

to the modernization and growth of the United States-flag merchant marine and should be supported and enacted. It will generate significant commercial vessel construction in United States shipyards and help American flag vessel operators compete more equally with their foreign flag vessel counterparts.

HONORING CHRISTINA WRIGHT,
LeGRAND SMITH SCHOLARSHIP
WINNER OF MARSHALL, MI

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. SMITH of Michigan. Mr. Speaker, let it be known, that it is with great respect for the outstanding record of excellence she has compiled in academics, leadership and community service, that I am proud to salute Christina Wright, winner of the 1999 LeGrand Smith Scholarship. This award is made to young adults who have demonstrated that they are truly committed to playing important roles in our Nation's future.

As a winner of the LeGrand Smith Scholarship, Christina is being honored for demonstrating that same generosity of spirit, intelligence, responsible citizenship, and capacity for human service that distinguished the late LeGrand Smith of Somerset, Michigan.

Christina Wright is an exceptional student at Marshall High School and possesses an impressive high school record. Christina has received numerous awards for her involvement in Debate and the Performing Arts. Outside of school, she has served the community through many church activities and the United Way.

Therefore, I am proud to join with her many admirers in extending my highest praise and congratulations to Christina Wright for her selection as a winner of a LeGrand Smith Scholarship. This honor is also a testament to the parents, teachers, and others whose personal interest, strong support and active participation contributed to her success. To this remarkable young woman, I extend my most heartfelt good wishes for all her future endeavors.

CONSUMER TELEMARKETING FI-
NANCIAL PRIVACY PROTECTION
ACT OF 1999

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. LaFALCE. Mr. Speaker, I am today introducing legislation to restrict the sharing of credit card account numbers and other confidential information for purposes of telemarketing to consumers. My legislation responds to widespread negative-option telemarketing schemes that were brought dramatically to the public's attention this week in a speech by the Comptroller of the Currency and in a major lawsuit announced yesterday by the Minnesota Attorney General. I am pleased to join in sponsoring this legislation with my colleague from Minnesota, BRUCE VENTO, the Ranking Member of the Financial Services Subcommittee, and my Banking Committee colleagues BARNEY FRANK, PAUL KANJORSKI, KEN BENTSEN and JAY INSLEE.

While negative option telemarketing schemes appear to have been in operation for several years, their significance and breadth only recently came to light in news stories and state Attorneys General investigations. They remained hidden largely because most consumers don't realize they have been victimized and, for those who do, many assume the problem is a random mistake. Most consumers find it hard to believe that their bank or credit card company would systematically sell their private account numbers to questionable marketing operations. This is not the way banking has traditionally been conducted.

Consumers should have confidence that their credit card and bank account numbers will not be sold to the highest bidder. They should not feel they have to scrutinize their credit card statements for unauthorized charges. And they should not have to fear that every sign of interest or request for information in a telemarketing call will lead to automatic charges on their credit cards. This is unfair to consumers and potentially damaging to our banking system.

These telemarketing schemes operate in the following manner. A bank will enter into an agreement with an unaffiliated firm that provides telemarketing services to companies offering a variety of discount, subscription, service or product sampling memberships. The bank provides extensive confidential personal and financial information about its customers in return for a fee and commissions on sales made by the telemarketing firm. The information goes far beyond the names and addresses of customers, including specific account numbers, account balances, credit card purchases and credit scoring information. This information enables the marketer to profile the bank's customers and offer "trial memberships" that are targeted to each customer's interests, income and buying habits.

What makes the whole thing work is the fact that the telemarketer already has access to the consumer's credit card account. If the consumer indicates any interest in a "trial" membership, or even in receiving additional materials, their credit card account is automatically charged for the membership without the customer ever disclosing their account number or even knowing that they have authorized the charge. In many instances, the customer never notices the charge, or only sees it when it automatically converts into a continuing series of monthly membership or product charges. The consumer then has to take actions to stop the charges (hence the term "negative option") and attempts to have the charges refunded to their account.

According to state officials, consumers typically have considerable difficulty obtaining refunds for these charges, or even getting their bank to remove continuing charges from their account. Many have had to contact their State Attorney General before the bank or telemarketer would refund the charges.

While the Comptroller of the Currency this week identified this practice as an example of banking practices "that are seamy, if not downright unfair and deceptive", they do not appear to violate any federal law or regulation. The Fair Credit Reporting Act (FCRA) currently exempts from regulation any information that a bank derives from its routine transactions and experience with customers. This permits a bank to provide credit related information to credit bureaus without itself being

regulated as a credit bureau. Until recently, banks did not routinely share confidential customers information out of concern for maintaining customer confidence. Clearly, this has changed. The other applicable federal statute, the federal Telemarketing Act and the FTC's Telemarketing Rule, also provide only limited protection since telemarketers are required only to show some taped expression of interest or consent before charging a consumer for a membership or service. However, few consumers understand that agreeing to a "trial" offer will lead to automatic and repeated charges to their credit card account.

