	
\$0.01/cc payment¹ (.01%)	- 73,337.27		73,337.27	

23. As Mr. Yusuf testified, “This is my private credit card. You have no right to use it or take advantage of it. And if it wasn’t my credit card with a high limit, Plaza Extra would not be operating.” Tr, 92. Mr. Yusuf would normally not ask the partnership to pay him for the use of his private credit, which was greater than the Hameds’ credit limit, to benefit the business. Tr,

¹ This calculation generously assumes every credit card generated miles.

96-97. But if Yusuf is required to pay over the dollar value of any of his credit card miles to equalize the allocation between the Hameds and the Yusufs, then he believes it is equitable to charge the partnership for the use of his private credit to benefit the business. *Id.* at 96-97. Yusuf testified that he should be credited at least 135% of any dollar value he is required to pay the Hameds to equalize miles to compensate him for allowing his personal credit to be used for business purposes. Tr, 95.

PROPOSED CONCLUSIONS OF LAW

1. The Special Master finds that Gaffney's tabulations of the total credit card purchases during the relevant period, and the known amounts from that total that were paid by the Hameds and the Yusufs, are accurate.

2. The Special Master finds that the expert opinions of Hamed's accounting expert, Bracey Alexander, are entitled to little or no weight, for a number of reasons. First, Mr. Alexander did not produce his entire expert report at the March 1 hearing, but instead only produced an excerpt of it. Mr. Alexander was unable to testify from the excerpt whether his analysis included 2013 through all of 2015, or just through March 9, 2015, which is the relevant period. Tr, 22.

3. Mr. Alexander admitted that his opinions were limited to the Plaza Extra East store. Tr, 10. He testified that he reviewed general ledger statements provided by John Gaffney and calculated from those that the Yusufs spent \$32,000,000 in credit card purchases at Plaza Extra East from 2013 to 2015, and the Hameds approximately \$15,000,000. Tr, 9.

4. The excerpt of his report that is marked as Exhibit 1 does not contain the actual analysis showing which line items in the general ledgers were identified as credit card expenditures. Nor did Mr. Alexander give any explanation how he arrived at total figure for Yusuf credit card expenditures which is nearly four times the \$8,081,777.12 sum in the Gaffney report

that is marked as Exhibit 2. Tr, 11. All he said in this regard is that his determination of the difference between Hamed and Yusuf credit card expenditures for Plaza Extra East – namely, \$16,849,384.60 – should be cut in half, so that the revised number would be \$8,424,692.30. Tr, 11-12. But that difference is still greater by order of magnitude than the \$1,706,674.50 difference for the East store given in Exhibit 2.

5. For all of these reasons, the Special Master finds that the expert opinions of Bracey Alexander are neither reliable nor helpful to him as the trier of fact.

6. The Special Master finds that the disparity in credit card expenditures for the relevant period, as outlined in John Gaffney’s testimony and his summaries from Exhibit B-1, was not the result of any directive from Mr. Yusuf to the Plaza Extra accounting staff to limit the use of Hamed credit cards – and that instead it resulted primarily from the fact that Mr. Yusuf and his sons collectively had more credit availability on their cards than the Hamed sons.

7. For this reason, the Special Master revisits his finding that “the credit card points earned by the Yusufs and the Hameds on purchases made/expenses paid on behalf of the partnership on their personal credit cards during the period January 1, 2013 through March 9, 2015 are Partnership assets and subject to equal distribution between the partners.” Special Master’s November 30, 2022 Order, p. 17.

8. The Special Master concludes that, if anything, the fact that the Yusufs incurred greater credit card charges means that they provided a greater benefit to the partnership than the Hameds, with the result that it would be inequitable to divide credit card points evenly. Consequently, the Special Master determines that benefit provided to the partnership of having access to that credit, at the very least, equals the value of the points accrued from those expenditures, such that no amounts would be due from one partner to the other. Alternatively, the

Special Master would divide the points evenly, but award Yusuf a 135% credit on the dollar value of any transfer of points by the Yusufs that is needed to evenly divide the total, as compensation for use of the credit for the benefit of the partnership.

9. If the Special Master had no occasion to revisit his finding in the November 30, 2022 Order, the Special Master would agree with the table presented in finding of fact number 22 that an equal division of the total credit card expenditures would require the Yusufs to surrender the dollar value of 7,333,726.70 in credit card points to the Yusufs.

10. The IRS does not tax employees for the value of frequent flier miles earned by the employee during business travel and then used by him or her for personal travel. *See IRS Announcement 2002-18*, reproduced from Westlaw and attached hereto as Exhibit C. The IRS policy is based on “unresolved issues,” including those relating to the “timing and valuation” of those miles for purposes of determining reportable income. *See Id.* The Special Master agrees with the IRS that determining how to value credit card miles or points is not a matter than can be resolved easily.

