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HOUSE OF REPRESENTATIVES  
COMMONWEALTH OF PENNSYLVANIA

\* \* \* \* \*

Amendments to House Bill 1189

\* \* \* \* \*

House Judiciary Subcommittee  
on Crime and Corrections

Main Capitol Building  
Room 36, East Wing  
Harrisburg, Pennsylvania

Wednesday, January 14, 1998 - 1:36 p.m.

--oOo--

BEFORE:

- Honorable Jerry Birmelin, Majority Chairperson
- Honorable Stephen Maitland
- Honorable Al Masland
- Honorable Harold James, Minority Chairperson
- Honorable Andrew Carn
- Honorable Kathy Manderino

IN ATTENDANCE:

- Honorable William Robinson
- Honorable Thomas Caltagirone
- Honorable Joseph Petrarca
- Honorable Thomas Gannon
- Honorable Peter Daley
- Honorable Robert Reber

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1998-093

1 **ALSO PRESENT:**

2

3 **Brian Preski, Esquire**  
4 **Majority Chief Counsel**

5 **Judy Sedesse**  
6 **Majority Administrative Assistant**

7 **Heather Barnhart**  
8 **Majority Research Analyst**

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WITNESSES

PAGE

Honorable William R. Robinson  
19th Legislative District

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Chris Mills, Bureau Manager  
Credit Bureau of Reading

22

E. Barry Creany  
Senior Deputy Attorney General  
Bureau of Consumer Protection  
Office of Attorney General

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1                   CHAIRPERSON BIRMELIN: I want to welcome  
2 you this morning to the Pennsylvania House of  
3 Representatives Judiciary Committee meeting.  
4 This is a Subcommittee on Crime and Corrections.  
5 I'm the Chairman of the Subcommittee,  
6 Representative Birmelin from Wayne County.

7                   And joining me at the table here this  
8 morning is Representative William Robinson from  
9 Allegheny County. He's the prime sponsor of the  
10 bill that we are going to be discussing this  
11 morning.

12                   And the bill number is House Bill 1189  
13 dealing with consumers' credit fraud. And next  
14 to me is Representative Petrarca, who is from  
15 Westmoreland County. I probably won't remember  
16 that in the next hearing. And also joining us is  
17 Representative Caltagirone.

18                   And would you introduce the young lady  
19 who's your --

20                   REPRESENTATIVE CALTAGIRONE: Ursula  
21 Shadows (phonetic) is our intern at the Reading  
22 District offices.

23                   CHAIRPERSON BIRMELIN: We have before us  
24 this morning a bill that deals with the issue of  
25 credit fraud and introduced by Representative

1       Robinson; and I'm sure he has some other  
2       information, if you're interested in this  
3       subject. He passed some information around to  
4       the Committee Members, which I read.

5                He is a personal victim of consumer  
6       credit fraud. And I guess that's one of the ways  
7       to get a legislator's attention to try to change  
8       things is to have them become the victims of a  
9       problem; and, unfortunately, that's what happened  
10      with him. And I'll let you share that more when  
11      you have your opportunity to do so.

12              If any other Members come as we're  
13      meeting here this morning, I'll be sure to  
14      introduce them to you. We do have a short  
15      schedule today. We only have -- other than  
16      Representative Robinson, we have two other people  
17      who are going to be testifying; and so it will be  
18      a more relaxed atmosphere, I'm sure.

19              And after those who testify give their  
20      testimony, we would appreciate them sitting and  
21      answering any questions the Members of the panel  
22      may have for them.

23              At this time, I'm going to ask  
24      Representative Robinson, the prime sponsor of  
25      this legislation, to make his statement. And

1 also to alert Members of the Committee as well as  
2 those who are present here, we've given copies of  
3 all the testimony to all of the Members of the  
4 Judiciary whether or not they are here.

5 So even though there aren't that many  
6 Members here today, they will get copies of the  
7 testimony and have the opportunity to review and  
8 to read what has been said here today. With all  
9 that having been said, Representative Robinson,  
10 it's your floor.

11 REPRESENTATIVE ROBINSON: I'd like to  
12 thank Chairman Birmelin and the Members of this  
13 Subcommittee for the opportunity to share with  
14 them an issue I think is of major importance to  
15 Pennsylvanians and perhaps an issue that many  
16 people don't spend a lot of time thinking about  
17 because, like myself, you only find out when you  
18 have become victimized.

19 Occasionally, we have seen in the media  
20 stories related to the issue of credit card fraud  
21 or credit card identity theft or credit identity  
22 theft. In a nutshell, this issue is one where a  
23 unsuspecting consumer has his or her credit  
24 identity utilized by someone else without  
25 authorization.

1           The result being that the person whose  
2           identity is used may find themselves with a bad  
3           credit history; they may find themselves harassed  
4           by creditors; they may find themselves faced with  
5           bankruptcy because their own financial situation  
6           has been compromised.

7           This is an issue that certainly many of  
8           you face, but you're facing it in such a way that  
9           you have to be very diligent and you have to be  
10          very committed to maintain your own credit  
11          integrity to find out about it.

12          There could be people sitting in this  
13          room today whose credit identity has been  
14          compromised. Someone could have opened up  
15          accounts in your name in 1990 and for six or  
16          seven years paid on those accounts, the bills  
17          were sent to another address, and you wouldn't  
18          know anything about it and your credit integrity  
19          would be in place.

20          If that individual somewhere along the  
21          line stopped paying on those bills, your credit  
22          might be jeopardized, particularly if you were to  
23          apply for a major credit card or suddenly go to a  
24          retailer for services, credit services, you may  
25          find out that you're ineligible.

1           That's how I found out is by applying  
2           for a credit card and being told that there was  
3           information in my credit history which would  
4           indicate that I should not be issued a credit  
5           card by a certain creditor.

6           There are a number of horror stories  
7           that I could tell you that I think indicate why  
8           this is such an important issue. We all are  
9           aware that consumer-related issues, particularly  
10          those that relate to the elderly, are usually  
11          high on the agenda for the elected officials of  
12          this Commonwealth, be it the Attorney General,  
13          Members of the Legislature, or the Governor.

14          Many of our seniors are particularly  
15          vulnerable to this type of situation. Many of  
16          them who have worked hard all their life to  
17          maintain their credit history, have worked hard  
18          all their life to pay their bills find themselves  
19          victimized by other people who have used their  
20          social security number, have used information  
21          from their driver's license, or who have used  
22          other information that has been falsely obtained.

23          And these seniors, unlike many of us,  
24          aren't able to recover the financial devastation  
25          that this can bring. Many of you have probably



1       seen the reports on ABC, CBS, NBC that relate to  
2       the widespread identity theft problem. All  
3       across America, this is a problem.

4               Some people, unfortunately, utilize this  
5       means of taking advantage of consumers as a way  
6       of making a living. Can you imagine today that  
7       perhaps someone is out buying a washer or a dryer  
8       or maybe even a car using your credit identity?

9               And perhaps they decide they're going to  
10       sell that washer or dryer or car, make a profit,  
11       and then not pay the bill. You're going to be  
12       stuck. The other part of this problem is  
13       retailers and credit reporting agencies don't  
14       seem to have a great incentive to solve this  
15       problem.

16               I suspect part of the reason they don't  
17       have a great incentive is that the credit  
18       reporting agencies work for the retailers and  
19       that the credit reporting agencies are engaged in  
20       marketing credit for the retailers. Then, who's  
21       paying for all this bad debt? Who's paying  
22       for that washing machine, that dryer, or that  
23       car?

24               I suspect you and I are paying for it.  
25       And I think we're paying for it by way of higher

1 prices. The same way we pay for insurance fraud.  
2 The insurance companies, whether it's a nickel or  
3 a dime or a dollar, on each of our policies; and  
4 they move forward.

5 While a lot of progress has been made in  
6 the area of insurance fraud, we haven't made a  
7 lot of progress in the area of consumer fraud.  
8 Our Attorney General is limited in what he can do  
9 to address this issue.

10 Most people who confront the kind of  
11 problem that I'm outlining now are required to go  
12 to the Federal Trade Commission -- the Federal  
13 Trade Commission.

14 If you're a Pennsylvanian and you have a  
15 basic problem with your credit situation where  
16 someone's opened credit in your name or you have  
17 a problem with a credit reporting agency, the  
18 federal government has passed a law which  
19 essentially says to you if you want to solve that  
20 problem, go to the Federal Trade Commission.

21 It seems to me that Pennsylvanians ought  
22 to be able to go to our Attorney General and our  
23 Attorney General and his staff ought to be able  
24 to address this problem. And we ought to  
25 identify this situation for what it is. It's a

1 crime. It's a crime against consumers. It's not  
2 right, and it needs to be addressed.

3 Unfortunately, many of the retailers  
4 also aren't very much interested in solving this  
5 problem. And I suspect the reason they aren't  
6 very much interested in solving the problem,  
7 again, they pass the cost along to the rest of  
8 us.

9 They not only pass the cost along to the  
10 rest of us, they make it very difficult for  
11 consumers to try to get information that might  
12 help them resolve this issue.

13 Let me tell you one horror story that  
14 was related to me last night. I had a consumer  
15 call me -- a constituent. Hard working, her and  
16 her husband. They always paid their bills and  
17 had good credit.

18 She found out about two years ago that  
19 her credit had been compromised. She was able to  
20 identify the party who did this. She shared the  
21 information that she had with the credit  
22 reporting agencies; she shared that with the  
23 issuing agency, the agency that issued the credit  
24 cards.

25 To this day, this young lady and her

1 husband are unable to get the cooperation of the  
2 credit reporting agencies or the retailers to  
3 reestablish her credit. She's had to hire an  
4 attorney. She very frustrated, as many consumers  
5 are. Who do you turn to who will help you?