Banking regulators also have been limited in their ability to respond to this problem as a result of amendments made to the Fair Credit Reporting Act in 1996 that restrict regulatory agencies from conducting bank examinations for FCRA compliance except in response to specific complaints. Even then, the statute limits the regulator's ability to monitor compliance only to regularly scheduled bank examinations. Authority to interpret FCRA to address such practices also is limited to the Federal Reserve Board, which often does not have direct regulatory contact with most of the institutions involved.

The absence of federal regulation has permitted bank involvement in negative option telemarketing to become far more widespread than first assumed. The action brought yesterday by the Minnesota Attorney General cited several bank subsidiaries of US Bancorp. Newspaper articles have described identical operations involving other national telemarketing firms and a number of major national banks and retailers. Documents filed with the SEC last year by the telemarketing company cited in the Minnesota action claimed that the company had "over 50 credit card issuers" as clients, "including 17 of the top 25 issuers of bank credit cards, three of the top five issuers of oil company credit cards and three of the top five issuers of retail company credit cards."

Comptroller Hawke was entirely correct in citing this as a widespread problem that raises potential safety and soundness concerns for the banking system and also as an example of "practices that cry out for government scrutiny."

The bill I am introducing today would address this problem from several perspectives. First, it amends the Fair Credit Reporting Act to limit the current exemption for sharing of confidential transaction and experience information about customers. Under the bill, information can be shared for purposes of telemarketing only if (1) the information to be shared does not include any account numbers for credit cards or other deposit or transaction accounts and (2) the bank provides clear and conspicuous disclosure to the consumer of the type of information it seeks to share with a telemarketer and provides the consumer with an opportunity to direct that the information not be shared.

Second, the bill addresses the limitations on current regulatory enforcement by removing the 1996 limitations on the ability of bank regulators to undertake examinations and enforcement actions to assure FCRA compliance. It broadens FCRA rulemaking authority to provide for joint rulemaking by the OCC, OTS and FDIC as well as the Federal Reserve. And it extends rulemaking authority for the National Credit Union Administration for

purposes of compliance by federal credit unions.

Mr. Speaker, my bill does not attempt to take on the entire issue of financial privacy. It is narrowly targeted to address only the problem of sharing information for purposes of telemarketing. However, it offers meaningful privacy protections that are urgently needed by consumers and which Congress can, and should, enact into law at the earliest opportunity.

I urge the Congress to adopt this important and needed legislation.

The text of the bill follows:

H.R.—

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled,

SECTION 1. SHORT TITLE.

SHORT TITLE.—This Act may be cited as the “Consumer Telemarketing Financial Privacy Protection Act of 1999”.

SEC. 2. LIMITATIONS ON THE SHARING OF CONFIDENTIAL INFORMATION FOR PURPOSES OF TELEMARKETING TO CONSUMERS.

Section 603(d)(2)(A)(i) of the Fair Credit Reporting Act (15 U.S.C. 1681a(d)(2)(A)(i)) is amended by inserting before the semicolon at the end thereof the following:

“, and any communication of that information by the person making the report to any other person for the purpose of telemarketing to the consumer, if—

“(aa) it is clearly and conspicuously disclosed to the consumer the information that may be communicated to such persons and the consumer is given the opportunity, before the time that the information is initially communicated, to direct that such information not be communicated among such persons; and

“(bb) the information to be communicated does not include an account number or other form of access for a credit card, deposit or transaction account of the consumer for use in connection with any telemarketing to the consumer”.

SEC. 3. ENHANCEMENT OF FEDERAL ENFORCEMENT AUTHORITY.

Section 621 of the Fair Credit Reporting Act (15 U.S.C. 1681s) is amended—

(1) in subsection (d), by striking everything following the end of the second sentence; and

(2) by striking subsection “(e)” and inserting in lieu thereof the following:

“(e) REGULATORY AUTHORITY.—

“(1) The Federal banking agencies referred to in paragraphs (1) and (2) of subsection (b) shall jointly prescribe such regulations as necessary to carry out the purposes of this Act with respect to any persons identified under paragraph (1) and (2) of subsection (b), or to the holding companies and affiliates of such persons.

“(2) The Administrator of the National Credit Union Administration shall prescribe such regulations as necessary to carry out the purposes of this Act with respect to any persons identified under paragraph (3) of subsection (b).”.

SEC. 4. REGULATIONS.

The Federal banking agencies referred to in paragraphs (1) and (2) of subsection (b), not later than the end of the 6-month period beginning on the date of the enactment of this Act, shall issue joint regulations in final form to implement the amendments made by this Act. The Administrator of the National Credit Union Administration, not later than the end of the 6-month period beginning on the date of enactment of this Act, shall issue regulations in final form to implement the amendments made by this Act with respect to any Federal credit union.

