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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ...  
PUBLIC HEARING - COMMITTEE RECORDS

1999-00

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on ... Judiciary and Personal Privacy  
(AC-JPP)

**COMMITTEE NOTICES ...**

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

**INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Mike Barman (LRB) (May/2012)

Assembly

Record of Committee Proceedings

**Committee on Judiciary and Personal Privacy**

**Assembly Bill 101**

Relating to: credit card records and providing a penalty.

By Representatives Schneider, Travis, Staskunas, Musser, Pocan, Ainsworth, J. Lehman, Bock, Miller, Black, Kreuser, Goetsch, Ryba, Krug, Gronemus, Gunderson and Boyle; cosponsored by Senators Erpenbach, Farrow and Darling.

February 9, 1999 Referred to committee on Judiciary and Personal Privacy.

October 21, 1999 **PUBLIC HEARING HELD**

Present: (7) Representatives Huebsch, Gundrum, Walker, Suder, Grothman, Hebl and Staskunas.  
Excused: (2) Representatives Sherman and Colon.

Appearances for

- Rep. Marlin Schneider, 72nd Assembly District

Appearances against

- Kurt Bauer, WI Bankers Assoc.
- Tim Elverman, Bank One Wisconsin

Appearances for Information Only

- None.

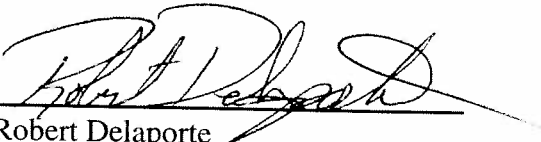
Registrations for

- None.

Registrations against

- None.

March 30, 2000 **Failed to pass pursuant to Senate Joint Resolution 1.**

  
Robert Delaporte  
Committee Clerk



AB 101 folder

9/23/99  
National Association of Attorneys General  
Financial services roundtable

Beth Givens remarks

I will focus my remarks on data warehousing by financial institutions and some implications for customer privacy.

Financial institutions such as banks compile a huge volume of customer specific transactional data. Such data is increasingly used to build data warehouses, perhaps adding demographic and psychographic data from third party sources <sup>or perhaps</sup> from affiliate companies. These large data warehouses are then "mined" using powerful computer hardware and software programs to discover trends or patterns that would otherwise be hidden.

Banks might then use the results of these complex analyses to generate marketing solicitations to their customers on a very targeted basis. They might, for example, customize the content of what's in the monthly billing envelope, with special promotions. The ultimate goal of these exercises is reaching the "market of one" or the "segment of one."

also see data of fraud detection + prev.

What are some implications for privacy of data warehousing by financial institutions?

- One is the propensity for the bank or credit card company to gather more personal data than it needs in order to add such data to the warehouse and subject it to analysis to seek hidden trends and patterns.
- Another potential outcome of data mining is redlining - determining which customers are costing the most to serve but which produce little revenue, and providing them reduced services, or perhaps imposing monthly surcharges on them - like the long distance company

AT&T is now doing with its low volume callers.

- A third possibility, one that is more appropriate for discussion today, is the development of a profile or score that could in turn be sold to third parties and/or shared with affiliated companies.

We are all familiar with a type of data warehousing and mining application that results in the credit score. Complex computer algorithms are applied to credit reporting data and a numerical score is produced that indicates a consumer's risk factor - whether or not he or she will be likely to pay off the loan on time, or make the monthly payments on a credit card. Scores are also used to determine the amount of interest a consumer might be required to pay on, say, an auto loan.

Credit scores are sold by the credit bureaus as one of their information products. As data warehousing and mining are implemented more widely in financial institutions, I don't think it's unreasonable to assume that they might use their huge data warehouses of transactional data to produce profiles or perhaps scores that would be sold to third parties or shared with affiliates, much like credit bureaus sell credit scores.

Because of an unfortunate loophole, consumers don't have a right to access their credit scores.

Nor do they have a right to know the logic that underlies the creation of scores. Policymakers and lawmakers must not allow this to happen with other types of profiles and scores that are likely to be developed from the data warehouses of financial institutions.

*noted that in EU, consumers would have access to these*

Further, financial institutions should be required to disclose their data warehousing practices to

their customers. If they enrich their data warehouses of transactional data with demographic and psychographic data from third parties, their customers should be able to know that. Ideally, their customers should be able to opt in to transactional or behavioral targeting.

Can swim,

Policymakers and lawmakers should not allow the credit scoring scenario to happen in other financial services applications.

With that I close - and I thank you for the opportunity to participate in your discussion today.