6 I believe you ought to be able to turn  
7 to our State Attorney General, for one, to  
8 process your concerns about people who take  
9 advantage of your credit situation.

10 Two, I think it is important that we  
11 hold retailers and credit reporting agencies more  
12 accountable; (1), for how they establish that a  
13 person is authorized to open credit; (2), to make  
14 sure that you as a consumer have access to those  
15 files; and (3), that nobody who works for a  
16 credit reporting agency has any opportunity to  
17 use this information without a penalty -- a  
18 criminal penalty being issued against them.

19 Currently, there is no law in  
20 Pennsylvania to amend to address some of these  
21 concerns that I have raised. The two amendments  
22 that Chairman Birmelin made reference to are  
23 amendments to House Bill 1189 introduced by  
24 Representative Marisco.

25 In talking to Representative Marsico and

1 Representative Gannon, I agreed with them that my  
2 two amendments should be withdrawn from 1189.  
3 And I want to thank them for helping to arrange  
4 for me to have this opportunity today.

5 But the issues remain, and I'd just like  
6 to explain very quickly what those two amendments  
7 would do. And it's very simple: The one  
8 amendment says that if you possess credit  
9 information, personal identity information and  
10 you're not authorized to have it, that's a crime  
11 in Pennsylvania and you'll be punished and the  
12 Attorney General can come after you and prosecute  
13 you.

14 The other amendment says if you have it  
15 and then you use it and you're not authorized to  
16 use it, that also is a crime in Pennsylvania and  
17 the Attorney General has the authorization to  
18 come after you and prosecute you.

19 As part of the compromise that I worked  
20 out with Representative Gannon and Marsico, it  
21 seemed to me that it makes sense to offer a more  
22 comprehensive bill that addresses this issue.

23 And so I am in the process of  
24 circulating a memo to my colleagues in the House  
25 dealing with the issue of fair credit reporting.

1 And it's a comprehensive bill that deals with  
2 this basic issue of people who have good credit  
3 and that credit is compromised by someone else  
4 and they want to reestablish their credit.

5 And we're trying to find a way to hold  
6 the person who engaged in this fraudulent  
7 activity accountable, the credit reporting  
8 agencies accountable, and the retailers  
9 accountable.

10 We already have in Pennsylvania  
11 extensive latitude -- not latitude -- but  
12 extensive law that deals with the granting of  
13 credit and setting of rates for credit cards.

14 This Legislature constantly is in  
15 interaction with the people representing the  
16 retailers who are trying to address their  
17 concerns about the credit issue, so there is a  
18 basis for us to get more involved.

19 Unfortunately, we don't hear very much  
20 about protection of the consumers; and so this is  
21 a consumer protection bill. The bill that I'm  
22 going to introduce next week would be a bill that  
23 combines aspects of some California legislation  
24 which deals with the criminal aspects of this  
25 situation, a federal legislation which does deal

1 with reporting.

2 It gives to you and me more access to  
3 our credit files than we've had in the past. It  
4 also incorporates some ideas in the September  
5 issue of Consumer Report.

6 Representative Birmelin mentioned that I  
7 had shared with Members of the Judiciary  
8 Committee and Members of the Consumer Affairs  
9 Committee information from that particular  
10 magazine article that dealt specifically with  
11 this issue of credit card identity -- I mean,  
12 credit cards and identity theft.

13 So hopefully, this Committee will look  
14 favorably upon not only the legislation, but  
15 certainly working with me and others in this  
16 regard.

17 I'd like to thank Representative Lloyd  
18 for his help in this regard and Ms. Audrey Powell  
19 on his staff who did a lot of the technical work  
20 to bring us to this point.

21 One last comment, if I might. Let me  
22 just share with you just a couple of things that  
23 my proposed legislation would attempt to do. It  
24 outlines a permissible purposes for furnishing a  
25 credit report, including conditions under which a

1 consumer report may be provided for employment  
2 purposes and in connection with credit or  
3 insurance transaction which is not initiated by  
4 the consumer.

5 It also would prohibit the reporting of  
6 obsolete credit information. In one of the  
7 horror stories I can relate to you, after an  
8 individual had done everything that the law  
9 required, everything that the law required and  
10 shared that information with the credit reporting  
11 agencies and shared it with the retailers, their  
12 credit report still contained negative and  
13 obsolete information. And that person to this  
14 date still is unable to receive credit.

15 Here is a big one that all of you have  
16 probably encountered. In the case of instant  
17 credit, you know, when you walk into a Boscov's and  
18 they want to give you a credit card right there  
19 on the spot so you can shop.

20 In the case of instant credit, it's  
21 required retail sellers to inspect a photo  
22 identification of the consumer and certify in  
23 writing to the Consumers Credit Reporting Agency  
24 that his employees and agents made such an  
25 inspection.



1           This is where you're most vulnerable  
2           where someone can walk into Boscov's and say, I'm  
3           Jerry Birmelin, here's my social security number,  
4           give me a credit card. I think I'll buy a couple  
5           suits. Maybe I'll buy a coat. Maybe I'll buy a  
6           hat. Maybe I'll buy a couple thousand dollars  
7           worth of stuff if you'll let met.

8           Jerry Birmelin is very vulnerable.  
9           Mr. Chairman, you might want to check on your  
10          status. It gets more frightening the more I  
11          investigate this.

12          Make it a criminal offense for a person  
13          to obtain or to attempt to obtain personal  
14          identifying information about a person from a  
15          credit reporting agency under false pretenses.

16          No one should be able to go to a credit  
17          reporting agency and get any information about  
18          you, about your family to use this kind of  
19          information. Nine out of ten times, they're up  
20          to no good.

21          One other thing, if I might. In the  
22          case of instant credit issued by a retailer,  
23          seller to a consumer who appears in person on the  
24          basis of an application submitted in person,  
25          require the consumer reporting agencies to match

1 at least three categories of personal identifying  
2 information within the files maintained by the  
3 agency on the consumer with the information  
4 provided to the agency by the retail seller.

5 Some may say, oh, my goodness, more  
6 procedures; oh, my goodness more paperwork; oh,  
7 my goodness for the Jerry Birmelins of the world  
8 and the Bill Robinsons of the world and the rest  
9 of you who are left vulnerable.

10 There is no sound reason in Pennsylvania  
11 why our retailers and credit reporting agencies  
12 should not be working along with us and the  
13 Attorney General's Office to protect the very  
14 consumers that they have extended credit to, and  
15 particularly those who have been good credit card  
16 holders and good creditors for fifteen, twenty,  
17 twenty-five years.

18 Absolutely my last comment. Many of you  
19 have college-age students. And you probably have  
20 been horrified to find out that these students  
21 have been issued credit cards, sometimes four and  
22 five. Students that have no job, no credit  
23 history are issued a credit card; yet their  
24 parent might be denied a credit card because of  
25 false information.

1           We have a lot of credit being offered in  
2 this society, we have a lot of credit being  
3 offered in Pennsylvania, and I hope we can spend  
4 a little bit more time protecting consumers.  
5 Thank you, Mr. Chairman.

6           CHAIRPERSON BIRMELIN: Thank you,  
7 Representative Robinson; and I've invited  
8 Representative Robinson, although he's not a  
9 Member of this Committee, to sit with us on the  
10 panel here.

11           And I'm not sure how we want to do this;  
12 but if you have any questions for Representative  
13 Robinson, well, we'll be glad to entertain them.  
14 You may not be able to make eye contact.

15           Let me introduce some of the new Members  
16 that have joined us new this morning after I had  
17 introduced the ones who were here earlier. The  
18 third gentlemen to my left between Mr. Petrarca  
19 and Mr. Caltagirone is my counterpart, the  
20 Democratic Chairman of the Subcommittee, Harold  
21 James.

22           Seated to my immediate right is the  
23 Republican Chairman of the Committee,  
24 Representative Gannon. Next to him is  
25 Representative Daley. And you are from

1 Washington County; is that right?

2 REPRESENTATIVE DALEY: Right.

3 CHAIRPERSON BIRMELIN: I tried to send  
4 Representative Petrarca there yesterday. He  
5 didn't want to go there. He said you were there.  
6 And next to him is Representative Kathy  
7 Manderino, who is from Philadelphia. And  
8 immediately to her right is Representative Reber,  
9 and he's from Montgomery County.

10 Do any of the Members of the panel have  
11 questions for Representative Robinson?  
12 Representative Petrarca.

13 REPRESENTATIVE PETRARCA: I applaud you  
14 trying to bring this forward. I know that myself  
15 at home in my mail every week I think that my  
16 wife and I are solicited three, four, five, six  
17 times with credit cards. So I just wonder what's  
18 going on with the rest of people across this  
19 Commonwealth.

20 Is there something or -- I was told in  
21 the past that there are places where you can try  
22 to call and have your credit protected, some  
23 different places that will remove your social  
24 security number from files or access to groups or  
25 to people. Are you familiar with any of those?

1           REPRESENTATIVE ROBINSON: I've heard  
2           about that, but all I can say is that the  
3           practical experiences of both myself and numerous  
4           other people I've talked to don't indicate that  
5           making those kind of calls or sending letters  
6           results in you being protected (1), against  
7           anyone using your credit information or having  
8           your credit filing deleted -- I mean, the  
9           information deleted that's obsolete or in any way  
10          reestablishing your credit.

11           I think the most damaging thing is that  
12          if your credit is destroyed by someone who's not  
13          authorized to do so, the process that you're  
14          forced to go through by law to reestablish it  
15          does not give you any guarantee that the retailer  
16          or the credit reporting agency is going to follow  
17          the law and reestablish your credit.

18           It's almost as if the retailers and the  
19          credit reporting agencies are working against the  
20          very consumers that they just sold the  
21          refrigerator and the suit to.

