

**TESTIMONY REGARDING  
HOUSE BILL No. 2114**

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## TESTIMONY REGARDING HOUSE BILL No. 2114

Mr. Chairman Birmelin and distinguished members of this Subcommittee, thank you for the opportunity to testify today on House Bill 2114 the Consumer Credit Reporting Act. Before I begin my formal remarks, I extend to you the greetings of Attorney General Mike Fisher. Attorney General Fisher commends Representative Robinson and all of the other co-sponsors of the Consumer Credit Reporting Act and this entire Subcommittee for your efforts in reviewing this Bill which, if enacted, will augment the protections afforded consumers to guard against the misuse of their confidential individual identifying information and preserve their credit worthiness.

Consumers have come to rely upon the strength of their credit histories in order to afford themselves and their families the basic needs of housing, transportation and education. When inaccurate credit information is reported or when confidential identifying information is misused consumers suffer immediate economic losses, miss certain opportunities and are sometimes faced with the difficult burden of correcting their credit profiles.

We live in an “instant credit society”. A society that is far more reliant upon credit than we were a generation ago. Consumers save less than ever before and allocate more of their net income to pay mortgages, car loans, student loans and credit card debt. Car sales are traditionally the number one source of consumer complaints filed with the Bureau of Consumer Protection. Car dealers tell us that most buyers don’t care what the price of the car is. They tell us that consumers only want to know what the payment will be. Auto dealers love “payment buyers”. In order to maintain this way of life a consumer must maintain a good credit rating.

We often hear from consumers about the debt problems they experience when they are unable to meet their payments as a result of their loss of employment, health related expenses, divorces and other catastrophic events which leave them with ruined credit. It is not uncommon for us to hear from consumers who are shocked to learn that their credit reports contain inaccurate information because somehow their credit information has been “mixed” with that of another party. But far more disturbing are the periodic complaints we receive from people who have worked hard and always paid their way but, nevertheless, are being harassed by creditors or their credit has been destroyed by con-artists who have tapped into their confidential financial information and used that information to perpetrate

telemarketing and identity fraud scams.

Credit identify fraud is a serious crime that we are beginning to hear about more often. When the consumers discover that a credit reporting agency is carrying inaccurate information and complain to the Bureau of Consumer Protection we attempt to help mediate their problem by contacting the credit bureaus and guiding them through the dispute process. This process can be a very daunting task even where the credit bureau recognize that fraud is involved and cooperate in removing the false information. I understand that this Subcommittee will be hearing first hand from a number of consumers who have lived through the nightmare of having to unravel the problems that results from being victimized by credit identity fraud. Therefore, I will defer to their testimony on how difficult the process can be.

Another serious problem we see resulting from unauthorized use and possession of personal identifying information is the harm that results from the buying and selling of information regarding victims of telemarketing fraud. Associated with such fraud are list brokers who peddle information such as a consumer's name, address, phone numbers, bank account information and other information regarding past victimization. Those who purchase these lists then re-victimize the consumers, often using the confidential information to fashion their new scams.

The Consumer Credit Reporting Act will enhance the protections

provided in the Fair Credit Reporting Act and its 1996 amendments in a number of significant ways. First, all of the rights under federal law and enforceable in federal court will be incorporated into state law. As a result, consumers would have much greater access to the remedies provided by virtue of being able to bring actions in state courts located within their counties of residence. This Bill would likewise provide the Attorney General's Office with a choice of forum in which to seek injunctive relief. In addition to these practical enforcement considerations, the Consumer Credit Reporting Act provides for additional substantive protections which will place tighter controls on the issuance of instant credit and will provide criminal penalties for those who are involved in the unauthorized disclosure, possession or use of personal identifying information. These additional protections should provide a strong deterrent in addressing the problem of credit identity fraud and the brokering of financial information which is often associated with telemarketing fraud scams.

Sections 204(a)(1), (2) and (3) are compliance procedures which add protections on top of the Fair Credit Reporting Act. These provisions are aimed at curtailing credit identity fraud which often starts at the retail seller level. These compliance procedures merely require that before providing consumers with instant credit they first obtain sufficient identifying information and certify that their employees are instructed to check photo identification. If the offer is

being made by mail that the party accessing credit reports must verify any address changes that may be involved in the course of any extension of credit. These compliance procedures are not just good for consumers, they are good credit extension practices that will serve the interest of retailers and other creditors as well.

Section 506 makes it a criminal act to engage in four specific types of intentional misuse of personal identifying information. Rather than having to fit the practice into some existing theory of liability for theft the subsections to Section 506 are well tailored to fit both credit identity fraud and persons who market the names of past telemarketing fraud victims.

The Consumer Credit Reporting Act will serve Pennsylvania consumers well by adopting rights and remedies formally only provided by federal law. Further, it will provide the necessary criminal sanctions to help deter the unauthorized access and misuse of a consumer's personal identifying information. For these reasons, the Office of Attorney General supports House Bill 2114.

I would be happy to address any questions you may have.

Thank you.