---

BY notes (not presented)

#### Data warehousing

- capturing trends or patterns hidden in large quantities of data
- data can be obtained from numerous sources: the company's own transactional data, data from affiliated companies, consumer surveys, third party demographic or psychographic data
- NCR: "increasingly, the data warehouse is the infrastructure supporting the business intelligence activities that generate the direct mail and telemarketing solicitations that annoy so many consumers." p.32

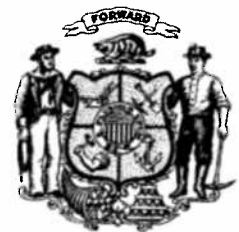
#### How data warehousing used

- to target customers who match certain behavior profiles (propensity to be interested in certain financial services)
- ultimate goal is a market of one, finely targeted solicitations that customers are likely to respond to positively, sometimes called "relationship management"
- to customize content of what's in the monthly billing envelope, with special promotions
- to cross-sell products and services of affiliate companies, for example market certain insurance products to targeted bank customers depending on their profiles

#### Considerations



# WISCONSIN STATE LEGISLATURE





Testimony before the  
Assembly Judiciary & Personal Privacy Committee

**In Opposition to AB 101**

1:00 pm, October 21, 1999  
by Kurt R. Bauer  
Wisconsin Bankers Association

---

Representative Huebsch and members of the Committee, my name is Kurt Bauer. I am the director of government relations for the Wisconsin Bankers Association. WBA represents nearly 400 commercial bank, savings bank and savings & loan institutions of all sizes throughout the state.

WBA opposes AB 101 for two reasons.

First, existing state and federal regulations already prohibit the unauthorized disclosure of credit information.

Second, the exceptions provided in this bill are vague and could have severe unintended consequences to the availability of credit.

In 1971, Congress enacted the Fair Credit Reporting Act (FCRA) to regulate the use of consumer credit reports. That federal law places strong restrictions on credit providers and credit bureaus on how consumer credit information may and may not be used. That includes a ban on the use of credit information to develop mailing lists.

In 1997, Congress amended the Fair Credit Reporting Act to require credit card issuers to notify their customers if information was being shared between affiliates. The amendment also gives customers the right to opt-out of that information sharing if they choose.

In that regard, federal law is actually stronger than the proposed requirements in AB 101.

Further, the Wisconsin Department of Financial Institutions (DFI) prohibits in their regulations (DFI-Bkg 80.87) the sale or unauthorized use of credit card numbers.

Beyond the confusion and compliance headache of dual regulation, the exceptions listed under AB 101 could very well have unintended consequences that could restrict the legitimate and necessary sharing of information. If that happens, credit could be denied when it would otherwise be granted.

1721 SOUTH BILTMORE LANE  
MADISON, WI 53718

P.O. BOX 8880  
MADISON, WI 53708-8880

608-441-1200  
FAX 608-661-9581

[www.wisbank.com](http://www.wisbank.com)



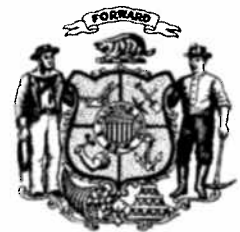
And because of the narrow definition of the term affiliate in AB 101, the bill would also put smaller community banks at a competitive disadvantage to larger financial institutions and credit card issuers because they tend not to use an affiliate structure.

I think it's important to state that no business has a greater stake in protecting our customers' financial privacy than banks. Our credibility and ultimately, our success depend on it. And frankly, Wisconsin financial institutions have an impeccable record in that regard.

There is no doubt that AB 101 is a well-intended proposal. But because of existing state and federal regulation, it is an unnecessary proposal that could very well have the unintended effect of limiting the availability of credit.



# WISCONSIN STATE LEGISLATURE



# History of Assembly Bill 101

## ASSEMBLY BILL 101

An Act to create 138.25 of the statutes; relating to: credit card records and providing a penalty.

1999

- 02-09. A. Introduced by Representatives Schneider, Travis, Staskunas, Musser, Pocan, Ainsworth, J. Lehman, Bock, Miller, Black, Kreuser, Goetsch, Ryba, Krug, Gronemus, Gunderson and Boyle; cosponsored by Senators Erpenbach, Farrow and Darling.
- 02-09. A. Read first time and referred to committee on Judiciary and Personal Privacy ..... 61
- 10-21. A. Public hearing held.

[Text of Assembly Bill 101](#)


[Search for another history](#)



[Back to Legislation Page](#)



[Back to Legislature Home Page](#)



**Wisconsin Merchants Federation**

**Douglas Q. Johnson**  
*Sr. Vice President  
 & General Counsel*

30 West Mifflin St.  
 Madison, WI 53703

608/257-3541  
 FAX: 608/257-8755

11-11-'99

TO: Representative Huebsch

FROM: Doug Johnson

RE: AB101

For any number of reasons (starting with the attached)

AB101 is not good public policy  
 risking tighter lending & a slower  
 economy. Let me know if we  
 can provide any more information.  
 Thank you.

# 1999 ASSEMBLY BILL 101

February 9, 1999 - Introduced by Representatives SCHNEIDER, TRAVIS, STASKUNAS, MUSSER, POCAN, AINSWORTH, J. LEHMAN, BOCK, MILLER, BLACK, KREUSER, GOETSCH, RYBA, KRUG, GRONEMUS, GUNDERSON and BOYLE, cosponsored by Senators ERPENBACH, FARROW and DARLING. Referred to Committee on Judiciary and Personal Privacy.