11. In *Argentine v. Bank of Am. Corp.*, 2015 WL 3793868 (M.D. Fla. June 18, 2015), the plaintiff filed a class action lawsuit alleging that Bank of America had represented that the points earned on one of its credit cards had a dollar value of 1 cent each, when in fact the actual value of the points turned out to be .6 cents. *Id.* at *3. So even when a bank publicly puts a dollar value on its credit card points, as it might on an internet site, that value may be overstated.

12. Neither party has given the Court much guidance regarding the valuation of credit card points. Hamed’s expert opined that the average value of credit card point is 2.4 cents per point, but the portion of his report that explains how he arrived at that figure are not in the excerpt of his report that is marked at Exhibit 1. Hamed’s expert did testify that the value today is closer

to 1.4 cents per point, and that is the valuation used in Hamed’s September 8, 2022 Motion for Summary Judgment re: Claim H-146, at page 10, ¶ 18. John Gaffney testified that in deciding whether to use miles or pay dollars for American Airlines tickets, he compares the dollar cost of a flight with the cost in miles and “it was almost always one penny” per mile. Tr, 67.

13. The Special Master finds that the 1 cent per point valuation is a reasonable valuation based on the inherent difficulties of valuing points. One source for which the Special Master takes judicial notice and finds reliable asserts that “Generally, travel miles and points are worth 1 cent each.” See Exhibit D, Investopedia Article, pdf. page 8.

14. Assuming *arguendo* that the Special Master concludes that the Hameds are entitled to the dollar value of any discrepancy in credit card points, the valuation should be 1 cent per point. If the discrepancy is 7,333,726.70, 1% of that amount comes to \$73,337.27.

Respectfully submitted,

DUDLEY NEWMAN FEUERZEIG LLP

DATED: March 21, 2023

By: /s/ Charlotte K. Perrell

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CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of March, 2023, I caused the foregoing **YUSUF'S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW RE: CLAIM H-146**, which complies with the page or word limitation set forth in Rule 6-1(e), to be served upon the following via the Case Anywhere docketing system:

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/s/ Charlotte K. Perrell

EXHIBIT B-1 (EXCERPTS)

UNITED PLAZA EAST
 CREDIT CARD ACTIVITY
 FROM JAN 1, 2013 THROUGH MAR 8, 2015

<u>Tab #</u>	<u>(Y)USUF</u>	<u>(H)AMED</u>	<u>(U)NKNOWN</u>
1	2,104,403.15		
2	378,389.08		
3	697,474.48		
4	50,000.00		
5		337,681.82	
6		1,944,473.50	
7		96,363.70	
8	6,738.85		
10		1,480,474.46	
11		117,581.69	
12		29,853.43	
13	3,900.00		
14		692,648.40	
15	824,792.13		
16	1,532,246.23		
17	10,655.96		
18	1,700,429.67		
19	19,500.00		
20			17,666.50
21		275,996.14	
22		313,826.85	
24	14,267.74		
25	4,655.74		
27		24,399.41	
28		11,396.00	
29	2,031.84		
31	134,028.21		
32		1,001,266.38	
33			100,654.29
34	15,622.08		
36	180,396.95		
37	383,158.66		
40		49,140.84	
41	7,680.00		
42	11,406.35		
TOTAL CHARGES	8,081,777.12	6,375,102.62	118,320.79

UNITED PLAZA WEST
CREDIT CARD ACTIVITY
FROM JAN 1, 2013 THROUGH MAR 8, 2015

<u>Tab #</u>	<u>(Y)USUF</u>	<u>(H)AMED</u>	<u>(U)NKNOWN</u>
1			17,526.34
2A		1,556,853.91	
2B		2,190,016.80	
3A	5,069,070.29		
3B	5,455,698.09		
4A	625,720.60		
4B	10,189.29		
5	10,394.20		
6		43,522.77	
7A	636,806.06		
7B	610,465.27		
8A	42,249.73		
8B	4,021.49		
9A			949,483.87
9B			787,339.87
10	6,246.59		
11		30,000.00	
12	7,000.00		
13	218,090.22		
TOTAL CHARGES	12,695,951.83	3,820,393.48	1,754,350.08