22           REPRESENTATIVE PETRARCA: Thank you.

23           CHAIRPERSON BIRMELIN: We've also been  
24          joined by Representative Andrew Carn from  
25          Philadelphia sitting to the left of

1 Representative Robinson.

2 We're going to call on Chris Mills, the  
3 Bureau Manager of the Credit Bureau of Reading to  
4 be our next testifier. Mr. Mills, if you would  
5 come forward. Mr. Mills, do you have written  
6 testimony prepared for today?

7 MR. MILLS: No.

8 CHAIRPERSON BIRMELIN: Perhaps you'd  
9 like to introduce yourself and tell the other  
10 Members of the Committee what your job is and  
11 then state your testimony as far as the  
12 legislation that's before us. Thank you for  
13 coming.

14 MR. MILLS: Thank you, Representative  
15 Birmelin. Ladies and gentlemen, it's my pleasure  
16 to be here today; and I thank you. Through  
17 Heather, I've been contacted to give some  
18 testimony for the Committee.

19 And I come in more of an educational  
20 standpoint. I did not prepare testimony because  
21 I'm not aware of all of the implications and  
22 everything. I've read the law briefly.

23 I've been bureau manager and part of the  
24 Credit Bureau in Berks County Bureau for over 35  
25 years. I'll be in 36 years this coming March.

1           Over those years, I've employed many,  
2 many people -- young people, older  
3 citizens -- and still have many of those types of  
4 people as friends today.

5           The credit bureaus, as credit bureaus  
6 were established, were to be the in between the  
7 consumer and the credit grantor. In the 35 years  
8 that I've been at the Bureau, it's been our  
9 position to always talk with consumers, always  
10 try to deal with their problems and at the same  
11 time work with the credit grantors.

12           We're sort of like the principal's  
13 office in the high school. All we're doing is  
14 maintaining the information that's put there that  
15 individuals have provided to us.

16           It's what the individual has given when  
17 they apply for credit and it's what the credit  
18 grantors reported back at the time the person has  
19 had credit experience.

20           As an industry, we supported the Fair  
21 Credit Reporting Act. I was part of a group of  
22 people who with -- from our area. Representative  
23 Gatron (sic) supported getting that bill passed  
24 because there were people who were operating as  
25 credit bureaus, who were acting as credit

1           bureaus who were not doing the right information.

2                       And we as legitimate credit bureau  
3 operators have wanted to have those kinds of  
4 protections in place. The Credit Bureau of  
5 Reading has been there for eighty years. We  
6 haven't stayed in business by trying to do things  
7 incorrectly.

8                       We understand that there are situations  
9 that can occur that can cause doubt in peoples'  
10 minds, and we try to resolve those on a daily  
11 basis. We have worked within the Fair Credit  
12 Reporting Act and within the laws of  
13 Pennsylvania.

14                      And I would say that in the State of  
15 Pennsylvania, our Associated Credit Bureaus of  
16 Pennsylvania, all of us abide by those kind of  
17 standards professionally as well as the ones that  
18 are written in the law.

19                      We have standards of ethics to operate;  
20 we have standards for the security of credit  
21 information; in the area of fraud, we have a  
22 completely dedicated section. We're part of the  
23 TransUnion Reporting System.

24                      TransUnion maintains a Fraud Victim  
25 Assistance Department that allows a person to



1 write or to phone, and we've worked with this.  
2 We've had not many instances of this type of  
3 thing in the Reading and Berks County area.

4 Those times when we have, we've referred  
5 people to this. Representative Robinson  
6 mentioned Boscov's Department Store. They're  
7 located in Reading and we've worked closely with  
8 them in situations where that comes up.

9 And there may be credit grantors out  
10 there who seem to not have an interest in it.  
11 But I know that in the case of many of the credit  
12 grantors I've dealt with over the years are very  
13 concerned about fraud from the standpoint of cost  
14 to them, people that they must maintain to  
15 control that type of a problem, and the overall  
16 damage it does to the entire community.

17 The same thing from the standpoint of a  
18 credit bureau. We don't allow anybody to come in  
19 our office and request credit information unless  
20 they have the proper identification.

21 People come in and get upset with us  
22 because they're not carrying their driver's  
23 license with them. I'm wondering how they got to  
24 the bureau, okay.

25 So that there are situations and,

1           unfortunately, times when you try everything you  
2           can to work within what the scope of the law is.  
3           You're still going to have people that are going  
4           to be unhappy because they couldn't get their  
5           credit report, but they didn't have ID with them  
6           when they came forward.

7                        The establishment of credit by an  
8           individual and the determination of who meets the  
9           requirements for credit, like at a credit card  
10          company, we say -- and it was mentioned by this  
11          Representative here. I don't know all the  
12          names -- about the fact that you're getting all  
13          those things in the mail. We get those at my  
14          house.

15                      And my wife has two first initials, and  
16          we know right away when it comes with the first  
17          two initials where they got the name, from what  
18          list they got it, okay.

19                      The thing is that there are departments  
20          at those business that are responsible to sell  
21          their product, but then there's also the credit  
22          operation that's going to make a credit decision.

23                      I always tell people the person that  
24          sent you that request and made it sound like it  
25          was the end of world to have this card is not the

1 same person that's going to make that decision at  
2 the end.

3 We work very hard at the security of the  
4 credit information. Employees that are hired at  
5 the Bureau must sign statements to the effect  
6 that they are not to provide information to  
7 anyone that they think is in question.

8 They're trained in the fact that if  
9 somebody calls them up and is sort of beating  
10 around the bush, if there's any question about  
11 whether to give the information, they come to  
12 management to determine what's going to happen.

13 Also under the Fair Credit Reporting Act  
14 there's a \$5,000 fine or two years in jail or  
15 both for someone in a credit reporting agency  
16 that compromises that security.

17 We've not had those kind of problems in  
18 Reading or in Pennsylvania that I'm aware of, but  
19 there are things in place to stop those types of  
20 things from happening.

21 We explain to people that things that we  
22 see in the course of our business, I can't go  
23 home and tell my wife anything. You can talk to  
24 people about generalities, but I can't tell my  
25 wife something this evening that I saw about a

1 neighbor or one of our friends today. Same thing  
2 for the people in our office.

3 We also deal in assisting the consumers  
4 from the standpoint of getting credit and also  
5 from the standpoint of mortgage reporting, that  
6 type of thing. We seek public record  
7 information: Suits and judgments and tax liens  
8 and those sorts of things.

9 We still considered those items to be  
10 basically a confidential type of information. We  
11 don't like that information to be because it's  
12 public record that it's just obligation that it  
13 can just be given out to everyone.

14 We do the same thing in instructing our  
15 members. Our members are -- they get a bulletin  
16 on a weekly basis. And the bulletin contains at  
17 least every two months an indication to the  
18 effect that someone should always be checking  
19 that the information is being properly handled in  
20 their offices.

21 They've all signed contracts. As new  
22 employees come on, they're properly trained in  
23 what the credit operations are. So from those  
24 standpoints, we're trying.

25 And as everyone would, one of the things

1 that concerns us from the standpoint of fraud is  
2 the fact that in some cases fraud can start from  
3 the fact that people are careless.

4           Persons must be careful that they do not  
5 give their social security numbers and IDs out  
6 over the phone. Families should be training  
7 youngsters that if you're getting solicited for a  
8 credit card at college and those places, it  
9 should be part of your upbringing or part of your  
10 training to say you don't got to fall for all  
11 those things.

12           So some of the responsibility lies  
13 within all of us to take care of meeting some of  
14 those problems. If you want -- people can come  
15 up to you every day they want to sell you drugs;  
16 they want to sell you a watch; they want to sell  
17 something. You still have to learn. Whether  
18 it's credit, drugs, or whatever, you've got to  
19 learn to say no at that particular point.

20           I think that the instant credit thing  
21 again becomes something where the market has said  
22 this is what the consumer wants. They want to be  
23 able to get something instantly.

24           That's not something that everybody in  
25 the industry subscribes to from the standpoint

1 that we all want to see proper identification and  
2 information given out properly and correctly.

3 I think that in some cases we see fraud  
4 started by people who will go to a public record,  
5 to a courthouse and get the death information of  
6 infants and use their social security numbers  
7 that have been given to them shortly after birth,  
8 in many cases, use those things to set up some  
9 type of fraud arrangement.

10 May not involve credit card fraud. It  
11 can involve just opening checking accounts at the  
12 banks. In my own opinion, I certainly see that  
13 there's -- there are various amounts of  
14 legislation both from the federal and a state  
15 area that address some of these issues.

16 This is very good intended (sic). I am  
17 just from the standpoint of having been 35 years  
18 in the Credit Bureau and have hundreds of  
19 employees who have done the job right don't like  
20 to see us being used as the people who have done  
21 things -- everything wrong.

22 And I think it's regrettable that  
23 somebody has not gotten back to your individual  
24 and said to them, If there's negative or  
25 absolutely obsolete information on that file,

1 the federal law addresses that. A credit bureau  
2 should not be operating that way.

3 And I'd be one to say I'd like to look  
4 at that. You know, I've done that in the past  
5 with Tom Caltagirone. We had a problem, someone  
6 can come to me and we'll try to help to solve the  
7 problem.

8 But it's unfortunate if those types of  
9 things happen when I see the millions of  
10 transactions and the millions of consumers that  
11 life has been able to -- and the progress and our  
12 selling of merchandise, let's say, that credit  
13 can involve, it can be a very big plus.

14 But we still do need some things; but I  
15 don't think that the credit bureaus specifically  
16 are the bad people in every case, you know what I  
17 mean? Thirty-five years I've tried to do an  
18 honorable job. I've tried to always answer  
19 peoples' questions and tried to get to the bottom  
20 of something.

21 Unfortunately, there are also some  
22 people out there who make the problem. We had a  
23 situation where a man was having a difficult time  
24 getting a mortgage, But his parents came from  
25 Jamaica.