INTRODUCTION OF H.R. 2119—“THE YOUNG AMERICAN WORKERS’ BILL OF RIGHTS ACT”

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. LANTOS. Mr. Speaker, today I introduced comprehensive domestic child labor reform legislation—H.R. 2119, “The Young American Workers’ Bill of Rights Act.” I am delighted to report that this legislation has been cosponsored by 57 other Members of the Congress, including my distinguished fellow Californian, Congressman TOM CAMPBELL of San Jose, and our distinguished colleague, Congressman JOHN PORTER of Illinois, who is Co-Chairman with me of the Congressional Human Rights Caucus.

It is a shocking fact, Mr. Speaker, that the occupational injury rate for children and teens in this country is more than twice as high as it is for adults. A young person is killed on the job in this country every five days. A young worker is injured on the job every 40 seconds. These deaths and these injuries to our nation’s children are totally unacceptable.

Mr. Speaker, as America prepares to enter the 21st Century, we must ensure that our children work under safe conditions. We must ensure that the work available to them does not limit their educational opportunities, but helps them achieve healthy and productive lives. The Young American Workers’ Bill of Rights will help to make certain that job opportunities available to our young people are safer and do not interfere with their education.

Unfortunately, the exploitation of child labor in our country is not a thing of the past. It is a national problem that continues to jeopardize the health, education, and lives of many of our nation’s children and teenagers. In farm fields and in fast-food restaurants all over this country, employers are breaking the law by hiring under-age children. Many of these youth put in long, hard hours and often work under dangerous conditions. Our legislation seeks to eliminate the all-too-common exploitation of children—working long hours late into the night while school is in session, and working under hazardous conditions.

Mr. Speaker, H.R. 2119—The “Young American Workers’ Bill of Rights Act”—addresses two major aspects of child labor: the deaths and serious injuries suffered by our young workers and the negative impact which working excessive hours during school can have on a child’s education.

The legislation establishes new, tougher penalties for willful violations of child labor laws that result in the death or serious bodily injury to a child. Not only does the bill increase fines and prison sentences for such willful violation of our laws, but it will assure that the names of child labor law violators are publicized. Nothing will deter corporate giants more than negative publicity, and bad press is one of the few effective sanctions that are available to us.

Mr. Speaker, our legislation also increases protection for children under the age of 14 who are migrant or seasonal workers in agriculture. Current labor laws allow children—even those under 10 years of age—to be employed in agriculture. Farm worker children can work unlimited hours before and after

school, and they are not even eligible for overtime pay. At the age of 14, or even earlier, children working in agriculture can use knives and machetes, operate dangerous machinery, and be exposed to toxic pesticides. In no other industry are children so exploited as they are in agriculture.

H.R. 2119 also requires better record keeping and reporting of child labor violations, prohibits minors from operating or cleaning certain types of unsafe equipment, and prohibits children from working in certain particularly hazardous occupations.

Mr. Speaker, our legislation will reduce the problem of children working long hours when school is in session, and it strengthens existing limitations on the number of hours children under 18 years of age can work on school days. The bill would eliminate all youth labor before school, and after-school work would be limited to 15 or 20 hours per week, depending on the age of the child. This is important, Mr. Speaker, because the more hours children work during the school year, the more likely they are to take easier courses, and the more likely they are to do poorly in their studies. Studies have shown that children who work long hours also tend to use more alcohol and drugs.

Mr. Speaker, too many teenagers are working long hours at the very time that they should be focusing on their education. It is important for children to learn the value of work, but education, not minimum-wage jobs, are the key to these young people’s future. Our legislation is an important step in focusing attention back upon education.

Mr. Speaker, I urge my colleagues to join as cosponsors of this legislation. The future of our nation depends upon the strength of our young people. It is important that we assure a safe place to work and that we be certain that work not interfere with education.

HONORING MEGAN ROONEY,
LeGRAND SMITH SCHOLARSHIP
WINNER OF CONCORD, MI

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. SMITH of Michigan. Mr. Speaker, let it be known, that it is with great respect for the outstanding record of excellence she has compiled in academics, leadership and community service, that I am proud to salute Megan Rooney, winner of the 1999 LeGrand Smith Scholarship. This award is made to young adults who have demonstrated that they are truly committed to playing important roles in our Nation’s future.

As a winner of the LeGrand Smith Scholarship, Megan is being honored for demonstrating that same generosity of spirit, intelligence, responsible citizenship, and capacity for human service that distinguished the late LeGrand Smith of Somerset, Michigan.

Megan Rooney is an exceptional student at Concord High School and possesses an impressive high school record. Megan’s involvement in student government and school activities began her freshman year and continued through her senior year. She served as President of the student body and Vice-President of S.A.D.D. Megan excelled athletically as well on the basketball and softball teams.