

HB 8505

PA 868

1971

Senate 3195-3197

(3)

House 4038-4043, 6097-6098

(8)

General Law 670-672, 676

(4)

S-82  
CONNECTICUT  
GENERAL ASSEMBLY

SENATE

PROCEEDINGS  
1971

VOL. 14  
PART 7  
2874-3413

June 7, 1971

THE CHAIR:

A motion has been made for a roll call vote. All those in favor signify by saying aye. AYE. Opposed nay? NAY. More than 20% having voted a roll call vote will be had. Will you remark further on the bill? If not a roll call vote is ordered in the Senate.

For the benefit of those who want to use discretion in their vote. This is Cal. 1099, the fourth bill on page 4.

Results of the balloting on Cal. 1099 H.B. 6659

Whole number voting.....	35
Necessary for passage.....	18
Those voting Yea.....	18
Those voting Nay.....	17

The bill is passed.

THE CLERK:

The next item marked ready is Cal. 1104, File 1123 Favorable' report joint standing Committee on General Law, on Substitute H.B. 8505 An Act Concerning Inspection of Consumer Credit Reports.

THE CHAIR:

Senator Strada.

SENATOR STRADA:

Mr. President, I move for acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR STRADA:

The Clerk has an amendment. Will he read it please?  
I'm sorry, I move the waiving of the amendment.

THE CHAIR:

Hearing no objection the reading will be waived.

SENATOR STRADA:

Mr. President, this amendment proposes only to require that the creditor to disclose to the consumer that a credit report was obtained only in the event of a result of a report of an application. Or an application was rejected. The language in

June 7, 1971

Section 2A of the bill as passed by the House requires that a creditor advise the consumer that a credit report might be or has been ordered. The purpose of this act is to inform consumers when a credit reporting agency report results in the rejection of their credit application. I really see no reason why creditors should be required on each credit application to inform the consumer that a credit report might be or has been ordered. I move adoption of the amendment.

THE CHAIR:

The question is on the adoption of the amendment. Will you remark further? Hearing none, all those in favor of adoption of the amendment signify by saying aye. Opposed nay. The amendment is adopted. Will you remark on the bill as amended.

SENATOR STRADA:

Mr. President, the Federal Fair Crediting Reporting Act which became effective on April 25, 1971 basically places restrictions on creditors and credit rating agencies. With respect to the use of credit reports and the requiring of disclosure information in the files. Or computed data banks of credit rating agencies.

It really goes further than the bill in our file. The federal act currently requires creditors to give to the consumer the name and address of the credit supplier whenever credit is denied, due in whole or in part to a credit report. Even though this bill is not far reaching as the federal act, enactment of this bill would result in the low bank commission, having control over credit reporting agencies. The bill gives the bank commission the authority to act upon complaints received by consumers on credit reporting agencies.

Mr. President, I submit that this bill would be a valuable weapon in dealing with abuses of the credit rating system by a minority of retailers. These abuses arise when false untrue or one sided information of the payment habits of a customer is programed into a credit reporting service. This absolutely

June 7, 1971

126.

unethical practice has the effect of locking the customers connected into one store's credit program. Obviously a consumer with derogatory, although false information on his record has little chance of obtaining credit from other stores. Obviously too if a consumer has only one source of credit and the store is fully aware of this. There are many ways the store can abuse the creditor-consumer relationship. This bill does not in any way affect relations between or among business credit rating agencies. Because the bill specifically deals with consumers. Mr. President, practically every person in this chamber has a personal stake in the passage of this bill. The name of one out of every two Americans appears in the files of credit rating agencies. In other words almost every family in Connecticut and in the nation is affected. And derogatory information whether or not it has any basis in fact can have devastating effects on obtaining credit. On obtaining a job and in many other ways. I strongly urge all members to vote for this bill.

THE CHAIR:

The question is on passage of the bill as amended. Will you remark further? If not all those in favor of passage of the bill as amended signify by saying aye. AYE. Opposed nay? The ayes have it. The bill is passed.

