



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2007 Senate Bill 275

Senate Amendments 1 and 2

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Senate Bill 275 regulates a practice in the lending industry called “trigger leads.” Generally, the situation in which a trigger lead occurs is where a customer applies for a loan with a lending institution. The lending institution generally requests a credit report pertaining to the customer from a credit reporting agency. A trigger lead occurs when the credit reporting agency notifies lending institutions other than the institution to which the customer applied that the customer is seeking a loan, and the customer subsequently receives unsolicited loan offers. Senate Bill 275 prohibits a lending institution from using unfair or deceptive practices (which are defined in the bill) in soliciting a customer where the information received by the lending institution comes from a trigger lead. With respect to some credit reports that are not regulated under federal law, the bill prohibits any person from furnishing a trigger lead to a nonaffiliated third-party unless there is a reasonable belief that the third party will not use the trigger lead to solicit the consumer.

Senate Amendment 1 clarifies that the bill does not apply where information from a credit reporting agency or financial data provider with respect to a person is provided to a lender with respect to which that person has a current loan outstanding with that lender. Senate Amendment 1 also modifies an exception to the definition of “trigger lead.” Under Senate Bill 275, a trigger lead has not occurred if the consumer has authorized a consumer reporting agency or personal financial data provider to provide the information “to the third-party.” This language appears to mean that a trigger lead occurs if information is provided to any lending institution other than a lending institution specifically designated by the consumer. Under Senate Amendment 1, a trigger lead has not occurred if the consumer has authorized a consumer reporting agency or personal financial data provider to provide the information to “third parties.”

Senate Amendment 2 requires the Department of Justice, before bringing an enforcement action under the bill, to consult with the Department of Agriculture, Trade and Consumer Protection (DATCP) and requires any district attorney, before bringing an enforcement action under the bill, to inform DATCP that it is doing so.

Legislative History

The Senate Committee on Veterans and Military Affairs, Biotechnology and Financial Institutions introduced Senate Amendment 1 and adopted it by a vote of Ayes, 5; Noes, 0; introduced Senate Amendment 2, and adopted it by a vote of Ayes, 5; Noes, 0; and recommended the bill for passage, as amended, by a vote of Ayes, 5; Noes, 0.

RNS:jb;wu