1 AN ACT *to create* 138.25 of the statutes; relating to: credit card records and  
2 providing a penalty.

---

### *Analysis by the Legislative Reference Bureau*

Current law is silent regarding a person's authority to sell information about credit cardholders. Under this bill, a person (which includes a corporation) may not sell information about Wisconsin residents that is obtained from credit card transaction records. The bill provides for certain exceptions from this prohibition. First, the bill excepts disclosures to credit reporting agencies for the purpose of preparing a credit report. The bill also contains certain exceptions for disclosing information to affiliates of the issuer and to contractors or agents of the issuer for the purpose of performing functions for or on behalf of the issuer. Persons violating the disclosure provisions created in the bill are subject to a forfeiture of not more than \$10,000 for each violation. The bill also authorizes the department of justice to bring actions in circuit court to enjoin violations of the disclosure provisions.

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

3 SECTION 1. 138.25 of the statutes is created to read:  
4 **138.25 Credit card records. (1) DEFINITIONS.** In this section:  
5 (a) "Cardholder" has the meaning given in s. 943.41 (1) (b).

**ASSEMBLY BILL 101**

1 (b) "Consumer report" has the meaning given in 15 USC 1681a (d).

2 (c) "Consumer reporting agency" has the meaning given in 15 USC 1681a (f).

3 (d) "Financial transaction card" has the meaning given in s. 943.41 (1) (em).

4 (2) DISCLOSURE PROHIBITED. Except as provided in sub. (3), a person may not  
5 disclose to another person, for money or anything else of value, any information or  
6 data about a cardholder who is a resident of this state that is obtained by the person  
7 from financial transaction card transaction records.

8 (3) EXCEPTIONS. A person may disclose information about a cardholder if any  
9 of the following apply:

10 (a) The disclosure is made to a consumer reporting agency for purposes of a  
11 consumer report.

12 (b) The disclosure is made to or by persons that are affiliated with the issuer  
13 of the financial transaction card by common ownership or control solely for the  
14 purpose of performing functions for or on behalf of the issuer. The affiliated person  
15 may not disclose any information received pursuant to this paragraph to a person  
16 other than the issuer, unless the issuer could make the disclosure under this section.

17 (c) If the issuer of the financial transaction card is a retailer, the disclosure is  
18 made to or by contractors or agents of the issuer for the purposes of performing  
19 functions for or on behalf of the issuer. The contractor or agent may not disclose any  
20 information received pursuant to this paragraph to a person other than the issuer,  
21 unless the issuer could make the disclosure under this section.

22 (4) FORFEITURE. A person who violates sub. (2) may be required to forfeit not  
23 more than \$10,000 for each violation. Each disclosure of information or data about  
24 one cardholder constitutes a separate violation.





# Wisconsin Merchants Federation

*The Voice Of Wisconsin Retailing*

30 West Mifflin Street  
Madison, Wisconsin 53703  
Telephone 608/257-3541  
Fax 608/257-8755

May 19, 1994

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Madison

Ms. Carole M. Doeppers  
Wisconsin State Privacy Advocate  
148 East Wilson Street, Ste. 102  
Madison, WI 53702

Dear Ms. Doeppers:

Chris Tackett has asked me to respond to your letter dated May 4. First, congratulations on your appointment as Wisconsin's first privacy advocate and ombudsman. We look forward to working with you.

By this letter I am circulating for review your letter and the attached Draft Codes of Fair Information Practices. At the outset, the proposed code for Wisconsin Businesses and Professions contains a limitation in item #2 that is troubling.

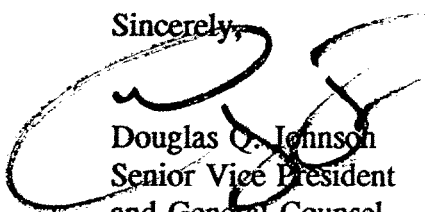
Item 2 provides that "No personally identifiable information gathered and maintained for one purpose should be used, disclosed or sold for another purpose, unless the customer or client has been informed and allowed to opt out." This provision is quite similar to that proposed in Assembly Bill 6 during the last legislative session.

The WMF opposed AB 6 (see attached background materials). AB 6 failed to pass.

Again, once I've heard from WMF's credit, collection and marketing members I'll be back in touch. In the meantime, please keep us advised on the activities and concerns of the Privacy Council and the Office of the Privacy Advocate.

Thank you.