1           He allowed his father to use his social  
2 security number to obtain credit. Now his credit  
3 file is very confused, and it's very hard for  
4 credit grantors or anyone else to try to separate  
5 that at that particular point.

6           We've had occasions of juniors and  
7 seniors. It's a very difficult thing. And  
8 sometimes the juniors or the seniors are smart  
9 enough to try to throw people off.

10           We had a person with the last name of  
11 Pickle, lived on the same street, a different  
12 hundred block. The bad Pickle had the good  
13 Pickle's address. The good Pickle is in the  
14 phone book. Guess who's getting all the phone  
15 calls? And the funny thing is his name is  
16 Pickle, right?

17           I'd be happy to answer any questions. I  
18 don't -- like I say, I wasn't exactly sure of  
19 everything that I wanted to say; but I did want  
20 to address some of your issues and just point out  
21 that we've tried very hard to do a good job.

22           We support the fact that there has to be  
23 attention by the industry. And, for instance, in  
24 the case of this type of a fraud setup, it's been  
25 supported and money has been given to it by the



1 credit grantors to help to support that.

2 And part of our cost to the credit  
3 grantors builds in the fact that they're going to  
4 help to pay for the all the consumer interview.  
5 We've done consumer interviewing for 35 years  
6 that I've been there, but it was only required by  
7 law since '76.

8 But we had -- in recent years with  
9 federal legislation, we had established that the  
10 cost to do a current consumer interview was  
11 something like \$16. We agreed as an industry to  
12 reduce the price to 8, and then the State of  
13 Pennsylvania put a tax on it of 48 cents.

14 So I'm not always sure where everybody  
15 stands. The fact that we have the ability to  
16 provide a report to anyone who asks for it -- and  
17 under the recent change of the Fair Credit  
18 Reporting Act, if a person tells us they're  
19 unemployed, they can get the report without any  
20 charge.

21 But anybody who's denied credit is  
22 supposed to get a letter from that place of  
23 business or a verbal telling them where we're  
24 located and how they can get that credit file.

25 And as long as they have the ID

1 information -- most people today send us the  
2 turn-down letter that they have. We will only  
3 send the credit report back to a known address.

4 If somebody says, I live at this  
5 address, but send my credit report to this box  
6 number, we don't do that. The report will only  
7 go to listed addresses and places that we can  
8 identify.

9 Again, as I said before, not anybody can  
10 just get it from the standpoint of walking in the  
11 door and asking for it. But I'd be happy to  
12 answer any questions.

13 As an industry, I know that we've done a  
14 lot in trying to prevent these kinds of problems  
15 and to assist consumers. And I'd like to answer  
16 any questions you have.

17 CHAIRPERSON BIRMELIN: Thank you,  
18 Mr. Mills. I'll ask the Members of the panel  
19 if they have any questions, and I'll start with  
20 Representative Robinson.

21 REPRESENTATIVE ROBINSON: Just a couple  
22 of questions. And I thank Mr. Mills for sharing  
23 with us at least how your credit agency operates.  
24 Are you required by law to assist a consumer in  
25 reestablishing credit?

1                   MR. MILLS: Under the Fair Credit  
2 Reporting Act, we would review the file with the  
3 consumer, we would have all of the information in  
4 the file that they -- we give them a sheet.

5                   We say, What in the file do you want  
6 verified? Then we contact each of those credit  
7 grantors, reverify the information, and then  
8 issue a new report back to the consumer saying  
9 this is the information that has come back.

10                   And then they can go through the process  
11 again if they still have a problem, you know what  
12 I mean? The other thing that's part of that is  
13 that if something on that report is changed, we  
14 will then forward a copy of that report to the  
15 people that got a report in the last six months  
16 as long as that consumer requests us to do that.

17                   Maybe the consumer doesn't want us to do  
18 that, but we will send it to whoever has inquired  
19 in the last six months, if they wish to do that.  
20 We would then also, if it's a fraud situation, we  
21 help to get them to the fraud people.

22                   We've -- maybe in some cases we have  
23 told a person, they said, you know, one of my  
24 relatives is using my name and this and that. We  
25 say the best thing for you to do is go through

1 the legal process. Go to an attorney because  
2 we're not attorneys and we can't get involved in  
3 that.

4 They say -- we have people that call us  
5 up and say, Gee, my farther just passed away and  
6 I'd like to get his credit report because of his  
7 obligations.

8 Well, we don't know if that credit  
9 report's going to be used properly or not at that  
10 point; so we draw the line at those kinds of  
11 things, you see, because that could be getting  
12 that file and using it wrong. It could be the  
13 wrong kind of person asking for it.

14 If there's an estate, the attorney  
15 should have some responsibility in that. We tell  
16 people, you know, go to the attorney that's  
17 handling the estate if you're concerned. There's  
18 ways to handle that.

19 REPRESENTATIVE ROBINSON: Let me ask one  
20 other question. In my opening remarks, I  
21 indicated that the credit reporting agencies work  
22 for the retailers, the issuers of credit.

23 I represent two of the largest retail  
24 districts in the Commonwealth of Pennsylvania,  
25 and so my concerns here are not to punish

1 creditors but a recognition of what's going on in  
2 my district.

3 I have both the creditors and the people  
4 to whom credit is being issued, and I think it's  
5 a problem that we all need to work on. My  
6 question is very specific.

7 In the case of your credit reporting  
8 agency in Reading, are there retailers that pay  
9 you to perform the services that you perform?

10 MR. MILLS: Our services are paid for  
11 by the consumer or the credit grantors, whoever  
12 wants the service. In the case of somebody that  
13 wants us to do a service for them, in order to  
14 exist, you know, paid employees and -- I mean,  
15 we're a tax paying entity.

16 I mean, we're not a free organization.  
17 We pay taxes to the State of Pennsylvania. We  
18 pay federal taxes and so forth so that, yes, they  
19 pay us; but we're in a very competitive  
20 situation.

21 I've been at the Bureau, as I mentioned,  
22 35 some years. When I came here, the cost of a  
23 credit report was 70 cents. Today, the cost of a  
24 credit report -- we haven't raised the price of  
25 a basic credit report in file for ten years.

1 Price of a report is, like, a dollar and sixty  
2 cents, dollar and seventy cents.

3 REPRESENTATIVE ROBINSON: Would it be  
4 fair to say that your day-to-day operating  
5 expenses are paid for by the retailers who  
6 utilize your service?

7 MR. MILLS: Retailer -- it's the only  
8 people we work for. The federal government or  
9 the state government or somebody isn't paying to  
10 keep that system working.

11 The consumer is indirectly paying  
12 because they're using credit and they're helping  
13 to pay the cost of credit; so, therefore, they're  
14 helping also to help to pay the cost to keep the  
15 system operating. And part of our responsibility  
16 is to the consumer as well as the credit grantor.

17 REPRESENTATIVE ROBINSON: Then I was  
18 correct that the credit reporting agencies work  
19 for the retailers, they work for the companies  
20 that use their services day-to-day?

21 MR. MILLS: We have -- we have contracts  
22 with companies. In some cases, they're small  
23 business. The largest number of our members are  
24 small businesses, people that are making -- that  
25 have a six- or eight-unit apartment complex that

1 don't want to lose lots of money, you know, go  
2 bankrupt and that type of thing.

3 So the largest base of our income is  
4 really from smaller businesses. The large  
5 businesses are now using large organizations, you  
6 know, the large credit granting organizations who  
7 in some cases, prices are even lower.

8 REPRESENTATIVE ROBINSON: One other  
9 question, Mr. Chairman. And this is still  
10 related to this issue of who you work for. And  
11 it would seem to me that the credit reporting  
12 agencies are put in an enviable position of  
13 having to say no or that they're verifying no, a  
14 no that's given by a retailer.

15 There's a retailer in my district that  
16 turned down someone for credit; indicated the  
17 person could go to a credit reporting agency and  
18 check their file, which they did. They even went  
19 to the retailer concerning this issue.

20 Neither the retailer nor the credit  
21 reporting agency indicated that the credit  
22 reporting agency was working for this retailer.  
23 They're working together; and, together, they  
24 couldn't solve the problem. They didn't do what  
25 you mentioned of going back and

1 checking -- here's what I see it is:

2 If a retailer has information that's  
3 inaccurate and they have hired you to store this  
4 information for them and to give it to whoever's  
5 authorized, if that information initially is  
6 incorrect, if you go back and check it, all  
7 you're doing is going back checking incorrect  
8 information.

9 So the consumer is bounced between the  
10 credit reporting agency and the retailer. Is  
11 there any suggestion that you might have as to  
12 how consumers might be able to address this  
13 problem without the retailer and the credit  
14 reporting agency sort of talking to one another  
15 about information that's obviously inaccurate or  
16 at least inaccurate from the standpoint of the  
17 consumer?

18 MR. MILLS: Two things: First of all,  
19 as a point, the credit grantor would use the  
20 credit bureau and the credit bureau work with the  
21 credit grantor from the standpoint that a credit  
22 grantor, in most cases, wants to grant credit.

23 I mean, for him to be able to stay in  
24 business and sell his goods, he's in the position  
25 of wanting to grant credit. We as a Credit



1 Bureau want to try to make things work for the  
2 credit grantor and the consumer. You know what I  
3 mean?

4 So from that standpoint of who we work  
5 for, we're working -- and the credit grantor is  
6 just going to spin his wheels and waste time and  
7 money, you know, if he's not opening credit card  
8 accounts and he's not giving us the correct  
9 information.

10 We have a system in place which is for  
11 the verification of information. And for  
12 instance, you mentioned Boscov's. Boscov's knows  
13 on a monthly report how many requests they get  
14 for reverification of information. They're very  
15 concerned that all those responses are given back  
16 promptly, okay.

17 None of them are allowed to go longer  
18 than thirty days, by law. They don't want any to  
19 go by ten days or five days, and there's always  
20 an open line with people in that credit  
21 department in order to get a problem resolved if  
22 there is something.