THE CHAIR:

Senator Strada.

SENATOR STRADA:

Mr. President, I move for suspension of the rules for immediate transmittal to the House.

THE CHAIR:

If there is no objection it is so ordered.

THE CLERK:

The next item marked ready is on the top of page 5. Cal. 1123, File 1674 Favorable report of the joint standing committee on Finance Substitute for S.B. 1253 An Act Concerning the Authorization of Bonds of the State for Capital Improvements and Other

**H-116**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
1971**

**VOL. 14  
PART 9  
3878-4343**

Friday, May 28, 1971 39.

Calendar No. 1031, Substitute for H.B. No. 8505, an Act  
concerning inspection of consumer credit reports, EFH

PETER W. GILLIES:

Mr. Speaker...(introduction).

MR. SPEAKER:

Will the Clerk return to the call of the Calendar.

THE CLERK:

Page 8, Calendar No. 1031, Substitute for H.B. No. 8505,  
an Act concerning inspection of consumer credit reports.

ROY HENRY ERVIN:

Mr. Speaker, I move acceptance of the Joint Committee's  
favorable report and passage of the Bill.

MR. SPEAKER:

The question's on acceptance and passage. Will you  
remark.

ROY HENRY ERVIN:

I believe there's an Amendment, Mr. Speaker.

THE CLERK:

House Amendment Schedule "A", offered by Mr. Stevens, of  
the 122nd, consisting of one...one-and-a-half pages.

MR. SPEAKER:

Does the gentleman from the 140th care for the opportu-  
nity to outline and summarize House Amendment "A"?

ROY HENRY ERVIN:

I was going to let Mr. Stevens speak on this, Mr. Speak-  
er.

MR. SPEAKER:

Friday, May 28, 1971 40.

Does the gentleman from the 140th yield to the gentleman EFH  
from the 122nd?

GERALD F. STEVENS:

Mr. Speaker, I would request permission to summarize and  
outline the Amendment.

MR. SPEAKER:

Without objection, please proceed.

GERALD F. STEVENS:

The Amendment strikes the file copy and substitutes in  
lieu thereof five sections. The thrust of the Amendment is as fol-  
lows: the first Section contains definitions of consumer creditor  
credit rating agency, which are similar to those in your file copy  
with some minor changes to conform this to a recently passed Feder-  
al law on the same subject. Under Section 2A of the amended...of  
the Amendment before the House, no creditor may make use of a cre-  
dit report that has been ordered on a particular individual without  
disclosing to the consumer the fact that a credit report is to be  
used. The consumer has the right to inspect at reasonable times  
the report which is to be made use of by the credit rating agency.  
The provisions of this Act will not apply to any disclosure that is  
made at the request of a law enforcement agency employed by any  
municipality within the State of Connecticut, the State of Connect-  
icut, or by the United States Government. The Bank Commissioner is  
authorized to make such necessary regulations which might be needed  
to carry out provisions of the Act. The Amendment also has a  
penalty section for anyone who wilfully violates it of not more  
than one hundred dollars for a first offense and not more than five

Friday, May 28, 1971 41.

hundred dollars for a second offense and not more than one thousand dollars or six months for any subsequent offense. It's a good Amendment, which is made in order to conform our Act with a Federal law which was recently enacted by the United States Congress. I would move adoption of the Amendment.

MR. SPEAKER:

Will you remark further on House Amendment Schedule "A". If not, all those...

MORTON J. BLUMENTHAL:

Question to the gentleman from the 122nd. Does the Amendment...

MR. SPEAKER:

Please frame your question.

MORTON J. BLUMENTHAL:

Yes. Through you, Mr. Speaker, does the Amendment include commercial collection agencies and those used in industry... by industry...for credit reporting?

MR. SPEAKER:

Does the gentleman from the 122nd care to respond?