Sincerely,

  
Douglas Q. Johnson  
Senior Vice President  
and General Counsel

cc: WMF Credit-Collection-Marketing Committees

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Taisha H. Weber



# State of Wisconsin

PRIVACY COUNCIL

PRIVACY ADVOCATE

May 4, 1994

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**Privacy Advocate**  
Carole Doeppers  
148 East Wilson Street  
Suite 102  
Madison, WI 53702  
(608) 261-6261

Chris Tackett, President  
Wisconsin Merchants Federation  
30 West Mifflin, Suite 310  
Madison, WI 53703

MAY 9 1994

Dear Mr. Tackett;

Wisconsin is the first state in the country to create a Privacy Council and, in turn, to staff an Office of the Privacy Advocate. Last December I was appointed to serve as Wisconsin's first privacy advocate and ombudsman. Among my responsibilities, I will be evaluating policies and procedures at both the state and local levels that have an impact on personal privacy.

An initial involvement of both the advocate and the Privacy Council is to develop a Code of Fair Information Practices for governmental authorities and perhaps, for businesses and professions as well.

The Privacy Council will consider the enclosed Codes of Fair Information Practices at its next regularly scheduled meeting on May 26. In anticipation of that meeting, Council members would appreciate receiving (a) your assessment regarding the merits of formulating such Fair Practices Codes, and (b) a critique of individual principles specifically tailored to Wisconsin businesses and professions. (See page two of the enclosed draft.)

We look forward to receiving your comments or those of an associate by May 18, so that they may be shared with Council members prior to the upcoming meeting.

Thank you for your help.

Sincerely,

*Carole Doeppers*  
Carole M. Doeppers  
Wisconsin State Privacy Advocate

*Chris, I went ahead and mailed these out in the interest of time. The drafts have been sent to over 50 business leaders and newspaper editors*





**DRAFT CODE OF FAIR INFORMATION PRACTICES  
FOR WISCONSIN STATE AND LOCAL GOVERNMENTS**

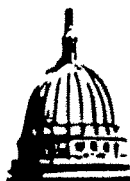
- 1.) There must exist no public governmental record-keeping system containing personally identifiable information that is held in secret.
- 2.) Requests by the government for personally identifiable information that is not directly required for a specific public policy purpose or statutory mandate must be clearly labeled as "voluntary".
- 3.) Any governmental authority that creates, maintains, uses, or disseminates public records containing personally identifiable information must establish specific procedures to ensure the accuracy of information and take precautions to prevent its misuse.
- 4.) A person should be able to prevent his/her personally identifiable information that is obtained for one purpose from being used or disclosed for another purpose, to the extent permitted by law, unless the individual is first informed. In addition, a person should be told what are the implications of NOT agreeing to the release of his/her personal information.
- 5.) A person must be able to determine, without undue difficulty and in a timely manner, what personally identifiable information exists in a governmental record-keeping system and how it is being used. Governmental officials with record systems must provide assistance in locating this information.
- 6.) A person must be afforded means to correct, clarify or challenge any public record containing personally identifiable information directly relating to him or her. Corrected or updated information must then be provided to all third parties who had previously obtained the information (if identities of these parties are known).
- 7.) Governmental authorities should retain information about the context of the collection of personally identifiable information. This includes (a) who provided the information; (b) when the information was provided; and (c) whether or when the information was verified by the person to whom it pertains. Persons who inspect personal records should be afforded access to this contextual information.

(continued on next page)



**DRAFT CODE OF FAIR INFORMATION PRACTICES  
FOR WISCONSIN BUSINESSES AND PROFESSIONS**

- 1.) Personal privacy should be recognized by all companies and businesses as a legitimate value to be protected in much the same way as product safety.
- 2.) No personally identifiable information gathered and maintained for one purpose should be used, disclosed or sold for another purpose, unless the customer or client has been informed and allowed to opt out.
- 3.) Companies and businesses should educate their customers and clients regarding the privacy implications of the products and services they offer or are about to introduce.
- 4.) Privacy protections should not create a "barrier" to the receipt of any product or service, and "opting out" of disclosing or sharing identifiable information should not unduly penalize any individual. Customers and clients should be informed what the implications are of NOT agreeing to the release of personally identifiable information.
- 5.) Customers and clients should be afforded the means to correct, clarify or update personal information contained in business-related records. Corrected or updated information should then be provided to other third parties to whom the information may have been transmitted previously.
- 6.) Recognizing that over time, there may be new privacy expectations and advances in technology, companies and businesses should adopt specific policies and security procedures for protecting the confidentiality of personally identifiable information collected and maintained on customers and clients.
- 7.) Special classes of personally identifiable information should be recognized and given special consideration regarding privacy:
  - information received from the government
  - information with Social Security Numbers (SSN) attached
  - medically-related information
  - potentially stigmatizing information (e.g. life-style choices, risky behaviors).



# Wisconsin Merchants Federation

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Mary C. Kaja

### Director/Environmental & Consumer Affairs

Taisha H. Weber

May 10, 1994

Representative Marlin Schneider  
P.O. Box 8953  
Madison, WI 53708

Dear Representative Schneider and Committee Members:

The Wisconsin Merchants Federation urges you to remove section 40 from LRBs 0798/1. This section proposes the same changes as were proposed by Assembly Bill 6 which failed to pass during the 1993-'94 legislative session.