23 Now, if it gets to the point that  
24 they're holding their line and they're holding  
25 their line, there's, in effect, the ability for a

1 consumer to put a consumer statement on his  
2 credit file stating, you know, I was out of work  
3 at the time and I'm trying to pay this bill or I  
4 have an objection about what was paid to or paid  
5 for. And so that there's those kind of things.

6 And there's a Fair Credit Billing Act  
7 which says that a consumer can protest something  
8 and then during that period of time, the credit  
9 grantor cannot report that information to us  
10 negatively.

11 So there are a lot of things in place to  
12 assist the consumer. And, really, my experience  
13 with many, many credit grantors over these years  
14 has been that they're all interested in getting  
15 information right. They're just like the people  
16 in our office.

17 We don't want to -- if somebody at a  
18 place of business doesn't give us what we think's  
19 the right answer from the standpoint of  
20 reverifying it properly, you know, we go back.  
21 We're not just trying to reverify and say, well,  
22 just repeat the old stuff to us, but this is what  
23 the consumer said. We'd like you to verify if  
24 that is the case. If they don't verify it  
25 properly, we can delete it from the credit file

1 because it's not proper.

2 REPRESENTATIVE ROBINSON: Thank you,  
3 Mr. Chairman. Thank you, Mr. Mills.

4 MR. MILLS: Thank you.

5 CHAIRPERSON BIRMELIN: Chairman Gannon.

6 REPRESENTATIVE GANNON: I have a quick  
7 question. Do you keep a record in a person's  
8 file of the entities or a person, whatever, that  
9 had requested credit information?

10 MR. MILLS: That's correct. It's known  
11 as an inquiry. An inquiry is listed on the  
12 credit report for each time that anyone inquires.

13 CHAIRPERSON BIRMELIN: Representative  
14 Carn.

15 REPRESENTATIVE CARN: Thank you,  
16 Mr. Chairman. What does the law say as relating  
17 to how long you keep a statement on a credit  
18 report?

19 MR. MILLS: Okay. Negative information  
20 can stay on a credit report for seven years  
21 except for a full, straight bankruptcy. A  
22 straight bankruptcy stays on a credit file for a  
23 period of ten years. All other information comes  
24 off within seven years.

25 REPRESENTATIVE CARN: So when does that

1 seven years begin?

2 MR. MILLS: The seven years will begin  
3 at the time a suit or something is adjudicated,  
4 you know, when it's actually determined what the  
5 status of that thing is.

6 We have -- there's been a lot of  
7 investigation and work done by the Federal Trade  
8 Commission and the credit industry and the credit  
9 grantors to get to those dates. And part of  
10 these last changes to the Fair Credit Reporting  
11 Act indicated that those dates are from the date  
12 of the last occurrence of a delinquent account.

13 REPRESENTATIVE CARN: How do you define  
14 that last occurrence of a delinquent account?  
15 I'm not clear what that means.

16 MR. MILLS: If you were delinquent in  
17 January and then you got it straight and then you  
18 were delinquent in December, they would use the  
19 latest date. They wouldn't go back to January  
20 and use that date.

21 REPRESENTATIVE CARN: They would use the  
22 December date?

23 MR. MILLS: They'd use the December  
24 date. That's when you were last delinquent.

25 REPRESENTATIVE CARN: So that would be

1 the start of the seven years?

2 MR. MILLS: That's right, yeah.

3 REPRESENTATIVE CARN: In the situation  
4 where those kinds of issues are being disputed,  
5 does that delay the beginning of the seven years?

6 MR. MILLS: In that case it would from  
7 the standpoint that you would have to be in a  
8 position where you -- you would want it to be  
9 your last date, I suppose, from the standpoint that  
10 if you were good in between here, you know, a  
11 credit grantor would know that you're paying your  
12 bills good in here.

13 You may have gone delinquent again; you  
14 may have another reason for that. If you're  
15 applying for credit, it'd be a good idea to tell  
16 someone, you know, gee, I was delinquent or I had  
17 a late payment because of illness or I was laid  
18 off or something.

19 But your credit history is shown in,  
20 like, a 24-month pattern of how you've paid the  
21 accounts. So that way it gives you a history of  
22 how it's being taken care of. That's sort of  
23 history.

24 REPRESENTATIVE CARN: But again, the  
25 question is you're delinquent, it's been reported

1 on your credit report, but it is in dispute.

2 See, I'm trying to get a sense of because I have  
3 people who said that they had statements on their  
4 credit report for over seven years.

5 So the question is, When did that begin?  
6 If they were going through a disputed situation  
7 over a period of six to eight months or year or  
8 two and people are saying that while it was under  
9 that dispute that year and a half the seven years  
10 didn't begin. And I didn't know that the law  
11 stated that, and you're saying it does?

12 MR. MILLS: There's a -- it's outlined  
13 completely as to when that time starts.

14 REPRESENTATIVE CARN: Okay. Thank you,  
15 Mr. Chairman.

16 CHAIRPERSON BIRMELIN: Representative  
17 James.

18 REPRESENTATIVE JAMES: Thank you,  
19 Mr. Chairman, and thank you for testifying. In  
20 terms of -- I notice your credit bureau is in  
21 Reading. Are they regionalized to cover certain  
22 areas?

23 MR. MILLS: Yes.

24 REPRESENTATIVE JAMES: So Philadelphia  
25 area would be --

1 MR. MILLS: Different credit operation.

2 REPRESENTATIVE JAMES: Pardon me?

3 MR. MILLS: It would be a different  
4 credit bureau.

5 REPRESENTATIVE JAMES: So by counties or  
6 perhaps --

7 MR. MILLS: Correct, yes, in most cases.  
8 It depends. We have three national entities.  
9 There's TransUnion; TRW, which is now called  
10 Experian; and CBI called also Equifax.

11 REPRESENTATIVE JAMES: Equifax?

12 MR. MILLS: Equifax, yeah. For  
13 instance, in the State of Pennsylvania,  
14 TransUnion System has the most bureaus, a lot of  
15 small bureaus. Lancaster, Harrisburg, Reading,  
16 Allentown are all in the TransUnion System, okay.

17 TRW has an office in Wilkes-Barre and  
18 Scranton and one in Pittsburgh, I believe.  
19 Equifax has no office in Pennsylvania. So it  
20 depends on the system.

21 We are authorized on the TransUnion  
22 System to work Berks and Reading -- Reading and  
23 Berks County and parts of Schuylkill County. And  
24 other bureaus have specific areas. Lancaster has  
25 Lancaster County.

1           REPRESENTATIVE JAMES: Because I  
2 remember several years ago I raised some  
3 concerns and we met with the credit bureau people  
4 and they met with our entire delegation because  
5 we had a lot of constituent concerns and a lot of  
6 constituent problems, and I think we probably  
7 need to do that again soon.

8           But one thing they did at that  
9 time -- and since then, they've moved out of  
10 Philadelphia -- yeah, TransUnion moved. But they  
11 set up a service whereas legislators, that if we  
12 had problems, you know, concerns with  
13 constituents that we had a contact in the credit  
14 bureau at management level -- higher-level  
15 management where we could call dealing with  
16 constituent problems.

17           Because one thing you said today that I  
18 was not aware of, and that was that if a person  
19 is unemployed they can get their credit report at  
20 no charge. Now, I don't know when you send that  
21 credit -- when you notify them that they got bad  
22 credit or whatever that that's part of the  
23 correspondence, I don't know.

24           If it is not, at least so that when the  
25 person says, well, I got a bad credit report or



1 they got notified that they got turned down and  
2 if they want to get their credit report, then  
3 they should be on that notice --

4 MR. MILLS: Excuse me. If they're  
5 denied credit by someone, it should tell them in  
6 the letter that they can get the report free.

7 REPRESENTATIVE JAMES: Right.

8 MR. MILLS: There's no charge at that  
9 point. But if somebody says, I just want to  
10 check and see how my credit is because I'm  
11 unemployed --

12 REPRESENTATIVE JAMES: Okay. I see.

13 MR. MILLS: Okay? You can come in and  
14 you can get your report.

15 REPRESENTATIVE JAMES: The other thing  
16 is that what's the problem; why do we have to  
17 wait seven years? Why can't it be five years or  
18 three years in terms of --

19 MR. MILLS: It's up to the -- that was  
20 part of the federal law, okay. And some of the  
21 other statutes of limitations are going to affect  
22 things. But it's up to a credit grantor.

23 For instance, we'll have and you'll hear  
24 on the radio there are places selling automobiles  
25 that as long as your bankruptcy's been

1 discharged, they'll give you a car. They'll sell  
2 you a car.

3 So you can walk out of bankruptcy today  
4 and you're still out of the woods, but you can  
5 buy a car. So the credit grantors make the  
6 decision as to who they're going to give credit  
7 to.

8 So some credit grantor may say, Gee,  
9 this person had a slow payment, they had a  
10 disputed account, but they've taken care of  
11 everything and that happened two years ago or a  
12 year ago.

13 Then they can make that decision based  
14 upon their requirements for credit, you know,  
15 because I say these financial institutions and  
16 credit card companies are sort of like a grocery  
17 store. When you walk in today, there's peas and  
18 corn and everything in there. There's so much on  
19 the shelves.

20 Those credit grantors have shelves with  
21 money on them. They're going to give some to  
22 their best customers, some to the borderline  
23 customers, some to other customers that they must  
24 give to or whatever. So they have different  
25 requirements, and they can change from day to

1 day.

2 REPRESENTATIVE JAMES: According to  
3 the U.S. Credit Bureau, you have to keep it on  
4 there seven years because it's the federal law?

5 MR. MILLS: It's a part of federal law  
6 and it's part of some of the statutes that have  
7 been written into some of the laws.

