

Fed Deposit Ins. Act, amend

HR 15073

H Res 941

PL 91-508

CONFIDENTIAL

October 10, 1970

MEMORANDUM FOR CHUCK COLSON

FROM: DICK COOK

SUBJECT: Credit Reporting Legislation

Attached is a memo I requested Treasury to prepare in order to clarify previous information which resulted in misleading and erroneous conclusions on the manner in which legislation of importance to the Associated Credit Bureaus was handled in conference.

While I regret the embarrassment caused by the previous erroneous information passed to us by Treasury, it should be understood that Treasury was neither deeply involved nor responsible for this legislation -- therefore could not be expected to be "wired in" on the issue. Nevertheless, the White House can and should take a full measure of credit for having brought "discreet" pressure on a member of the Minority staff of the House Committee on Banking and Currency who otherwise would not have appreciated the magnitude of the problem to an industry friendly to this Administration. Because of my former close relationship to that staff, I had to stay in the background and at a good distance from the conference. It should be apparent, therefore, that Henry did an excellent job in a difficult tug-of-war between a trade association which itself was at odds with its own Washington representative.

Attachment.

cc: Henry Cashen
George Bell

CONFIDENTIAL

Determined to be an
Administrative Marking
E.O. 13526, Sec. 1.2
By _____ NARA, Date _____

H.R. 15073
Fed. Deposit Ins. Act
Amendment
H Res. 941

PL 91-508
10/26/70



OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

*Foreign Bank
Secretary*

October 9, 1970

MEMORANDUM FOR: Dick Cook
Special Assistant to the President

FROM: Phil Potter
Congressional Relations

SUBJECT: House-Senate Conference on H.R. 15073,
Amendment on Credit Reporting Legislation.

*Fed Dep. Ins. Act
Amendment*

I determined not to include the information I obtained on this amendment in the White House Report on Secret Foreign Bank Accounts primarily because Treasury was not involved in working with that bill either before or during the Conference, and secondly because the information I obtained was too lengthy to be included.

On balance, the Associated Credit Bureaus should consider the bill reported a victory for their efforts. There was a question immediately following the Conference concerning amendments made to section 607 and section 617. It was thought these amendments could result in striking down the doctrine of "qualified privilege." Section 607 required consumer credit reporting agencies to follow reasonable procedures to assure accuracy of information included in reports. Section 617, as approved by the Senate, made credit agencies liable for gross negligence. A Sullivan amendment struck "gross" thus making agencies liable for simple negligence. I was informed by Graham Northup, Minority Staff, House Banking, that all of the interested groups have reviewed the language and reported back that the simple negligence applies only to the reasonableness of the procedures adopted and does not apply to the resulting report, i.e., if information contained in the report is inaccurate and causes any consumer damage the agency is liable only if they fail to follow procedures in obtaining the information, it is not liable merely for reporting the information.

The other major problem raised by the Associated Credit Bureaus was whether banks and finance companies were included in the definition of "consumer credit reporting agency" to the extent they would be barred from exchanging, informally, information among themselves based on a business or personal relationship. Language is included in the report that it was the intent of the Conferees that the definition not be construed to include insured financial institutions which exchange information among other like institutions with whom they do business. If a bank does get into the business of issuing reports, for general usage, they would be covered. Associated Credit Bureau people seemed satisfied with the outcome.

Graham Northrup gave me the following information on how this situation developed in Conference and why the bill was reported out as it was. He had worked with Cashen's and Knauer's Office to obtain the support of the Associated Credit Bureaus for the Wylie bill. Both the Wylie and the Sullivan bills were hung up in Subcommittee. When S. 823 was tacked to the Secret Foreign Bank Accounts bill an objection to the Conference was made on the House Floor and Chairman Patman sought the approval of his Committee under the McCormack rule. During that Committee meeting, several members objected to the approach of S. 823 and preferred that the Chairman request Mrs. Sullivan to refer her bill and Wylie's bill to the full Committee for Executive action following the recess. It was thought under that procedure that the Wylie approach would prevail. Chairman Patman apparently indicated that he would oppose consideration and approval of S. 823 in the Conference on Secret Foreign Bank Accounts, in order to try to get full Committee action on the Wylie bill.

When the Conferees broke for lunch at noon, a conversation which I overheard between Paul Nelson and Graham Northrup would indicate that the game plan was still to block any consideration of S. 823 on Wednesday even though it would mean not completing the Conference until after the recess. Patman was scheduled to leave that afternoon.

Apparently when the Conferees convened at 2:00 p.m., Patman announced he was leaving and left his and Mr. Barrett's proxies with Mrs. Sullivan. Mrs. Sullivan as Chairman of the House Conferees proceeded to consideration of S. 823. A minor

amendment involving medical information was approved and Wylie then moved to block any further consideration of amendments to S. 823. Mrs. Sullivan's staff had apparently made the amendments available to Ken McLean and discussed them with him but none of the Republican Conferees had seen any of the amendments. Senator Proxmire was apparently prepared to go along with most of the amendments. Mr. Reuss voted with Mrs. Sullivan to continue consideration of the amendments and then left giving his proxy to Mrs. Sullivan. The Senate Republican Conferees were apparently instrumental in helping block two of the most problematic amendments but the other amendments were approved by the Democratic Conferees on both sides.

I add this cautionary note with regard to this memorandum. The Treasury Department was not involved in these bills at any stage except with regard to one minor problem involving use by IRS of credit reports for location of assets. Our views were made known to the Committees sometime ago but were not accepted by the Conferees. The information contained in this memorandum is merely a report of conversations I had with Paul Nelson and Graham Northrup because you had requested some details on what occurred last Wednesday. If you want any more details or need to check any of this information you should contact Graham or Paul.