Section 40 limits disclosure of data arising from financial transaction card transaction records. This section risks the cessation of credit granting in Wisconsin.

Extension of credit is critical to retailing in Wisconsin. It is critical to Wisconsin businesses and consumers. Please remove section 40 from the telecommunications legislation.

Attached please find more background on AB 6. It applies as well to section 40.

Thank you for your concern.

Sincerely,

Douglas Q. Johnson  
Senior Vice President  
and General Counsel

cc: Mr. Bill Wilcox, WMF Credit Committee



## CREDIT BUREAU OF MADISON

### STATEMENT RE: 1993 ASSEMBLY BILL 6

**William E. Wilcox, President, Associated Credit Bureaus of Wisconsin**

Assembly Substitute Amendment One To 1993 Assembly Bill 6, passed by the Assembly on October 19, 1993. It is a classic case of a piece of bad legislation made worse in the legislative process.

While the author's intent in attempting to protect consumers privacy is admirable, the result has the potential to bring to a halt all consumer borrowing and lending in the State of Wisconsin. Should AB 6 be enacted into law, in its present form, Wisconsin consumers would no longer be able to purchase or refinance a home, purchase an automobile or any other major item on credit, borrow money, open a charge account or obtain any other type of credit. In most cases Wisconsin consumers would be unable to purchase insurance, rent a home or apartment or obtain certain types of employment. Credit is granted to consumers, almost wholly, based on information obtained by the credit grantor from a consumer credit report compiled by the local credit bureau or one of the major credit repositories. Consumer credit reports DO NOT itemize specific purchases although often times if the purchase is secured there may be a notation of the collateral, i.e. 1993 Chevrolet. While this might not be a practical example today of a "financial transaction card" purchase, both General Motors and Ford have recently launched Master/VISA Cards where credits are earned toward the future purchase of an automobile which could conceivably be purchased through use of that card. Very often just the name of the credit grantor appearing on the credit report may indicate "product categories or business or merchant categories." For example: The Limited = women's clothing, JC Penney or Younkers = department store, Firestone = tires and batteries, Mobil = gasoline. **IF THIS BASIC CREDIT INFORMATION CAN NOT BE FURNISHED TO A POTENTIAL CREDIT GRANTOR, CREDIT WILL NOT BE EXTENDED.**

Current Federal law (Public Law 91-508, the Fair Credit Reporting Act [FCRA]) already places onerous responsibility on credit bureaus and users of credit reports regarding the permissible purposes (Section 604 of The Act) for which a consumers credit information may be used.

If AB 6 is to be considered further by this committee, we propose the following sentence be added at the end of the paragraph (2) to exempt credit reporting agencies:

"This prohibition does not apply to information or data supplied to or by a consumer credit reporting agency as defined in the federal Fair Credit Reporting Act (FCRA) 15 U.S.C. 1681a et al."

Thank you for your consideration.



Automated with  
**TRANS UNION**



# Wisconsin Merchants Federation

*The Voice Of Wisconsin Retailing*

30 West Mifflin Street  
Madison, Wisconsin 53703  
Telephone 608/257-3541  
Fax 608/257-8755

## OFFICERS

**Chairman of  
The Board**  
William Rush  
Marshall Field & Co.  
Chicago, Illinois

October 19, 1993

**Vice Chairman**  
John Herma  
Kohls Department Stores  
Menomonee Falls

State Representative Marlin Schneider  
204N State Capitol  
Madison, WI 53702

**Vice Chairman**  
Alan Rudnick  
B. Rudnick, Inc.  
Sheboygan

State Representative Dean Kaufert  
420N State Capitol  
Madison, WI 53702

**Secretary**  
Dave Liebergen  
Shopko Stores  
Green Bay

Dear Representatives Schneider and Kaufert:

**Treasurer**  
Fritz Ragatz  
Oriental Specialties  
Madison

Following our discussions this morning we have been researching the law and credit industry practices to determine the need for the regulation proposed by Assembly Bill 6. Also, State Representative Kaufert requested us to review his proposed substitute amendment. You both requested a response ASAP (preferably this afternoon).

## EXECUTIVE STAFF

**President/CEO**  
Chris C. Tackett

**Sr. Vice President  
& General Counsel**  
Douglas Q. Johnson

**V.P./Administration**  
Mary C. Kaja

**Director/Environmental  
& Consumer Affairs**  
Taisha H. Weber

Our members continue to believe that there is no demonstrated need that justifies enactment of this regulation. There are existing state and federal laws and regulations that protect consumers from abuses arising in either credit reporting or credit granting.

For example, Representative Schneider argued the need for AB 6 regulation on the basis of access to credit card numbers through a credit report which are subsequently used by a third party to make unauthorized purchases. State and federal regulation already cover this problem.