UNITED PLAZA ST. THOMAS
 CREDIT CARD ACTIVITY
 FROM JAN 1, 2013 THROUGH APR 30, 2015

<u>Tab #</u>	<u>(Y)USUF</u>	<u>(H)AMED</u>	<u>(U)NKNOWN</u>
1			414,215.87
2			42,000.00
3			1,844,012.03
4			56,094.29
5			1,623,223.70
6			215,070.53
7			205,867.90
8			44,060.22
9			144,895.12
10			2,546,751.08
11			374,737.25
12			75,130.94
13			140,075.53
14			83,356.32
15			13,918.41
16			9,500.00
17			89,780.49
18			220,190.37
19			289,830.99
20			5,567.52
21			3,659.15
22			9,700.00
23			44,438.94
24			26,381.09
25			30,000.00
26			190,054.14
27			421,532.86
28			48,986.80
29			673,348.06
30			69,583.20
31			10,000.00
32			176,738.57
TOTAL CHARGES	-	-	10,142,701.37

EXHIBIT C

Announcement 2002-18 (IRS ANN), 2002-10 I.R.B. 621, 2002-1 C.B. 621, 2002 WL 243335

Internal Revenue Service (I.R.S.)

IRS ANN
Announcement

FREQUENT FLYER MILES ATTRIBUTABLE TO BUSINESS OR OFFICIAL TRAVEL

Released: February 21, 2002

Published: March 11, 2002

***1** The IRS will not assert that any taxpayer has understated his federal tax liability by reason of the receipt or personal use of frequent flyer miles or other in-kind promotional benefits attributable to the taxpayer's business or official travel. Any future guidance on the taxability of these benefits will be applied prospectively. The relief provided by this announcement does not apply to travel or other promotional benefits that are converted to cash, to compensation that is paid in the form of travel or other promotional benefits, or in other circumstances where these benefits are used for tax avoidance purposes.

Most major airlines offer frequent flyer programs under which passengers accumulate miles for each flight. Individuals may also earn frequent flyer miles or other promotional benefits, for example, through rental cars or hotels. These promotional benefits may generally be exchanged for upgraded seating, free travel, discounted travel, travel-related services, or other services or benefits.

Questions have been raised concerning the taxability of frequent flyer miles or other promotional items that are received as the result of business travel and used for personal purposes. There are numerous technical and administrative issues relating to these benefits on which no official guidance has been provided, including issues relating to the timing and valuation of income inclusions and the basis for identifying personal use benefits attributable to business (or official) expenditures versus those attributable to personal expenditures. Because of these unresolved issues, the IRS has not pursued a tax enforcement program with respect to promotional benefits such as frequent flyer miles.

Consistent with prior practice, the IRS will not assert that any taxpayer has understated his federal tax liability by reason of the receipt or personal use of frequent flyer miles or other in-kind promotional benefits attributable to the taxpayer's business or official travel. Any future guidance on the taxability of these benefits will be applied prospectively.

This relief does not apply to travel or other promotional benefits that are converted to cash, to compensation that is paid in the form of travel or other promotional benefits, or in other circumstances where these benefits are used for tax avoidance purposes.

For information regarding this announcement, call (202) 622-4606 (not a toll-free number). Alternatively, taxpayers may transmit comments electronically via the following e-mail address: *Notice.Comments@irs.counsel.treas.gov*. Please include "Announcement 2002-18" in the subject line of any electronic communications.

Announcement 2002-18 (IRS ANN), 2002-10 I.R.B. 621, 2002-1 C.B. 621, 2002 WL 243335

EXHIBIT D

CREDIT CARDS > TIPS & TRICKS

Credit Card Points and Miles Values

Here's how to get the most value from your points and miles

By REBECCA LAKE Updated April 25, 2022

Reviewed by ANDREW SCHMIDT

Rewards credit cards can be a valuable addition to your wallet if you're earning points or miles on purchases you'd be making anyway. In a 2021 survey of 2,000 credit card holders by Slickdeals, respondents said they'd saved an average of \$757 per year using their rewards. ^[1] What's important to keep in mind, however, is that the value of the points or miles you earn can vary significantly from card to card. The secret is choosing one of the [best rewards credit cards](#) and then using your rewards strategically. Here is what you need to know.

KEY TAKEAWAYS

- Redemption values for credit card miles and points can vary greatly by card.
- Generally speaking, points and miles tend to be worth more when redeemed for travel versus cash, gift cards, or shopping.
- Some co-branded airline and hotel loyalty cards offer a better redemption value than some general travel rewards cards, but they may also limit how you can use your rewards.
- Some cards let you transfer points or miles to their other travel partners, which can give you greater flexibility in using your rewards.

CLICK TO PLAY

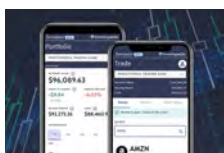
[2]

1:51

Rewards credit cards can offer different structures for earning points. Some use a flat rewards rate with a set number of points earned per dollar spent. Others tier their rewards, with some purchases earning more points per dollar than others.

