

***Consumer Federation of America
Consumers Union
U.S. Public Interest Research Group***

November 3, 2003

***Support Feinstein/Boxer "Do Not Share" Financial Privacy Amendment
Support Other Strengthening Amendments to Credit Reporting Bill (S. 1753)***

Dear Senator:

As the Senate begins debate on S. 1753, the National Consumer Credit Reporting System Improvement Act of 2003, the undersigned national consumer groups urge you to support the Feinstein-Boxer "Do Not Share" financial privacy amendment, and other strengthening amendments.

Although S. 1753 includes some important consumer reforms to the credit reporting system, it also fails to protect financial privacy. It also may permanently prevent states from enacting stronger financial privacy laws and many other improvements to the Fair Credit Reporting Act.

Among the important strengthening amendments we urge you to support are the following:

- **Most importantly, we urge your support for the Feinstein-Boxer "Do-Not-Share" Financial Privacy amendment**, also co-sponsored by Senators Feingold, Durbin, Lautenberg, Harkin and Bill Nelson of Florida. While the underlying bill provides consumers with a very modest right to say "no" to some marketing based on the sharing of financial information among corporate affiliates, it does not give control over the privacy-invading practice of sharing confidential account "experience and transaction" information with corporate affiliates. This includes very sensitive data mined from credit card and check purchases, such as political and charitable contributions, health services, household income, and the type and amount of insurance a consumer carries.

Currently, and under S. 1753, consumers have no right at all to control affiliate sharing of their confidential information. Citigroup testified before the Senate Banking Committee that it uses affiliate information "to create internal credit scores and models." These secret profiles are unregulated -- consumers have no right to see and correct information about them. This amendment would provide consumers throughout the country with the right to control most affiliate sharing. It is modeled on legislation that was voted on and signed into law in California. That statute was the direct result of negotiations between the financial services industry and consumer groups, and it enjoyed overwhelming bi-partisan support.

Additional amendments may also be brought to the Senate floor by the sponsors and supporters of the Feinstein/Boxer amendment. They all seek to strengthen S. 1753 by closing specific gaps in the bill or current law with regard to financial privacy. For example, they would give consumers the right to know the affiliates who could be accessing their private information; provide consumers the right to a notice and the right to dispute and correct inaccuracies when they are turned down for a loan or charged a higher rate based on private information shared among affiliates; tighten the loopholes in the marketing opt-out provisions of S. 1753; and prohibit the sharing among affiliates of information relating to payments made from one's checking account.

- ❑ **Amendments by Senators Durbin and Kohl to require complete reporting of positive payment information by Sallie Mae and other student loan servicing companies**, so that recent graduates can fairly shop for credit in the marketplace. Sallie Mae has admitted that it only reports to one of the three major credit bureaus, which means that they are not reporting key information that helps students build their credit history and get access to lower-cost loans.
- ❑ **The Cantwell amendment to give identity theft victims the right to obtain business records from firms where thieves opened accounts in their names**, although this amendment should be strengthened to match the stronger provisions of Washington State and California laws.

S. 1753 does include important consumer reforms to prevent identity theft, ensure the accuracy of credit reports, protect the privacy of medical information and help consumers clear their names of either identity theft or inaccurate credit reports. Unlike the House-passed bill, S. 1753 does preserve most state identity theft efforts. However, it still permanently extends previous preemption and expands it in some areas. To grant these new protections at the expense of the right of the several states to enact stronger laws is harmful and counterproductive. States have long been at the forefront of offering innovative new credit reporting protections to consumers who need them.

Thank you for your consideration of our views. Please contact Janell Mayo Duncan at Consumers Union (202-462-6262), Ed Mierzwinski at U.S. Public Interest Research Group (202-546-9707) or Travis Plunkett at the Consumer Federation of America (202-387-6121) if you or your staff have any questions.

Sincerely,

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