

Committee Name:

**Senate Committee – Privacy, Electronic Commerce and Financial Institutions
(SC-PECFI)**

Appointments

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Clearinghouse Rules

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Committee Hearings

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Misc.

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Record of Committee Proceedings

01hr_SC-PECFI_RCP_pt00

SENATE HEARING SLIP

(Please Print Plainly)

DATE: Sept. 20, 2001

BILL NO. SB 135

OR
SUBJECT _____

Bob DENNIK
(NAME)

7. N. PINCKNEY ST.
(Street Address or Route Number)

MADISON, WI 53703
(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking ~~for~~ information—
only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9-20-01

BILL NO. _____

OR
SUBJECT SB 135

Amy Boyer
(NAME)

10 E. Doty St. #500
(Street Address or Route Number)

Madison, 53703
(City and Zip Code)

WI Mortgage Bankers Assn
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

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P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/20/01

BILL NO. SB 135

OR
SUBJECT _____

KURT BAUER
(NAME)

PO BOX 8880
(Street Address or Route Number)

MADISON, WI 53718
(City and Zip Code)

WIS. BANKERS ASSN
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

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State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9-20-01

BILL NO. SB135

OR
SUBJECT _____

Senator Eplemreh
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/20/01

BILL NO. SB 135

OR
SUBJECT _____

Robert F. RYAN
(NAME)

555 W. Adams St.
(Street Address or Route Number)

Chicago IL 60661
(City and Zip Code)

TRANS Union
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9-20-01

BILL NO. SB135

OR
SUBJECT Credit

Reports

Doug Johnson
(NAME)

1 E. Main
(Street Address or Route Number)

Madison 53703
(City and Zip Code)

WE Merchants
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882



Associated Credit Bureaus, Inc.
1090 Vermont Ave., N.W.
Suite 200
Washington, D.C. 20005-4905

Writer's Direct Dial: (202) 408-7407

Writer's Email: eellman@acb-credit.com

Wisconsin Senate Bill 135

Position: OPPOSE

Issue: The bill would require consumer reporting agencies to provide to consumers within five days of requesting it, a copy of their credit report at no charge. In addition to requiring disclosure of a credit report, the consumer must be provided inquiry information, including dates and payees of checks upon which adverse information is based. The bill also requires consumers to be notified when their report has been accessed by another.

Current Law: Consumer reporting agencies are regulated by the federal Fair Credit Reporting Act (FCRA), 15 U.S.C. § 1681 *et seq.* This comprehensive law governing the credit reporting industry has been in effect since 1971 and was heavily modernized in 1997. Under the FCRA, violators are subject to private rights of action by any aggrieved consumer (15 U.S.C. §§ 1681n-o), and state attorneys generals, as well as the FTC, can bring actions against any violators (15 U.S.C. § 1681s).

Reasons for Opposition:

Consumer Disclosures - § 224.993(1)-(2).

The FCRA, 15 U.S.C. § 1681g, regulates disclosures to consumers and under this section of the law, consumers must be provided "clearly and accurately...all information in the consumer's file at the time of the request..." including the identification of each person that accessed the report in the preceding year (two years if the credit report was accessed for employment purposes). Additionally, consumer reporting agencies are required to provide a fairly detailed summary of their rights under the FCRA – in fact some of the specific language in these disclosures have been mandated by the FTC. Section 1681h requires consumer reporting agencies have trained personnel to explain the credit reports to consumers. For these reasons § 224.993(2)(a)-(c), and (e)-(f) are redundant and unnecessary.

Consumer reporting agencies do not maintain transactional data and there are no records available regarding dates of checks, amounts of checks or the payees of checks. Similarly, check guarantee and serving companies do not keep the data mentioned in the bill. Thus, it is a practical impossibility to comply with § 224.993(d).

Section 224.993(1) is unnecessary because a consumer who requests a copy of his or her credit report it is provided in a prompt and efficient manner. ACB is not aware of any complaints from consumers that credit reports have not been delivered in a timely fashion.

Free Disclosures - § 224.993(3)

The bill would require consumers receive one free credit report per year. Although the FCRA prohibits an administrative charge of more than \$8.50 for credit reports there are a number of circumstances in which a consumer is entitled to that report for free:

- Adverse credit decisions.
- Adverse insurance decisions.
- Adverse employment decisions.
- Where a division of a credit bureau has reported a debt to a consumer credit reporting agency.
- After a completed reinvestigation of disputed information.
- If the consumer is unemployed and intends to seek employment.
- If the consumer is on public assistance.
- If the consumer believes he or she has been a victim of fraud.
- Before an adverse decision regarding employment is taken.