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Cards can also offer an opportunity to earn additional points through introductory welcome bonuses, anniversary bonuses, and referral bonuses. Earning these points typically hinges on meeting certain conditions. So, for example, you might be able to earn 100,000 bonus points for charging \$3,000 in purchases in the first three months.

Note

You may be excluded from earning a welcome bonus if you've previously earned a bonus with the same card or another card from

What Are Credit Card Points Worth?

Typically, credit card points are valued at 1 cent each. But the actual value you receive in exchange for your points can vary based on what you redeem them for and which card you have. Depending on the card, your redemption options might include:

- Travel
- Statement credits
- Paying off past purchases
- A cash deposit into a bank account
- A paper check
- Shopping with points
- [Gift cards](#)
- Charitable donations

Some cards even allow you to apply points toward mortgage, car loan, or student loan payments if your card and loans are issued by the same lender.

Hotel Cards vs. General Travel Cards

When comparing points redemption values, it's important to distinguish between [hotel credit cards](#), which are issued in conjunction with major hotel brands' loyalty programs, and the general travel rewards cards issued by banks. The following tables highlight points values for some of the top card issuers, based on Investopedia's calculations.

Average Value of Hotel Points

Hotel Loyalty Program	Value Per Point (Cents)	Value of 50,000 Points
Hyatt (World of Hyatt)	1.88	\$940
Marriott (Marriott Bonvoy)	1.05	\$525

TRADE

Wyndham (Wyndham Rewards)	0.98	\$490
IHG (IHG Rewards Club)	0.74	\$370
Best Western (Best Western Rewards)	0.67	\$335
Hilton (Hilton Honors)	0.48	\$240
Radisson (Radisson Rewards)	0.42	\$210

Average Value of Bank Rewards Program Points

Bank Credit Card Rewards Program	Value Per Point (Cents)	Value of 50,000 Points
Ultimate Rewards (Chase Sapphire Reserve Card)	1.44	\$720
Ultimate Rewards (Chase Sapphire Preferred Card)	1.40	\$700
Citi ThankYou Rewards (Citi Premier/Prestige Cards)	1.21	\$605
American Express Membership Rewards (all Amex consumer and business charge cards)	1.11	\$555
Capital One Venture Rewards (Capital One Venture/Venture One)	1.02	\$510

Earning Credit Card Miles

co-branded rewards cards, but there are some travel rewards options that allow you to earn miles without booking a specific airline.

Whether it makes sense to choose a card that's co-branded to a particular airline or one that offers miles on every purchase depends on your typical spending habits and how you prefer to travel. If you primarily fly with [Delta](#), for instance, then it might make sense to have a travel rewards card that pays you a higher number of miles for booking Delta flights. On the other hand, if you're not loyal to any particular airline, a card that offers unlimited double miles on purchases could be a better fit.

Like travel cards that offer points, rewards cards that offer miles may have introductory welcome bonuses, anniversary bonuses, or referral bonuses. These are all opportunities to [increase your miles](#) balance over what you earn just by charging purchases to your card.

Tip: If you're considering a co-branded airline card, check to see if any blackout dates or other restrictions apply for redeeming travel miles.

What Are Travel Miles Worth?

Generally, airline miles are valued at 1 cent each. But again, the actual value you get from your miles can depend on which card you have and how you're redeeming miles. The primary redemption option is typically plane tickets, though you may also be able to redeem miles for:

- Hotels
- Rental cars
- Other travel expenses (such as cruise, vacation, or resort packages)
- Cash
- Gift cards
- Shopping

not transfer on a 1:1 basis. That means you could potentially lose miles value by transferring your rewards from one travel [loyalty program](#) to another.

Here's a look at the value of miles at some major airlines, according to Investopedia's calculations:

Average Value of Airline Miles (Domestic Flights)

Airline Loyalty Program	Value Per Mile (Cents)	Value of 50,000 Miles
American Airlines (AAdvantage)	2.04	\$1,020
United Airlines (MileagePlus)	1.98	\$990
Southwest (Rapid Rewards)	1.50	\$750
Delta (SkyMiles)	1.44	\$720
JetBlue (TrueBlue)	1.42	\$710
Hawaiian Airlines (HawaiianMiles)	1.26	\$630
Alaska Airlines (Mileage Plan)	0.85	\$425
Spirit Airlines (Free Spirit)	0.76	\$380
Frontier (Frontier Miles)	0.62	\$310

Which Is Better: Points or Miles?

