

Center for Public Representation
Consumer Law Litigation Clinic

975 Bascom Mall • Madison, WI 53706 • Phone (608) 263-6283 • Fax (608) 262-5485

February 19, 2002

Dan Rossmiller
Office of State Senator Gary George
Room 118 South
State Capitol
P.O. Box 7882
Madison 53707-7882

Dear Mr. Rossmiller,

Thank you for meeting with us on February 15th to discuss Senate Bill 396. We hope that Senator George is able to schedule hearings on the bill during this legislative session. A public hearing on S.B. 396 will generate much-needed interest in consumer issues which are not currently addressed by Wisconsin's consumer protection statutes.

We are enclosing extra copies of our summary of S.B. 396 for your reference. Thank you again for taking the time to meet with us and discuss these issues. We enjoyed the opportunity to visit with you.

Sincerely,

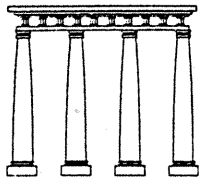
Phil McCarty
Student Associate
Consumer Law Litigation Clinic

Marcy Phillips
Graduate Fellow
Consumer Law Litigation Clinic

TO: Dan Rossmiller
FROM: Phil McCarty and Marcy Phillips
RE: SB 396
DATE: February 15, 2002

Senate Bill 396 would amend various Wisconsin consumer protection statutes to better reflect the needs of Wisconsin consumers in the 21st Century. The Center for Public Representation submits this memorandum to outline the key provisions of SB 396 and to request a hearing before Senator George's Committee.

- Currently, the Wisconsin Consumer Act and Wisconsin auto dealer statutes only govern transactions of up to \$25,000. SB 396 updates both statutes by expanding their coverage to transactions of up to \$50,000.
- Current law provides a safe harbor from penalty under the Wisconsin Consumer Act for any person who submits a practice or procedure to the Department of Financial Institutions (DFI) in writing that DFI either approves in writing or does not approve within sixty days. SB 396 limits the safe harbor so that a person may invoke it only in an administrative proceeding conducted by DFI. Under SB 396, a person would not be able to rely on the safe harbor to bar a civil action by an individual consumer.
- SB 396 strengthens consumer remedies by raising the maximum penalties available for various violations of the Wisconsin Consumer Act.
- SB 396 requires creditors to make more complete and honest disclosures regarding the finance charges that govern open-end credit plans (typically credit cards)—before the customer accepts the plan and as part of each billing statement.
- SB 396 prohibits the practice of indicating to a consumer that he or she has been pre-approved for an open-end credit plan and then extending credit under terms that are less financially favorable to the consumer than those indicated.
- SB 396 creates a private right of action for damages against an insurer who unlawfully discloses personal medical information about an individual.
- Current law does not specifically regulate payday loan transactions. SB 396 caps the maximum fees and interest in a payday loan transaction at 5% of the amount of the loan and prohibits making a payday loan with a term of less than 30 days.



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