Under Bkg. 80.87, Wis. Adm. Code (adopted pursuant to the Commissioner's authority under the Wisconsin Consumer Act, s.426.18, Wis. Stats., effective March 1, 1993) the sale of credit card numbers is illegal. The federal Truth-In-Lending Act also covers this problem and limits card holder liability.

Page 2  
October 19, 1993  
Wisconsin Merchants Federation  
Assembly Bill 6

In short, the Banking Commissioner has broad regulatory powers to address "abuses." State and federal law already cover "abuses." We do not consider "abuse" the transfer/sale of generic marketing/information such as the customer name and address from a merchant credit grantor who sold a bed to a merchant who sells mattresses and wants to limit his/her advertising expenses by selective advertising.

Still, if AB 6 is to pass our members find Representative Kaufert's proposal preferable. We also respectfully suggest that an "opt out" provision be incorporated modeled after New York and California models that allow consumers to decide if this kind of generic consumer transaction data can be used.

Again, we thank you for your interest and enjoy working with you.

Sincerely,

Douglas Q. Johnson  
Senior Vice President  
General Counsel

cc: Assembly Leadership  
Governor Thompson

P.S. We are continuing to research this question and note in closing that Representative Kaufert's substitute remains ambiguous on the question of credit transaction information between corporate subsidiaries.

# WISCONSIN

City Editor: David Sloeffler, 252-6130

Tuesday, October 19, 1993

3B

State Journal photo  
CAROLYN PFLASTERER  
dison, and some 40 other mem-  
A Coalition to Abolish the Death  
the Capitol Monday for a prayer  
and punishment bill.

## ated nality protesters

chne County was hanged for drown-  
ing his wife.  
Opponents see capital punish-  
ment as an outdated, barbarous  
measure meted out disproportionately  
on poor and minority con-  
victs. Those in favor of capital pun-  
ishment see death as the only pen-

North American Association for the  
Study of Obesity who are meeting  
in Milwaukee this week to consider  
explanations for obesity and possi-  
ble cures.

Klaseba, who is chairman of the

### CAPITOL REPORT

#### Consumer lending threatened?

bureau declared Monday that a privacy-related bill before the  
state Assembly would stop consumer lending.  
The bill is one of Rep. Marlin Schneider's measures designed to  
protect citizen privacy. As introduced, it would prevent a credit  
card issuer from selling to marketers information about Wisconsin  
residents in credit card transaction records. A recently  
adopted amendment, however, vastly broadens the bill, industry  
critics said.

Oscar Marquis, vice president and general counsel of Trans  
Union in Chicago, said in a letter that the practical effect of the  
amended bill "would be that credit granting would come to a halt  
in the state of Wisconsin" because the amendment would ban the  
disclosure of credit reports to lenders or anyone else.  
"It makes a bad bill worse," said Douglas Johnson of the Wis-  
consin Merchants Federation.

#### Special health session likely

Thompson, sounding resigned to slow progress for his health care  
plan, says a special legislative session on the issue is "more than  
likely."  
"It's not moving as fast as I hoped it would," Thompson said  
Sunday night during his monthly "Ask the Governor" call-in pro-  
gram on the Wisconsin Radio Network. "I don't think the Legisla-  
ture is going to have enough time to get that one passed."  
Thompson even conceded that one

contributors to obesity. He called the  
collision the "big bang theory."  
"The new way of looking at obes-  
ity is something about basic human  
makeup colliding with the affluent  
Western world," Hirsch said.



# CREDIT BUREAU OF MADISON, INC.

May 11, 1994

## TESTIMONY RE: LRB 0798/1 (The Telecommunications Proposal)

Presented to: Assembly Committee on Trade, Science and Technology  
Presented by: William E. Wilcox, MCE, President, Associated Credit Bureaus of Wisconsin

Good afternoon. My name is William Wilcox. I am President of the Credit Bureau of Madison, Inc. the parent company of Credit Bureau of Madison, Credit Bureau of Eau Claire and Home Mortgage Services. I come here today as the elected President of Associated Credit Bureaus of Wisconsin representing all of the consumer credit reporting agencies in Wisconsin and also on behalf of the Wisconsin Merchants Federation which represents over 6,000 stores statewide with members in everyone of Wisconsin's 72 counties.

We are **OPPOSED** to LRB 0798/1, The Telecommunications Proposal. I will express specific opposition to Sections 10, 11 and 40 of this proposed legislation.