The \$8.50 administrative fee is fair and reasonable and charges for disclosure of consumers' files are waived in particular cases where the need is significant. But the law also recognizes the costs associated with disclosure and allows for a fair, but limited fee to be charged in other instances. Fees for disclosures merely help recoup a portion of the administrative costs associated with disclosure and serving the consumer not unlike charges for driver abstracts, and marriage, death and birth certificates.

Finally, the administrative fee is part of the investment in service levels. They are invested in training personnel. They help offset telephone systems upgrades to ensure timely responses. They help to support higher staffing levels, which yield more responsive service to consumers. These fees do not encompass the total expense associated with consumer service.

Score Disclosure - § 224.993(4)(b)

This section would prohibit consumer reporting agencies from disclosing "any score or other risk score predictor relating to the consumer." This provision is contrary to consumer expectations and the national trend. In response to consumer demand, consumer reporting agencies, including Equifax, Experian and Trans Union, are all disclosing credit scores to consumers. Other companies are also disclosing credit scores. Prohibiting score disclosure would put consumers in an unfair position by denying them access to important information about their credit status and put consumer reporting agencies at a competitive disadvantage as the bill does not prohibit non consumer reporting agencies from disclosing scores.

Disclosure of Inquiries - § 224.995

This section of the bill would require consumer reporting agencies to convey in writing to consumers the fact that their credit report was requested by another, the name of the party and the date of request.

As mentioned above all inquiries are required to be maintained on a consumer report. Consumers might be the subject of dozens of inquires during the course of any given year and they are largely aware of these inquires because they are applying for credit or receiving pre-approved credit card offers in the mail. However, consumers also might have inquires from businesses they currently do business with which are performing usual and routine account review. Thus, if the bill passes, consumers could very well receive dozens of unsolicited letters in the mail concerning credit access.

Our industry experience with one other state – Colorado – that has the only law slightly similar to S.B. 135 indicates that consumers are confused by these unsolicited notices and generates more inquiries as to the meaning of the document than anything else and importantly each one inquiry could generate multiple notices – one from each national consumer reporting agency. Consumers do not need the notice and should be spared the confusion. If a consumer applies for credit he or she is aware of his or her affirmative steps to open a credit account. If a consumer has inquiries on his or her file because of prescreened credit card offers, the consumer is aware of that too as mail arrives concerning prescreened offers and most other inquiries are made by institutions that have existing relationships with consumers. Finally, multiple notices of credit access, sent unsolicited, could increase fraud with additional financial documents in circulation.



Robert F. Ryan
Director of Government Relations
555 West Adams Street
Chicago, Illinois 60661
Tel 312/466-7799
Fax 312/466-7986
rryan@transunion.com

September 6, 2001

The Honorable Jon Erpenbach
Chairman, Committee on Privacy,
Electronic Commerce & Financial Institutions
Room 8 South
State Capitol
Post Office Box 7882
Madison, Wisconsin 53707-7882

Re: Senate Bill 135/Oppose

Dear Senator Erpenbach:

I write to you on behalf of TransUnion, a leading provider of consumer credit reporting services in Wisconsin and throughout the United States. We have three serious concerns with the provisions of Senate Bill 135:

1. Notification of individuals regarding disclosure. Subchapter 224.995 would require consumer reporting agencies to notify in writing individuals when information concerning that individual is disclosed. This would generate a flood of unsolicited, unexpected notices containing confidential information (the name and address of the person receiving the information) that could be opened by other persons in the consumer's household. The federal Fair Credit Reporting Act already requires disclosure of all inquiries upon the consumer's request. Further, there are existing services through which consumers who wish to do so can actively monitor their credit files for inquiries or other activity. (See, for example the "notify express" service at the Identity Guard website.) <http://www.identityguard.com/rb/English/notifysample.asp> In summary, there are already requirements in federal law and services in the marketplace that operate together to give consumers choices about the degree of access they wish to maintain about their credit report activity.
2. Free annual disclosure of credit file information. Subchapter 224.993(3) would require free annual disclosure upon the consumer's request. In Wisconsin in the first 6 months of 2001, TransUnion has provided 60,387 consumer file disclosures—of which 58,456 (96.8%) were made without any fee to the consumer. Federal law already provides for free file disclosures upon notice of adverse action, in the case of possible identity fraud, to unemployed persons seeking employment, and to consumers on public assistance, among other conditions. The modest (\$8.50) fee allowed in the relatively small number of disclosures not falling into one of the exemptions has not been shown to be a barrier to consumers getting their credit file disclosure. The modest amount of revenue derived in Wisconsin from these few disclosures helps offset a small part of our cost of providing consumer services there. It is by no means a profit center. To the extent we are deprived of this revenue, our ability to provide improved consumer services (such as score disclosure—see item 3 below) is diminished.