GERALD F. STEVENS:

Yes, it would. The term "credit rating agency", and I'll read the definition which I believe will answer your question, the term "credit rating agency" means "any person, firm, company, partnership, corporation, bureau or agency whose business is the assembling and evaluating of information as to the credit standing and credit worthiness of a consumer for the purposes of furnishing credit reports for monetary fees".

Friday, May 28, 1971 42.

MORTON J. BLUMENTHAL:

EFH

Again, through you, Mr. Speaker, to the gentleman from the 122nd. In commercial manufacturing operations where the person is not a consumer, let's say wholesaler or other manufacturers, they would not come within the...would they come within the purview of this Act?

MR. SPEAKER:

Does the gentleman from the 122nd care to respond?

GERALD F. STEVENS:

I would yield to Representative Ervin who's more familiar with this question than I.

MR. SPEAKER:

Does the gentleman from the 140th care to accept the yield of the gentleman of the 122nd?

ROY HENRY ERVIN:

Yes, he does. I believe this strictly applies to personal family type of credit. Mr. Stevens was speaking in regards to the agency, but I think you refer to the consumer. So it would only refer to a personal consumer type of credit arrangement.

MORTON J. BLUMENTHAL:

Thank you.

MR. SPEAKER:

Remark further on House Amendment "A". If not, the question is on adoption of House Amendment Schedule "A". All those in favor will indicate by saying "aye". Opposed. House "A" is adopted. The Chair rules it is technical. The question is on acceptance and passage as amended. Will you remark further on

Friday, May 28, 1971 43.

the Bill as amended.

ROY HENRY ERVIN:

Yes, Mr. Speaker, this conforms now really to the Federal standards except for one exception which, of course, we like in Connecticut, and that is that instead of having to run to a Federal agency in Section 4, the Bank Commissioner of the State of Connecticut has the right to make any regulations as he deems necessary to carry out the provisions of this Act, so that we would have more local control when these problems arise within the State. We would have a State agency that can step in and help out the consumer who is being wronged. I move passage of the Bill as amended.

MR. SPEAKER:

Remark further on the Bill as amended.

HOWARD A. NEWMAN:

Mr. Speaker, I would say that this might be termed as a fair play Bill, because in the age of computerism, there's certainly a lot of mistakes made as we all know, and the consumer has no way of straightening out his credit. A mistake can gum him up and mean that he may not get a mortgage on his house, may not be able to charge things, may not be able to get a loan at a bank. These reports heretofore have been treated as confidential. A person can't find out why he can't get this credit, or get a mortgage. This entitles him to go in and find out what it's all about, and then make an attempt to straighten it out, and in all fairness, it's a good Bill and should be passed.

MR. SPEAKER:

Will you remark further on the Bill as amended. If not,

EFH

Friday, May 28, 1971 44.

the question's on acceptance of the Joint Committee's favorable report and passage of the Bill as amended by House Amendment Schedule "A". All those in favor will indicate by saying "aye". Opposed. Bill is passed. EFH

THE CLERK:

Page 9, Calendar No. 1079, Substitute for H.B. No. 6659,  
an Act concerning the qualifications of the public member of the  
State Board of Mediation and Arbitration.

PETER W. GILLIES:

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the Bill.

MR. SPEAKER:

The question's on acceptance and passage. Will you remark.

PETER W. GILLIES:

Yes, Mr. Speaker. This Bill simply sets up certain qualifications or restrictions on persons who may serve in the capacity of an arbitrator or mediator for general public use. Those persons who have been engaged in occupations which would, on their face, be in conflict with the objects of <sup>which</sup> the arbitration panel seeks to achieve, are excluded from this Bill. I would urge the adoption.

MR. SPEAKER:

Will you remark further on the Bill.

PETER W. GILLIES:

No, Mr. Speaker, though I stand corrected. I believe there's an Amendment, and I would ask that the Clerk read the

**H-120**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
1971**

**VOL. 14  
PART 13  
5555-6226**

Wednesday, June 9, 1971 89A.

MR. SPEAKER:

EFH

The Clerk will call that Disagreeing Action. The Clerk has not called the Action.