While the author's intent in attempting to protect consumers privacy is admirable, the result has the potential to bring to a halt all consumer borrowing and lending in the State of Wisconsin by criminalizing the sale of credit card transaction data. Should Section 40 be enacted into law, Wisconsin consumers would no longer be able to purchase or refinance a home, purchase an automobile or any other major item on credit, borrow money, open a charge account or obtain any other type of credit. In most cases Wisconsin consumers would be unable to purchase insurance, rent a home or apartment or obtain certain types of employment. Credit is granted to consumers, almost wholly, based on information obtained by the credit grantor from a consumer credit report compiled by the local credit bureau or one of the major credit repositories. Consumer credit reports **DO NOT** provide or report data regarding specific purchases although often times if the purchase is secured there may be a notation of the collateral, i.e. 1993 Chevrolet. While this might not be a practical example today of a "financial transaction card" purchase, both General Motors and Ford have recently launched Master/VISA Cards where credits are earned toward the future purchase of an automobile which could conceivably be purchased through use of that card. Very often just the name of the credit grantor appearing on the credit report may indicate "product categories or business or merchant categories." For example: The Limited = women's clothing, JC Penney or Younkers = department store, Firestone = tires and batteries, Mobil = gasoline. **IF THIS BASIC CREDIT INFORMATION CAN NOT BE FURNISHED TO A POTENTIAL CREDIT GRANTOR, CREDIT WILL NOT BE EXTENDED.**



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**TRANS UNION**



Testimony RE: LRB 0798/1 (The Telecommunications Proposal)  
May 11 1994

Current Federal Law (Public Law 91-508, the Fair Credit Reporting Act [FCRA]) already places onerous responsibility on credit bureaus and users of credit reports regarding the permissible purposes (Section 604 of The Act) for which a consumers credit information may be used.

Section 10 of the proposed bill also makes it a crime for anyone to obtain and resell any information from state records that are maintained in electronic form. This would preclude credit bureaus and services like Dunn and Bradstreet from including UCC filings and perhaps court judgments in our reports. It would appear to be at odds with the direction most of the government offices and courts are trying to go by computerizing their records in order to save tax dollars and increase employee efficiency. There are also state and federal mandates that require certain agencies to provide data to credit bureaus. Specific examples are the reporting of delinquent child support, delinquent student loans or delinquent guaranteed mortgage information.

Conversely, Section 11 of the bill would prohibit state agencies from purchasing credit reports, at least through remote terminals, because of the ban on any state agency obtaining personally identifiable information in machine-readable format from any person other than a governmental entity. This requirement would preclude a number of state agencies from doing their duty. A few examples would be the Department of Health & Social Services which uses a large quantity of credit reports when extending welfare benefits to help eliminate fraud or in the collection of child support. The Department of Veterans Affairs which uses credit reports as a part of lending money to the State's veterans. The Gaming Commission which uses credit reports as a part of their background investigation of potential employees and distributors of lottery tickets. The Department of Transportation also uses credit reports in their background investigation of potential Highway Patrol Officers. The State Treasurer uses credit bureau services in their attempt to locate and distribute unclaimed property to Wisconsin citizens. These are but a few of the many uses the State makes of personally identifiable information obtained from credit bureaus. To obtain this information by other than electronic means would be cost prohibitive. To not obtain it at all would be irresponsible.

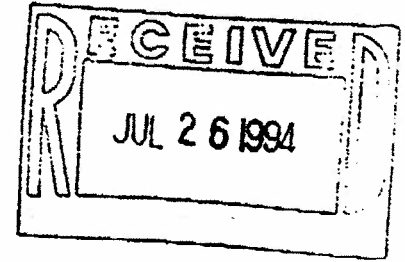
I hope this short testimony has shed some light on our concerns. I thank the members of the committee for allowing me this opportunity to express our views and concerns. I would be happy to answer any questions.

Thank you.



**TOMMY G. THOMPSON**

Governor  
State of Wisconsin



July 22, 1994

Commissioner Richard L. Dean  
Commissioner of Banking  
101 E. Wilson Street  
Madison, WI 53702

Dear Commissioner Dean:

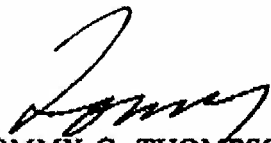
As you may know, on July 5, 1994 I signed into law June 1994 Special Session Assembly Bill 2, the telecommunications bill.

During the negotiations on this bill, I agreed with Representative Marlin Schneider that I would instruct certain agencies and commissions to report back to me regarding privacy issues.

One of the privacy issues that falls under the jurisdiction of your commission is the abuses in the disclosure of credit card-related information including transaction records that relate to specific purchases, types or purchases, product categories or business or merchant categories. I am requesting that you report to me on this issue.

I would like this report completed by September 1, 1994. If you have any questions, please feel free to contact Patrick Goss of my staff at 6-1393.

Sincerely,

  
TOMMY G. THOMPSON  
Governor

TGT/pgt

## 1 9 9 3 A S S E M B L Y B I L L 6

January 20, 1993 - Introduced by Representative SCHNEIDER. Referred to  
Committee on Consumer Affairs.

1 AN ACT to create 138.25 of the statutes, relating to credit card records  
2 and providing a penalty.

-----  
Analysis by the Legislative Reference Bureau

Under this bill, a credit card issuer may not sell information about  
Wisconsin residents that is obtained from credit card transaction records.  
Current law is silent regarding a credit card issuer's authority to sell  
information about cardholders.