September 5, 2001

Page 2

3. Prohibition of credit score disclosure. Subchapter 224.993(4)(b) would prohibit consumer reporting agencies from disclosing “any score or other risk score predictor relating to the consumer”. This provision appears to be roughly based on the federal FCRA, which does not require the disclosure of scores. However, industry practice in this area is evolving rapidly—and it is TransUnion’s practice today (since July 1, 2001) to provide a score disclosure and educational information, at the consumer’s request, with each credit file disclosure we make. The score disclosure is provided free of any additional fee. The consumer pays only for the file disclosure. Consumers entitled to a free file disclosure (the vast majority, see point 2 above) receive a free score disclosure as well. More information on credit scores and score disclosure is available at our website at <http://www.transunion.com/> Wisconsin would be moving opposite this national trend of improved openness and consumer education regarding the use of credit scores if this provision were enacted.

I understand that this bill is set for hearing next week, on Thursday September 13. I regret that I have an unavoidable conflict that prevents me from providing testimony on this matter. It is our view that the three central provisions of this bill would not operate to the benefit of Wisconsin residents. Instead, they would increase the potential for fraud and privacy invasion and would decrease important consumer education about credit scores.

If you, committee members, or staff have questions about this, please contact me, (email and phone info on page 1 of this letter) or Mr. Chris Tackett or Mr. Doug Johnson of the Wisconsin Merchants’ Federation at 608/257-3541, email: wimerfed@execpc.com or Mr. Eric Ellman of the Associated Credit Bureaus at 202/407-4707, email: ellman@acb-credit.com or Mr. Russ Hart, our Vice President at our Milwaukee office at 414/328-4190, email: rhart@transunion.com

Sincerely,

Copy to: Wisconsin Merchants Federation (Mr. Chris Tackett, Mr. Doug Johnson)
Associated Credit Bureaus (Mr. Eric Ellman)
Mr. Russ Hart



TransUnion

Robert F. Ryan
Director of Government Relations
555 West Adams Street
Chicago, Illinois 60661
Tel 312/466-7799
Fax 312/466-7986
rryan@transunion.com

September 6, 2001

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Room 8 South
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Sincerely,

Copy to: Wisconsin Merchants Federation (Mr. Chris Tackett, Mr. Doug Johnson)
Associated Credit Bureaus (Mr. Eric Ellman)
Mr. Russ Hart

JON

SB 135 – Disclosure of Credit Reports – JON Testimony

The federal government took on the new issue of the credit reporting industry with the Fair Credit Reporting Act. While the federal legislation does provide the means for individual access to their credit report, it does so, I feel, unfairly.

Credit bureaus, and now another subculture of contracted credit bureaus, make millions of dollars every year reporting on individuals credit habits and status, a noble cause in this high tech age. Yet the industry has no responsibility to ensure the reports are accurate, can sell any information they want without regulation, suffers no penalty for incorrect information which can cost consumers home loans, credit cards etc,---and the industry has no obligation to notify the prime stakeholder in this process, the consumer.

An individual can obtain a copy of their personal information that is bought and sold by a credit bureau for \$8.50, or if they can prove they are a victim of identity theft for free.

SB 135 brings the consumer back in the equation, they shall receive UPON REQUEST one free copy of their credit report annually. Rather than making credit bureaus responsible for the accuracy of MY personal information – this bill gives ME a bit more access to that information for FREE.

SB 135 also requires credit bureaus to notify me when someone accesses my credit report. Since the real purpose of credit reports is to provide information to people whom I have requested credit -- notification should be no problem. No financial information should be included in that notification, just a simple “Hey how are you, Firststar accessed your full credit file yesterday.”

It is unfortunate that MY personal information is accessed so many times without my consent and sold by credit bureaus to companies who send me fake checks in the mail, perhaps if the credit bureaus must notify me every time they sell my name they won't sell it so much anymore.

As always, I am willing to listen to proposed changes to this legislation. Thank you

Julie

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