THE CLERK:

Page 18, Calendar No. 1031, Substitute for H.B. No. 8505, an Act concerning inspection of consumer credit reports. As amended by House Amendment Schedule "A" and Senate Amendment Schedule "A".

ROY HENRY ERVIN:

Thank you, Mr. Speaker. I move adoption of Senate Schedule "A".

MR. SPEAKER:

Will you remark on Senate "A".

ROY HENRY ERVIN:

Yes. I will summarize it, Mr. Speaker. The Senate, I feel, has definitely improved our Bill, in that when we originally passed it in the House anytime someone applied for a credit card or credit from some sort of a store, before this credit could be given, the store, or agency, would have to tell the consumer that they were going to require a credit check on their credit status. The Senate Amendment merely states that only if your credit is rejected for some reason, then you have a right to know which credit agency did the rejection and why. This perfects the Bill, Mr. Speaker. I move its adoption.

MR. SPEAKER:

Further remarks on Senate "A". If not, all those in favor indicate by saying "aye". Opposed. Senate "A" is adopted.

Wednesday, June 9, 1971 90A.

EFH

ROY HENRY ERVIN:

Mr. Speaker, I now move adoption of the Bill with House Schedule "A" and Senate Schedule "A" as amended.

MR. SPEAKER:

Further remarks on the Bill as twice amended. If not, all those in favor indicate by saying "aye". Opposed. Bill is passed.

PETER W. GILLIES:

Mr. Speaker, going back to Page 4, Calendar No. 1291, which had been passed temporarily.

MR. SPEAKER:

Will the gentleman allow the Clerk to call the item.

THE CLERK:

Page 4, Calendar No. 1291, Substitute for S.B. No. 1530, an Act providing for photographs on motor vehicle operator's licenses and extending the license period. As amended by Senate Amendment Schedule "A". Earlier today the House adopted Senate Amendment Schedule "A".

EDWARD S. GUDELSKI:

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the Bill in concurrence with the Senate.

MR. SPEAKER:

Question's on acceptance and passage as amended by Senate Amendment Schedule "A". Will you remark further.

EDWARD S. GUDELSKI:

Mr. Speaker, the Clerk has House Amendment Schedule "A".

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**GENERAL  
LAW**

**PART 3  
630-932**

**1971**

4  
RSW  
TUESDAY

GENERAL LAW

MARCH 23, 1971  
1:30 P.M.

and through that to perhaps do a slightly less efficient job on the dire needs of our communities, would be a great injustice to the citizens and the communities involved. Thank you. I'm sorry, may I make a statement on another bill? On #8477, AN ACT CONCERNING MERCHANDISE PURCHASED WITH AN UNSOLICITED CREDIT CARD AS AN UNCONDITIONAL GIFT, IN a slightly more facetious vein, I would be very appreciative...I have six of these sitting at home now and I could pay my bills very handily if this was passed.

Mr. Mario J. Manna: I'm representing <sup>Seicheprey</sup>..... Post #2 of the American Legion in Bristol and we would like to go on record as opposed to H.B. 8423 which increases the prizes of Bingo. I am going to read a statement I have: Members of various clubs sponsoring Bingo in Bristol met Wednesday, March 17, 1971 and voted unanimously to oppose various bills increasing Bingo prizes. Many of them could not be here today but will send in a letter stating their opposition. Their reasons are: 1. The ladies and gentlemen who play Bingo seem to be reasonably satisfied with the present cash prize amounts. There has been no great protests from them against the present system--and no great clamor to raise cash prizes. They are the ones who pay the tab and their wishes should come first--the operators wishes should be secondary. 2. The above organizations average less than one hundred dollars profit per night. Any increase in cash prizes would have to come out of this profit. The seating capacity of their hall is so small that they could not compete with organizations having large halls and could afford to give larger cash prizes. Those who have the small halls would find their players leaving for places giving larger cash prizes. 3. The above clubs use money made on Bingo for charitable and youth programs which they would have to drop if the money from Bingo was not available. 4. Experience with Bingo players shows that they do not want merchandise as prizes--they want CASH.