8 REPRESENTATIVE JAMES: Thank you. Thank  
9 you, Mr. Chairman.

10 CHAIRPERSON BIRMELIN: Mr. Mills, we  
11 want to thank you for your testimony. I think  
12 it's been very enlightening and educational for  
13 us. I appreciate your coming in and for taking  
14 the time to be here.

15 MR. MILLS: My pleasure to be here. I'm  
16 happy to answer anything anytime.

17 CHAIRPERSON BIRMELIN: Our next and last  
18 testifier is Mr. E. Barry Creany. He's the  
19 Senior Deputy Attorney General with the Bureau of  
20 Consumer Protection at the office of Attorney  
21 General. Mr. Creany, am I pronouncing that  
22 correctly?

23 MR. CREANY: That's correct.

24 CHAIRPERSON BIRMELIN: You do have  
25 written testimony; is that correct?

1 MR. CREANY: Yes, sir.

2 CHAIRPERSON BIRMELIN: We thank you for  
3 coming here this morning and invite you to give  
4 your testimony.

5 MR. CREANY: First, My name is Barry  
6 Creany. I'm a Deputy Attorney General assigned  
7 to the Bureau of Consumer Protection.  
8 Specifically, I'm in one of the regional bureaus  
9 in Evansburg, Pennsylvania. It's the smallest of  
10 seven regions; but nonetheless, we have about  
11 3,000 complaints a year in a very, very small  
12 office.

13 Chairman Birmelin and the distinguished  
14 Members of this Subcommittee, thank you for the  
15 opportunity to testify today on House Bill 1189.  
16 These two amendments would provide reasonable and  
17 necessary protection for Pennsylvania consumers  
18 who increasingly must rely on their credit and  
19 the strength of their credit histories in order  
20 to afford themselves the basic needs of housing,  
21 transportation, and education.

22 Before I begin my formal remarks, I  
23 extend the greetings of Attorney General Mike  
24 Fisher. Attorney General Fisher commends  
25 Representative Robinson and this entire Committee

1 for your efforts to enact laws that will deter  
2 the misuse of confidential individual identifying  
3 information which can result in both immediate  
4 economic losses for consumers and leave them with  
5 ruined credit.

6 In deciding to support these amendments,  
7 we first reviewed the types of frauds that have  
8 occurred, the emerging trends in consumer frauds;  
9 we also looked at the impact that such frauds  
10 have had upon consumers and the recourse  
11 consumers have under current laws.

12 In analyzing these problems and the  
13 laws, we find that the added deterrent effect of  
14 Amendments 5060 and 5111 of House Bill 1189 will  
15 provide law enforcement with a well-tailored  
16 means to prosecute perpetrators of such fraud.

17 We live in an instant credit society.  
18 It's a society that is far more reliant on credit  
19 than we were a generation ago. Consumers save  
20 less than ever before and they allocate more of  
21 their net income toward the payment of mortgages,  
22 car loans, student loans, and credit card debt.

23 Traditionally, car sales have been the  
24 No. 1 source of complaints in the Bureau of  
25 Consumer Protection. Car dealers tell us that

1 consumers no longer care about the price of a  
2 car. All they want to know is what the payment  
3 will be.

4 They tell us that consumers are only  
5 concerned about that payment, and dealers love  
6 the payment buyers. In order to maintain this  
7 way of life, consumers must maintain good credit  
8 ratings.

9 We often hear from consumers about debt  
10 problems they've experienced as a result of their  
11 inability meet payments from a loss of  
12 employment, health-related expenses, divorces,  
13 and other catastrophic events which leave them  
14 with ruined credit.

15 But far more disturbing are the periodic  
16 complaints we have received from people who have  
17 worked hard all their lives and paid their ways,  
18 but nevertheless are harassed by creditors or  
19 have their credit destroyed by con artists who  
20 have tapped into their confidential financial  
21 information and used that information to  
22 perpetrate telemarketing and identity fraud  
23 scams.

24 Consumers are victimized in a number of  
25 ways. Likewise, perpetrators of the fraud obtain

1 the confidential information by various methods.  
2 For example, currently my office is  
3 investigating the case of a California-based  
4 company that provides phone sex chat services for  
5 a fee -- a very high fee.

6 Our specific focus is on Debt Regs  
7 violations in that case. While it appears that  
8 Pennsylvania Debt Collection Regulations have  
9 been violated in a number of cases, we've  
10 discovered one case in which a consumer was being  
11 harassed because an employee at an auto repair  
12 shop where he had had his car serviced had taken  
13 the consumer's credit card number and used it to  
14 charge a number of phone calls.

15 When the fraud was discovered, the  
16 consumer's problem was resolved with the company  
17 writing off the debt. Now, arguably, the  
18 company did not violate Debt Regs because they  
19 reasonably believed that they were dealing with  
20 that consumer and that the consumer had  
21 authorized the charges.

22 But what is certain is that the repair  
23 shop employee is getting away scot-free because  
24 neither the company nor the consumer is pushing  
25 for criminal charges even if the local District

1 Attorney were willing to pursue the case.

2 More serious harm occurs in  
3 telemarketing cases where we have found con  
4 artists who are selling mooch or sucker lists for  
5 fees of up to hundreds of dollars per name.

6 These lists will include the names,  
7 addresses, telephone numbers, credit card  
8 numbers, and bank account information for  
9 consumers who were past victims of telemarketing  
10 fraud.

11 Those who purchase these lists then  
12 revictimize the consumers, sometimes using that  
13 confidential information in order to fashion  
14 their new scams. While the users of mooch lists  
15 are sometimes criminally prosecuted, list brokers  
16 are rarely ever included in the indictments.

17 Another serious crime we are beginning  
18 to hear about is what is know as identity fraud.  
19 As Representative Robinson stated, identity fraud  
20 is a situation where someone has intentionally  
21 used confidential information to steal one's  
22 credit identity and thus enable them to use and  
23 ruin a person's credit.

24 Typically, we hear from a consumer that  
25 complaints that a credit reporting agency is



1 carrying inaccurate information on their files.  
2 We attempt to mediate the problem by contacting  
3 the credit bureaus and guiding the consumer  
4 through the process of a dispute resolution  
5 mandated by the Fair Credit Reporting Act.

6 This process can be a very daunting  
7 task, even where the credit bureaus recognize  
8 that identity fraud has occurred and cooperate in  
9 removing the false information. Again, we  
10 believe that identity fraud con artists are  
11 rarely prosecuted unless they are part of an  
12 operation that has perpetrated frauds in excess  
13 of \$50,000.

14 More often, the creditor writes off  
15 these fraud losses and passes the costs on to  
16 honest consumers in the form of higher interest  
17 rates, fees, and higher retail prices.

18 Although consumer complaints involving  
19 identity fraud are relatively few at the present  
20 time, we believe that it is an emerging trend in  
21 consumer fraud. This belief is supported by the  
22 California District Attorney's Association, which  
23 last fall warned that identity fraud is one of  
24 the fastest growing crimes in the nation.

25 The magnitude of the losses due to

1 identity fraud is likewise difficult to  
2 determine. However, in the recent special report  
3 published by the Consumer Reports, Diane Terry,  
4 who's the director of Fraud and Victim Assistance  
5 for TransUnion was quoted as saying that identity  
6 thieves make off with billions of dollars a year.

7 If, in fact, we're seeing an emerging  
8 trend, it's likely that it will grow rapidly as  
9 more people and more private financial  
10 information becomes available as a result of  
11 consumers who are doing business over the  
12 Internet.

13 Without stronger measures to deter fraud  
14 involving the use of confidential financial  
15 information, there is very little that consumers  
16 can do to protect themselves. Over the years, we  
17 have cautioned consumers never to give out  
18 confidential financial information over the  
19 phone.

20 While this remains good advice, is it  
21 inadequate because of the myriad methods and  
22 sources used by thieves to obtain personal  
23 financial information. In reality, it takes  
24 constant vigilance to spot and stop thieves who  
25 have accessed and are using your personal

1 financial information.

2           Once discovered, repairing one's credit  
3 files can become a time-consuming and expensive  
4 endeavor. As I mentioned earlier, too rarely are  
5 the perpetrators of such fraud criminally  
6 prosecuted. Even less frequently are instances  
7 where such individuals are civilly prosecuted.

8           Occasionally, consumers bring actions  
9 against credit bureaus for their negligence in  
10 reporting and disseminating credit information.  
11 Recent amendments to the Fair Credit Reporting  
12 Act have extended liabilities to those who  
13 furnish information to the credit bureaus and  
14 authorize consumers to sue in instances where the  
15 Act is violated.

16           However, the amendments to House Bill  
17 1189 provide the necessary criminal sanctions to  
18 help further deter the unauthorized access and  
19 misuse of a person's personal identifying  
20 information.

21           Passage of these amendments will provide  
22 additional tools for criminal prosecutors to  
23 address these economic crimes. For these  
24 reasons, the Office of Attorney General strongly  
25 endorses Amendments 5065 and 5111 to House Bill

1 1189. I would be happy to answer any questions  
2 you have. Thank you very much.

3 CHAIRPERSON BIRMELIN: Thank you,  
4 Mr. Creany. I had one question. I'm not sure  
5 where in your testimony you gave it; but  
6 something to the effect that even when a local  
7 District Attorney wanted to prosecute a offense  
8 under this Credit Information Act or whatever,  
9 that apparently the credit lending institution or  
10 bureaus are unwilling or unable to participate in  
11 that.

12 And I guess I have a twofold question:  
13 No. 1, why aren't they; and No. 2, why can't the  
14 District Attorney prosecute without their  
15 cooperation or their desire to join them in that  
16 effort?

17 REPRESENTATIVE MANDERINO: I think  
18 especially where we've seen in the metropolitan  
19 areas where the other types of crimes that are  
20 being handled by District Attorney's offices  
21 these ones have a lower priority for prosecution  
22 with all the violent crimes and other types of  
23 drug-related crimes.