In terms of redemption value, miles tend to have an edge over points. Within the points category, hotel rewards tend to yield more value than general [travel rewards cards](#). So there's a hierarchy of sorts to be aware of when determining which rewards option is most valuable.

That being said, whether points or miles are better for you will depend on your travel plans. It can also hinge on whether you pay your balance in full each

For example, if you primarily take road trips and stay at hotels along the way you might find that a hotel rewards card is the better choice over a card that offers miles toward flights. But if you regularly fly for business or pleasure, miles cards could prove more rewarding.

Reviewing your purchase history for the previous six to 12 months can give you an idea of much you're likely to earn in rewards with any given card. You can then calculate how much you'd get back from those rewards, based on the redemption values provided here.

Important: Look for a rewards card that doesn't charge foreign transaction fees if you expect to travel internationally.

How to Choose a Travel Rewards Card

Deciding whether you prefer points over miles is the first step. The next is narrowing down the options for earning travel rewards. When comparing rewards cards, it also helps to keep these things in mind:

- **Rewards program structure.** Consider whether tiered rewards or a flat-rate rewards program would work better for you, based on how you spend.
- **Introductory bonus.** If you're interested in a travel rewards card that offers a welcome bonus, compare the size of the bonus and the minimum spending requirement needed to qualify for it to what competing cards are offering.
- **Redemption options.** Some cards give you more choices than others in how you can redeem your points or miles. For example, a program that lets you transfer points or miles to other travel partners will give you greater flexibility.
- **Expiration dates.** With some cards and loyalty programs, your points or miles will expire after a certain period if your account has been inactive for a while. With others, they never expire.
- **Card benefits and features.** Some travel cards can add value through perks like lounge access, fee credits toward Global Entry or [TSA PreCheck](#), or free checked bags.

So you'll want to consider how much you'd need to spend to earn the fee back in rewards each year.

- **Foreign transaction fees.** If you expect to travel internationally, a card without [foreign transaction fees](#) can save you money.
- **APR.** If you think you'll ever carry a balance on your card, take note of the [annual percentage rate \(APR\)](#). And if you're signing up for a card with a low introductory rate, make sure you know when the promotional period ends.

Of course, you don't have to limit yourself to just one travel rewards card. You might choose a hotel card, an airline card, and a general purpose bank card if that's the best way for you to maximize your rewards. Just make sure you're getting your money's worth if you have to pay multiple annual fees.

Credit Card Points and Miles FAQ:

What Is a Travel Mile?

A travel mile is a reward you can earn by making purchases with a travel rewards credit card or booking flights through an airline's frequent flyer program. Travel miles can be redeemed toward airfare and other travel expenses, though their redemption value can vary from one program to another.

What Are Travel Miles and Points Worth?

Generally, travel miles and points are worth 1 cent each. But the value of your miles or points can vary based on the card you earned them with and what you redeem them for. It's possible for travel points and miles to be worth more than 1 cent each or less, depending on the card and how you elect to use them.

How Can I Use Travel Points?

Travel points can be used in a number of ways, depending on the options your card affords. It's often possible to use travel points to pay for flights, hotels, rental cars, cruises, and vacation packages. You may also be able to redeem

What Is the Best Way to Use Credit Card Points?


The best way to use credit card points is the redemption option that yields the most value (assuming it's something you want). For example, you may get more value when using points for flights or hotels than you would by redeeming them for cash. Gift cards and shopping with points typically yield the least redemption value overall for points or miles.

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 Hands of man holding wallet and cash-back debit card


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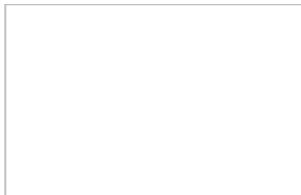
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 A woman waits for a flight that she booked with her American Express

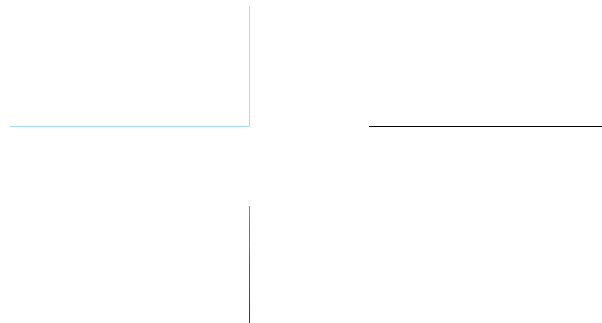
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Cash back refers to a credit card that refunds a small percentage of money spent on purchases. You can also sign up through cash-back sites and apps. [more](#)

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Credit Card: What It Is, How It Works, and How to Get One

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Elite Status

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