Mr. William W. McAdam, Secretary-Manager of the National Association of Credit Management - Connecticut Division: We are here to oppose Bill #8505, AN ACT CONCERNING INSPECTION OF CREDIT REPORTS. I wish to point out first that there is a similar bill, H.B. 5593 under consideration in this legislature and which, in essence, conveys the same purpose as H.B. 8505. NACM is an industry owned organization of 36,000 manufacturers, wholesalers and banks throughout the U.S.A. . . and approximately 500 similar companies in the State of Connecticut. These companies in Connecticut depend, to a great extent, on the confidential exchange of credit experience information on mutual customers....using NACM as its clearance facility. I must stress the difference of retail or consumer agencies and commercial agencies. NACM and Dun & Bradstreet are commercial agencies and compile credit information on

5  
RSW  
TUESDAY

GENERAL LAW

MARCH 23, 1971  
1:30 P.M.

businesses and not individuals. While the purpose of this bill (to protect individuals and companies against erroneous credit reports) appears to be in good faith, the means provided to do so would, in fact, destroy the present system of the confidential exchange of credit information among commercial credit grantors. The exchange of credit information is a voluntary system. Confidentiality is its very essence and, without it, the system cannot function. H.B. 8505, if enacted, would destroy the present commercial credit information system which has been the prime factor in the development of our economy. NACM is a self-policing activity and members are subject to expulsion if conduct is not in accordance with NACM Code of Ethics. The enactment of H.B. 8505 is entirely unnecessary for coverage on consumer credit agencies. Federal legislation, Title 6, Section 601 of the U.S. Code otherwise known as the Fair Credit Reporting Act, giving the subject access to information compiled about him will go into effect and become law of the land in April of this year. Without the credit reporting system operating effectively, credit could not be extended to the general public, but only to the largest and most affluent companies and individuals. Contrary to the belief of some, the purpose of the credit information system is to find ways to extend credit, rather than withholding it; for example, to make credit available to all responsible companies and citizens, but to protect against the unscrupulous and irresponsible. It is not so much the risk which bothers the credit man in making his decision, but rather the ability to measure the risk. No claim is made that there have been no inaccuracies in credit reporting and credit rating with some possible harm resulting. It can be said affirmatively, however, that in commercial credit reporting, these instances are rare and are usually corrected promptly. Self-interest, the need for accurate information, and the self-policing policies within such organizations as NACM have created a situation where inaccuracies in commercial credit reporting are minimal. It is submitted that there has been no indication of a need for the type of legislation embodied in H.B. 8505. There is no study and no evidence which indicates that inaccurate reports in commercial reporting are consequential in number, that these reports have had any serious effect upon a significant number of businesses and individuals, that they were intentional when issued, or that they were not promptly corrected when error was found. It is the strong opinion of NACM and its members that the enactment of H.B. 8505 and similar bills, would definitely end the present system of accurate, easily obtainable credit information in Connecticut, and that there is no satisfactory substitute. The consequential effect of this will be felt not merely by the credit reporting and rating agencies, but more important, by Connecticut manufacturers, distributors, suppliers, and financial institutions.

6  
RSW  
TUESDAY

GENERAL LAW

8722  
MARCH 23, 1971  
1:30 P.M.

In conclusion, it is submitted that the effect of passing this bill will be to end the free flow of commercial credit information with the consequence that business will be adversely affected. Connecticut businesses, in fact, will be at a serious disadvantage with competitors in those states which do not have this type of legislation which includes almost every other state in the nation. Concerns will have to do their own credit investigations at greatly increased expense and with far less accuracy and efficiency. This is the situation which prevailed 75 years ago when such organizations as NACM first started, and our economy now is far less capable of going back to the old system than it was 75 years ago. Thank you.