24 These -- unless you're talking about an  
25 organization that's involved in a large-scale

1 identity fraud situation, we see that it's rarely  
2 the type of crime that's prosecuted. We have  
3 similar situations with a lot of other consumer  
4 protection issues.

5 Under a theft statute, some of these  
6 acts are certainly criminal; but to the local  
7 District Attorney that has, you know, is handling  
8 a large amount of other types of offenses, more  
9 traditional types of crimes, these are ones that  
10 rarely come to prosecution.

11 The other, I think, half of your question  
12 was with respect to what the bureaus are doing.  
13 Well, the local bureaus are passing along the  
14 information that's required by the Fair Credit  
15 Report Act in a dispute process.

16 Often the actual resolution of that  
17 takes quite a bit of time and quite a bit of  
18 effort in order to establish that there was fraud  
19 and to have that removed.

20 Recent amendments to the Fair Credit  
21 Reporting Act have prohibited reinserting some of  
22 this information, which was a problem in the past  
23 for us where we have worked hard to have some bad  
24 information removed, it surfaces again from  
25 another source that has reported the information

1 to another bureau.

2 CHAIRPERSON BIRMELIN: This may be  
3 a -- off on a tangent, the -- one of the problems  
4 that I've seen with some of my constituents over  
5 the years who have come to me is that they  
6 contract with a person to perform certain  
7 services -- be it a home builder, be it an  
8 auto dealer, any number of providers of services  
9 or products -- they receive very poor service or  
10 defective product.

11 And though there is some law in  
12 Pennsylvania that protects them -- the Auto Lemon  
13 Law, for instance, and some other things -- there  
14 are a lot of situations where there is no real  
15 protection and you wind up in the civil  
16 proceeding where you built a house for me and I  
17 don't like the job you did. It's very defective,  
18 and I have to sue you.

19 And I've tried to in all those cases  
20 recommend that the Bureau of Consumer Protection  
21 with the Attorney General's Office be involved in  
22 that process. And much to my dismay and to the  
23 dismay of my constituents, we find out that the  
24 Bureau of Consumer Protection does very little to  
25 protect consumers.

1           They are in a position more or less to  
2           try to negotiate a settlement between the two but  
3           never have any force of law or any strength from  
4           a position of making things happen where there  
5           may have been some wrong done to the consumer.

6           I know that is off on a tangent somewhat  
7           from this subject, but I think it's relevant to  
8           this subject as well. And I'm wondering if the  
9           legislation that Representative Robinson has  
10          introduced would help to address some of those  
11          inequities and weaknesses in the current Consumer  
12          Protection Division of the Attorney General's  
13          Office in helping to solve some of those  
14          problems?

15          MR. CREANY: Chairman Birmelin, I think  
16          that it would; and I share in your dismay that at  
17          times where you see clearly that an individual  
18          has been wronged by a business that our office is  
19          unable to effect a resolution.

20          I think part of the problem there is  
21          that we're working under General Deceptive  
22          Practices Law. And, for instance, in the home  
23          builder case, we would be using one of the  
24          provisions of the Consumer Protection Law that  
25          says that they must do it to the standard agreed

1 to in writing.

2 Or in most cases, we have a -- in most  
3 cases, we have a simple contract that has very  
4 little in the way of a guarantee. What amounts  
5 is that builders have at least one bite out of  
6 the apple in those situations.

7 If we see that he's done it to your  
8 constituent and then he's done it to another  
9 constituent, then we can start bringing an  
10 investigation based upon a pattern of deceptive  
11 practices.

12 I have just finished in December a case  
13 down in Somerset County where it was the third  
14 time around for this one home builder and we're  
15 waiting for an order that will bar him from  
16 business in Pennsylvania permanently.

17 I think this statute -- or this  
18 amendment introduced by Representative Robinson  
19 is on the right course. Because we've seen even  
20 just in the last legislative session when the  
21 legislator considers more specific laws to  
22 address the problems it enables us to act more  
23 promptly based upon those new laws; namely, the  
24 Telemarketer Registration Act has been helpful  
25 and the amendments last year to the Consumer



1 Protection Law itself.

2 CHAIRPERSON BIRMELIN: Thank you for  
3 those comments. Representative Robinson.

4 REPRESENTATIVE ROBINSON: Yes. Thank  
5 you, Mr. Creany. I apologize for being absent  
6 for the bulk of your testimony, but I did read  
7 your remarks prior to the start of the hearing.  
8 And I appreciate the interest of yourself and the  
9 Attorney General.

10 Let me ask a question that relates to  
11 areas that perhaps have not been addressed by the  
12 amendments or the proposed legislation.

13 Are there other specific things that the  
14 Legislature might consider -- and this relates to  
15 Representative Birmelin's concern -- to  
16 strengthen this piece of legislation so that the  
17 Attorney General's Office can be a active  
18 participant in either minimizing or stopping that  
19 kind of fraudulent activity?

20 MR. CREANY: I believe so,  
21 Representative Robinson. One issue that came up  
22 in the first question is why aren't the local  
23 district attorneys involved?

24 I think all of us are up -- with  
25 funding and with personnel, everyone has their

1 share of work to be done. I think one thing in  
2 crafting a comprehensive legislative piece, we'll  
3 have to also look toward the Commonwealth  
4 Attorney's Act that designates the  
5 responsibilities between local district attorneys  
6 and the attorney generals.

7 Currently, we would have jurisdiction in  
8 a case like this criminally if it is a  
9 multi-county involvement or the local District  
10 Attorney requests our involvement due to  
11 resources.

12 Therefore, it might be important to  
13 include in the legislation something to provide  
14 for dual ability to enforce the laws I've seen in  
15 other Pennsylvania statutes; namely, the Health  
16 Club Act is one where the local District  
17 Attorneys or our office has authorities.

18 REPRESENTATIVE ROBINSON: One other  
19 question relates to proposed penalties. This is  
20 a area where oftentimes in the Legislature we  
21 have some very interesting discussions as to what  
22 should the penalty actually be.

23 The penalties that are proposed in the  
24 draft legislation I believe are reasonable. Do  
25 you think they are reasonable? And if not,

1       should they be higher; and if so, how much  
2       higher?

3               MR. CREANY: I have a very limited  
4       reference to make recommendations on the  
5       penalties because I'm in the Consumer Protection  
6       Division. But in -- it appears to me from what I  
7       know of this law and other criminal laws that  
8       they are in line with other theft-related types  
9       of charges; and, therefore, I think it is clearly  
10      appropriate.

11             And I believe it even has an enhanced  
12      type of penalty for those over the age of 60,  
13      which is a trend nationally. We're seeing a lot  
14      of legislation.

15             I think even here so (sic) it might be more  
16      important because if you've worked all your life  
17      to establish credit and you've been victimized,  
18      you have a very difficult time in amending that  
19      to make plans for retirement. So I think those  
20      kinds of enhanced penalties are appropriate as  
21      well.

22             REPRESENTATIVE ROBINSON: Just one other  
23      question, if I might: The issue of identity  
24      theft, currently in Pennsylvania is there such a  
25      definition, identity theft, that the Attorney

1 General's Office can use if it is able to  
2 prosecute someone? Does anything exist now?

3 MR. CREANY: Not that I'm aware of. I  
4 think that it is an emerging trend; and, therefore,  
5 it's one that we just haven't had that much in  
6 the way of legislation. Maybe -- it's clearly  
7 one close to theft by deceptions; but we don't  
8 have a clear definition at this point.

9 REPRESENTATIVE ROBINSON: Thank you,  
10 Mr. Chairman.

11 CHAIRPERSON BIRMELIN: Representative  
12 Manderino.

13 REPRESENTATIVE MANDERINO: Thank you,  
14 and thank you, Mr. Creany. I think I have the  
15 answer to my question if I combine answers you  
16 gave to both prior Reps; but let me make sure I  
17 understand it.

18 Right now, primary responsibility for  
19 bringing a criminal charge based on something  
20 like this is with the local District Attorney?

21 MR. CREANY: I believe so.

22 REPRESENTATIVE MANDERINO: Even if we  
23 pass the Robinson Bill -- or Amendments and  
24 create this new crime of identity theft or  
25 whatever we're going to call it, primary

1 responsibility will still be with the district  
2 attorneys?

3 MR. CREANY: I think that maybe good  
4 guidance in crafting the bill would be to look to  
5 the, I think, '96 or '95 laws that were passed on  
6 the insurance fraud. And those ones did spread  
7 the burden and, in fact --

8 REPRESENTATIVE MANDERINO: Dual  
9 authority.

10 MR. CREANY: -- give primary authority  
11 in some cases to the attorney generals, because  
12 they are one that generally encompassed more than  
13 one county.

14 So the insurance fraud has been one of  
15 the big initiatives in our office over the last  
16 few years that maybe is a good place to look for  
17 how to address that problem of who's going to  
18 take the lead on these issues.

19 REPRESENTATIVE MANDERINO: My second  
20 area of questioning -- and I don't know that you  
21 would even have any experience in this, but let  
22 me just ask it.

23 Identity theft, vis-a-vis credit cards  
24 and creditors, was probably in the forefront of  
25 most peoples' minds and it's a big issue. I've

1 run across a couple of instances recently that  
2 was an identity theft of a different sort.

3           Somebody's driving record, for example.  
4 You know, somebody drives around, police pulls  
5 them over because they did something wrong; and  
6 instead of showing them their own license, they  
7 say, they're their buddy. And they give Joe  
8 Smith's name and address and enough identifying  
9 information. And the next thing you know, Joe  
10 Smith starts getting all these violations popping  
11 up on his drivers record.

12           Do you know -- and I realize you're in  
13 Consumer Protection and that's a different -- do  
14 you know if that is -- can be prosecuted now?