-----  
The people of the state of Wisconsin, represented in senate and assembly,  
do enact as follows:

3 SECTION 1. 138.25 of the statutes is created to read:

4 138.25 CREDIT CARD RECORDS. (1) DEFINITIONS. In this section:

5 (a) "Cardholder" has the meaning given in s. 943.41 (1) (b).

6 (b) "Financial transaction card" has the meaning given in s. 943.41  
7 (1) (em).

8 (c) "Issuer" has the meaning given in s. 943.41 (1) (f).

9 (2) DISCLOSURE PROHIBITED. An issuer may not disclose to another  
10 person, for money or anything else of value, any information or data about  
11 a cardholder who is a resident of this state that is obtained by the  
12 issuer from financial transaction card transaction records.

1       (3)   FORFEITURE.   A person who violates sub. (2) may be required to  
2   forfeit not more than \$10,000 for each violation.   Each disclosure of  
3   information or data about one cardholder constitutes a separate violation.

4       (4)   INJUNCTION.   The department of justice may commence an action in  
5   circuit court in the name of the state to restrain by temporary or perma-  
6   nent injunction any act or practice constituting a violation of sub. (2).

7

(End)

ASSEMBLY AMENDMENT 2  
TO 1993 ASSEMBLY BILL 6

Schneider  
Kaufert

1 At the locations indicated, amend the bill as follows:

2 1. Page 1, line 12: after the period insert: "This subsection  
3 does not prohibit an issuer from disclosing ~~to a merchant in a pending~~  
4 ~~transaction~~ whether a cardholder has exceeded the cardholder's credit  
5 limit or will exceed the credit limit if <sup>a</sup> ~~the~~ transaction is processed."

6 (End)

1993-94 Legislature

STATE OF WISCONSIN

LRBa0294/1  
JJL:kmg:kaf

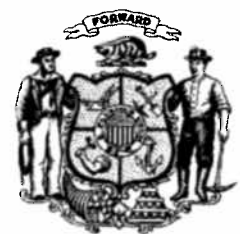
*Schneider*

ASSEMBLY AMENDMENT /  
TO 1993 ASSEMBLY BILL 6

- 1 At the locations indicated, amend the bill as follows:
- 2 1. Page 1, line 8: delete that line.
- 3 2. Page 1, line 9: delete "An issuer" and substitute "A person".
- 4 3. Page 1, line 10: delete "person".
- 5 4. Page 1, line 12: delete "issuer" and substitute "person".
- 6 (End)



# WISCONSIN STATE LEGISLATURE



AB 101  
folder

# Bank reform bill short on privacy protections

By Amber Veverka  
Knight Ridder Newspapers

CHARLOTTE, N.C. — For the past year bank customers turned their growing alarm over financial information privacy invasion into lawsuits, protests and one of the year's hottest issues among bankers and lawmakers.

But now there may be little to show for all the furor, some privacy advocates say.

The sweeping bank-law reform bill now being crafted in a House-Senate conference committee falls far short of the privacy protections those advocates — and even some bank regulators — wanted.

Those privacy provisions, agreed on this week, require financial institutions to tell customers when their financial information will be shared with most outside companies and to give customers a chance to opt out of sharing. But they don't require a similar opt-out when a bank wants to share information with its own affiliated companies, like insurance firms.

Most important to some consumer advocates, the provisions don't give what some call the holy

grail of privacy protection: requiring banks to get customers' permission before they share information, the so-called "opt-in."

"This is a victory for banks and a tremendous disappointment for consumers," said Ed Mierzwinski, consumer advocate for the U.S. Public Interest Research Group.

The bill is "a loophole-ridden extravaganza that legalizes virtually every practice of information-sharing and selling the banks seek to use," Mierzwinski said.

The financial modernization legislation, which would dismantle Depression-era walls between banking, insurance and brokerage businesses, was seen by many consumer groups as the best vehicle for getting tougher financial privacy rules passed.

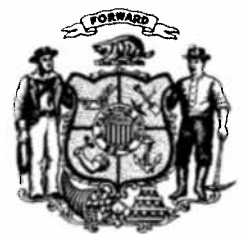
The legislation is still being hammered out. Lawmakers and Clinton administration officials are working to resolve differences over controversial community re-investment issues. But the conference committee set the privacy rules in place earlier in the week, and it's unlikely they'll be substantially changed, a committee spokesman said.

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# WISCONSIN STATE LEGISLATURE



AB 101 Schweiden DRAFT

access to record of everything  
you buy

END issuers of credit  
many exemptions

MN AG fined Bank  
\$3 million for selling  
access to Banking records

Amend

after informed consent  
can sell

DATA Shadow

AB 101 cont. Kurt Bauer

WI Bankers Assoc

★ - state + Fed laws already exist

- exceptions vague + could lead to credit not given when normally it would

page 2, line ~~8~~ 12

have to notify if they share info among affiliates