Rep. Della Vecchia, 26th District: I want to speak in favor of H.B. 7478 which will remove some of the requirements on Bingo games for less than \$50. I was prompted in drawing this bill because of a problem we had in our home town where senior citizens were playing Bingo games with a cash prize of .02¢ and they were told to stop by the police after an indignant person called them. I feel that by dropping the requirements of finger printing and putting up the cash prize, it would certainly make for better community relations. I believe that if you just simply have these people who are going to have these Bingo games where the prize is less than \$50., if you had them simply register with the Chief of Police or the Police Department in the town, this would be ample. Thank you.

Mr. Robert R. Wehrli: I am opposed to Bill #8505. I represent the Stanley Works in New Britain, Conn, who manufacture hardware, hand tools, power tools, cold rolled steel, automatic doors. Their sales are approximately \$257,000,000 a year, and they employ about 13,000 people. We subscribe to the services of Dun & Bradstreet and the National Association of Credit Managers. As to my credentials, I have been gainfully employed as a credit man for 20 years approximately, and I feel that I am pretty well versed in the intricacies of credit. Without a doubt, I know that the disencouragement, I guess is the word, of this free exchange of credit would inhibit our function. I personally would be reluctant to freely give credit information and especially derogatory information, no matter how well deserved, if I thought the information would be subject to careful scrutiny. I can visualize what would happen if every manufacturer felt this way, that the credit function would completely break down, a credit function that is very vital to the willing and free exchange of information. I feel that this would cripple our function, a function which provides sales and thereby enhances the economy. As a representative of the Stanley Works, I stand on record as opposed to this bill.

Mr. John Potkay, Chief of Housing Code Enforcement for the City of Hartford: I am here in opposition to Bill #8425. As a

10  
RSW  
TUESDAY

GENERAL LAW

MARCH 23, 1971  
1:30 P.M.

Mr. Jack Kulick, President of the Associated Credit Bureaus of Conn:  
Mr. Chairman, members of the Committee, I am here to speak  
in opposition to H.B. #8505. Until three or four years  
ago, the credit reporting industry existed in relative  
obscurity. The public became profoundly aware of its  
presence when representatives of the industry were called  
on to testify before a Congressional.....

Rep. Webber: This is a copy of a federal document called Public Law  
91-508, are you familiar with this? Is it a fact that this  
becomes effective the first of June?

Fair  
Mr. Kulick: No, the (Store) Credit Reporting Act becomes effective  
April 25th, 1971.

Rep. Webber: Well, this Fair Credit Act, I would assume, accomplishes  
what this bill is going to accomplish?

Mr. Kulick: Yes Sir, Section 609 and 610 concerning disclosure to the  
consumer....

Rep. Webber: So, again I would say, and I didn't read this bill that  
thoroughly but from what little I know about the bill, this  
bill then would not be necessary under the circumstances.

Mr. Kulick: No, Sir. The total bill would cover all credit bureaus  
throughout the United States, all credit reporting agencies  
as defined under.....regardless.

Rep. Webber: Within a state? Intrastate and Interstate?

Mr. Kulick: Right.

Rep. Webber: Well, I would ask that our clerk, Rep. Yedziniak, look  
at this bill and look at it carefully with the advice and  
assistance of our Counsel, and if this is so and this bill  
will do what the proposed bill #8505 is trying to do, then  
we don't have to hear anymore on #8505.

Mr. Kulick: Alright, Sir, I've got copies of the bill if you would  
like it here also for yourselves.

Rep. Webber: Leave them with Mr. Yedziniak, please. Is there anyone  
else here who wanted to testify on #8505?

Mr. Kulick: Mr. Webber, if I may, there was another bill #5593, H.B.  
5593, it's not in this Committee, it's in Banking and  
Regulated Activities, but the same bill, just for your own  
information, the same type of bill regarding....

Rep. Webber: I think it would be incumbent upon you to make that very  
clear to that Committee.

Mr. Kulick: I have testified before the Banking Committee, and I made  
copies of the federal bill available to them. #5593. by  
Rep. Scully.