15           MR. CREANY: I think that would probably  
16 fall under one of the theft charges. But it is  
17 disturbing because although they're not targeting  
18 a credit history and abuse of one's credit, it's  
19 something that apparently is a lot simpler than  
20 all of us think. If I had --

21           REPRESENTATIVE MANDERINO: I've had  
22 people with their license in jeopardy and, you  
23 know, they're trying to save their license so  
24 they can save their job. I mean, it could have  
25 the same kind of ramifications if you don't catch

1       it early enough that a credit fraud could  
2       potentially happen to somebody's livelihood and  
3       well-being.

4                Just as we were talking about it I  
5       remembered a couple instances that I tried to  
6       work on recently in that regard. And I'm  
7       wondering if maybe with this bill or with another  
8       one we should even look at that issue?

9                MR. CREANY: From what I understand and  
10       through work, we've seen that in order to get  
11       into one's credit you need to know the name,  
12       address, a Social Security Number, date of birth, or  
13       at least two or three of those -- actually, the  
14       primary one's the date of birth, the Social  
15       Security, and the name.

16               And I'm sure most of you have some form  
17       of this; but it's the Commonwealth's insurance  
18       card. And on it, all somebody has to do is to  
19       see right there is my Social Security Number.  
20       With that, my name and address.

21               It wouldn't take much to find a date of  
22       birth and create an identity, go to the  
23       Department of Transportation and, you know, if  
24       the party's deceased, maybe apply for the license  
25       at that point.





1 I don't know how we would have straightened out  
2 that guy's record.

3 MR. CREANY: We hear those types of  
4 situations quite often, even though it's not our  
5 office that handles them.

6 REPRESENTATIVE MANDERINO: So you do  
7 hear that's becoming a more common thing too?

8 MR. CREANY: Um-hum.

9 REPRESENTATIVE MANDERINO: Thank you.

10 CHAIRPERSON BIRMELIN: Representative  
11 Reber.

12 REPRESENTATIVE REBER: Thank you,  
13 Mr. Chairman. Just changing the focus a small  
14 bit, the testimony that was elicited from the  
15 gentleman from the Reading Credit Bureau,  
16 Mr. Mills, highlighted the situation where  
17 Mr. Pickle -- the Pickle situation, so to  
18 speak -- where it was the younger Pickle that was  
19 the delinquent or vice versa; but nonetheless,  
20 there was a problem.

21 I've encountered with a number of  
22 clients in the legal realm situations where, in  
23 fact -- and I'm dealing with one right now out of  
24 a credit operation emanating out of the  
25 Pittsburgh area where similar situation -- let's

1 just call the individual Smith for sake of the  
2 discussion -- and it's really Smith, Junior who  
3 is being victimized by Smith, Senior's poor  
4 credit record to the extent of corporate  
5 bankruptcy and some of the things that follow and  
6 flow from that.

7 The amazing thing is that when you spend  
8 time and you deliver to so-called credit bureaus  
9 that are attempting to purge incorrect  
10 information, the length of time that these  
11 incorrect black marks, if you will, on a person's  
12 credit continue to remain when members of the  
13 Bar, Members of the Legislature provide them with  
14 certified copies of documentation that a  
15 first-year law student could understand is  
16 evidentiary in nature to show that it's not the  
17 individual who has his credit record besmirched.

18 And eventually, after a lot of time,  
19 aggravation, and expense for the consumer, and I  
20 guess more importantly after a long time of  
21 problems that emanate and flow from this  
22 particular mark against their credit record until  
23 the discrepancy is taken care of, a lot of  
24 troublesome water goes under the bridge.

25 And it just seems to me that if

1 something can remain on your record for seven  
2 years there ought to likewise be some period of  
3 time in which something has to be as a matter of  
4 law taken off the record in a very quick fashion  
5 when appropriate evidence has been presented.

6 Now, you know, there's always an  
7 argument as to what's appropriate evidence; and  
8 we're going to go round and round about that.  
9 But for sake or argument, do you or have you  
10 gotten involved in any situations where there has  
11 been complaints about inordinate periods of time  
12 to get things clear that seem to be relatively  
13 routine once you take a look at the file?

14 MR. CREANY: We've had complaints that  
15 I've been aware of and worked on with the agents  
16 where it does seem irrefutable that this is the  
17 wrong information in a father/son situation,  
18 particularly where it does take -- there's a  
19 rippling effect that the dispute goes out to the  
20 creditor and a creditor responds and there's some  
21 back and forth.

22 And it does seem to take an inordinate  
23 amount of time. In that period of time, the  
24 person's credit is frozen for all purposes.

25 REPRESENTATIVE REBER: I think an

1 inordinate period of time is the correct  
2 phraseology to use, at least the one I've  
3 experienced. I just wanted to make sure that I  
4 wasn't subject to just a few isolated instances.

5 That being said, I'm just wondering if  
6 it might not be somewhat of a good idea to also  
7 require with certain criteria -- and that's  
8 always the difficult hurdle to get over; and I  
9 certainly recognize that anyone in the business  
10 has to be protected that it is the appropriate  
11 kind of criteria.

12 But I certainly think where there are  
13 certified copies of court records, the  
14 satisfactions, if you will, or whatever the case  
15 might be or some other type of documentation,  
16 vis-a-vis a court order -- and you don't have  
17 that in any instance. But I have instances where  
18 that has not sufficed for quick resolution.

19 And I'm just wondering, Mr. Chairman, in  
20 the course of this particular review we might not  
21 also want to take a look at what would be an  
22 appropriate period of time where, in my opinion  
23 in some instances that I'm aware of, the conduct  
24 flowing back as a result has become in my mind  
25 criminal in nature flowing from the other side.

1           Not necessarily because of, you know,  
2           any type of overt activity but just criminally  
3           negligent in the way that it's being handled. So  
4           I really was concerned whether your Department  
5           had experienced situations similar to that.

6           Because I got the impression from, I  
7           think it was Representative Carn and some of the  
8           other Members, that they had constituents that  
9           just seemed like many, many times they provide  
10          documentation, they provide appropriate backup  
11          evidence that it's not me; get it off.

12          I'm not talking about the case where it  
13          was me and I've cured the defect, now I want that  
14          placed on the record so at least there's someone  
15          checking to see that that's the case.

16          It's where it's indisputable and  
17          irrefutable that it wasn't me to begin with.  
18          You've got the wrong person. And that certainly  
19          goes to the heart of the concern we have here.

20          Somewhat minor in nature compared to  
21          some of the other problems; but certainly very,  
22          very real and major for those that you've  
23          confirmed in my mind that at least it's not an  
24          aggravation in my part that it's going on.

25          MR. CREANY: I agree. Representative

1 Reber, those are good points to take into account  
2 in any further legislation on these issues. In  
3 the 1996 -- actually, taking effect  
4 September of 1997 Fair Credit Reporting Act  
5 Amendments there were some significant advances  
6 for consumers. There's also some concerns.

7 But one of the advances was the  
8 liability used to be just on the credit report  
9 agencies. Now it's extended to the furnishers of  
10 credit. So if that retailer or somebody's put  
11 out the bad information, they're going to have  
12 civil liability. The problem in --

13 REPRESENTATIVE REBER: The damages is  
14 the problem in any of these kinds of cases, as  
15 you well know. And I think every constituent,  
16 every particular type of client that is faced  
17 with this, really, all they want is to go on with  
18 their life and they want it done reasonably and  
19 expeditiously under the set of circumstances that  
20 can be provided to accomplish that. And I think  
21 that's where my direction is going.

22 MR. CREANY: Currently, the damages  
23 civilly are \$1,000 per violation. I don't think  
24 that would cover the attorneys fees in a case  
25 like this. So it is really a little bit of a

1 hollow type of provision, but at least it extends  
2 that liability.

3 Some of the concerns about the new  
4 provisions are that it does have a partial  
5 preemptive effect. So state legislation has to  
6 be tailored to avoid those type of concerns. I  
7 think there were grandfathers as to California's  
8 law and at least a few other states that had been  
9 in existence.

10 They also have a time line for the  
11 preemption, but there's a lot of other areas that  
12 would not be preempted. Ones that go further  
13 than fair credit in certain areas will be also  
14 allowed to be enforced by states.

15 REPRESENTATIVE REBER: Thank you very  
16 much.

17 CHAIRPERSON BIRMELIN: Representative  
18 Reber, just for your information, Representative  
19 Robinson's been very busy jotting down your  
20 comments and recognizing the sagacity of your  
21 observations; and I'm sure they will be  
22 incorporated into his final version of the bill  
23 before he introduces it.

24 At this point, we have no other  
25 questioners and no other testifiers. We want to

1       thank Mr. Creany for coming and for your input,  
2       and we hope that this has been helpful to the  
3       Committee.

4                   I'm sure they'll take into account some  
5       of your comments and use them and incorporate  
6       them in this legislation. At this point, this  
7       Committee meeting is adjourned.

8                   (At or about 11:02 a.m., the hearing was  
9       adjourned.)

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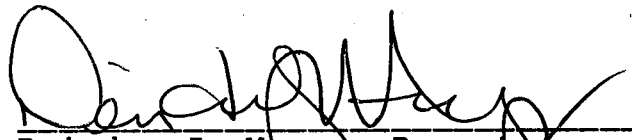
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## C E R T I F I C A T E

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2  
3 I, Deirdre J. Meyer, Reporter, Notary  
4 Public, duly commissioned and qualified in and for  
5 the County of Lancaster, Commonwealth of  
6 Pennsylvania, hereby certify that the foregoing is a  
7 true and accurate transcript of my stenotype notes  
8 taken by me and subsequently reduced to computer  
9 printout under my supervision, and that this copy is  
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11 This certification does not apply to any  
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18 Deirdre J. Meyer, Reporter,  
19 Notary Public. My commission  
20 expires August 10, 1998.  
21  
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23  
24  
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