



## House Committee Passes Weak Fair Credit Bill

In one of its last acts before leaving for the August recess, the House Financial Services Committee gave overwhelming approval to legislation to make permanent state preemption provisions of the Fair Credit Reporting Act (FCRA) that are set to expire in January.

As such, the legislation allows banks, credit card companies, and other financial services companies to continue to share financial information about their customers with corporate affiliates, and it prevents states from adopting laws that would allow consumers to stop the sharing of this information. It would also likely prevent states from putting laws on the books to stop identity theft.

On the other hand, the bill provides some additional pro-consumer provisions.

These include modest new protections against identity theft, such as banning companies that accept credit cards from printing the entire card number and allowing consumers to block fraudulent information in their credit reports after filing a police report.

The bill also entitles consumers to request a free copy of their credit report yearly from each of the three major credit bureaus, but not a free copy of their credit score. And it limits the disclosure of medical information in the preparation and dissemination of credit reports.

"The price that consumers would pay for these modest reforms would be too much under the House bill," said CFA Legislative Director Travis Plunkett. "Most of the good ideas for protecting consumers from identity theft and increasing the accuracy of credit reports have come from the states."

### Pro-consumer Amendments Defeated

A number of amendments to strengthen the bill were defeated in committee mark-up.

These included an amendment by Rep. Maxine Waters (D-CA) to restore the right of states to pass stronger consumer protections and an amendment by Reps. Bernie Sanders (I-VT), Spencer Bachus (R-AL), and Carolyn Maloney (D-NY) to limit the ability of credit card companies to raise a customer's interest rate simply because that customer had missed a payment to a different creditor or because their credit score had declined.

"Risk-based re-pricing is unfair to consumers," CFA, U.S. Public Interest Research Group, and Consumers Union wrote in a letter to members urging support for the Sanders-Bachus-Maloney bait and switch amendment. "A strong case could be made for Congress to ban this practice, but this amendment strikes a compromise by modestly regulating it."

The amendment was nonetheless defeated

on a 22-44 vote. Instead, the committee adopted by voice vote an amendment to require credit card companies to disclose that they may switch a consumer's rate.

Although the Senate Banking Committee has held a number of hearings on the issue, it has yet to act on legislation.

Chairman Richard Shelby (R-AL) has made consumer privacy a signature issue and has suggested in the past that he would insist on stronger privacy protections as the price for supporting FCRA reauthorization.

### CFA Calls for More Extensive FCRA Overhaul

During a series of House and Senate hearings, both Plunkett and CFA Executive Director Stephen Brobeck testified on the need for a more thorough overhaul of FCRA than the House bill provides.

For example, in his testimony, Brobeck called for legislation to:

- require both credit bureaus and credit data furnishers to meet high standards for assuring the accuracy of information provided in credit reports;
- require creditors and credit data furnishers to meet higher standards of accuracy in

providing information included in credit reports;

- give consumers annual free access not only to their credit reports, but also to their credit score;
- modernize the dispute resolution process;
- provide better regulatory oversight of the credit scoring system and end the misuse of credit scoring for insurance purposes; and
- provide enhanced federal enforcement of FCRA.

CFA also supports a private right of action enabling consumers to combat credit reporting inaccuracies and abuses and opposes continued preemption of states' ability to enact strong standards that do not conflict with federal law.

"The foundation of the credit reporting system is accurate information, and CFA research has shown that this foundation is shaky," Plunkett said. "These proposals would make credit reports and scores more accurate, so that consumers receive the loan they deserve at the price they deserve."

Plunkett testified in the Senate in July on consumers' lack of knowledge about credit reporting and credit scores.

This lack of knowledge, along with consumers' strong support for new credit report and credit scoring protections, was documented in a survey commissioned by CFA and released in late July.

### Consumers Need, Support New Credit Protections

Half of those surveyed said their knowledge of credit reports was fair or poor, while 61 percent said their knowledge of credit scores was fair or poor.

This self-assessment was supported by their performance on a test of their actual knowledge.

For example, only 25 percent of those surveyed — and less than 20 percent of those with incomes below \$35,000 — said they knew what their credit score was; more than half did not understand that their credit score may be lowered if they use all the credit available to them on their credit card; and nearly two-thirds did not know that their credit score may be lowered if they apply for a credit card.

Low- and moderate-income Americans — those who tend to pay the highest price for

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## Anti-consumer Media Rule Blocked in House

Less than two months after the Federal Communications Commission adopted its anti-consumer media ownership rules, the House voted overwhelmingly to block implementation of one component of those rules — the network ownership cap.

The Commission had voted 3-2 in early June to raise the limit on how many viewers a single broadcast company can serve, from 35 percent of the national viewing audience to 45 percent. The House action would block that rule.

Unaffected by the House action are FCC votes to allow mergers between television stations and newspaper companies in about 200 markets where 98 percent of the American people live and to allow a single company to own two or even three television stations in over 160 markets covering more than 95 percent of the population. Under the rules, the mergers will not be subject to any public interest review.

The rules were strongly opposed by CFA and other consumer groups on the grounds that they: allow already concentrated media markets to become even more concentrated; will limit diversity of viewpoints; are rife with inconsistencies that harm the public; are based on a misunderstanding of local

news markets and a misapplication of the law; and represent an unnecessary bailout of the broadcast industry.

"The entire structure of mass media in America is on the table," said CFA Research Director Mark Cooper. "The media ownership rules adopted by the FCC would allow two or three companies to end up owning it all. Congress is right to intervene."

The 400-21 vote to overturn the new television station ownership rule came on the Commerce-Justice-State Department spending bill.

That bill was amended in committee to prevent the FCC from spending any money in 2004 to administer licenses that would result in a company's owning television stations that reach more than 35 percent of the national audience.

Although Republican leaders opposed the measure, they chose not to fight a losing battle on the House floor, hoping instead to strip the provision in a House-Senate conference.

The measure also enjoys wide, bipartisan

support in the Senate, however, where the Commerce Committee recently easily approved a similar bill and an appropriations rider is expected to generate similarly solid support.

Should the measure survive in the final bill, the president will have to decide whether to veto the bill, as he has threatened to do.

Unfortunately for consumers, the House rejected 254-174 an amendment to overturn the other two main components of the recently adopted media ownership rules those making it easier for a company to own both a television station and newspaper in the same community and allowing a company to own more than one television station in the same market.

In the Senate, meanwhile, Sen. Byron Dorgan (D-ND) announced before leaving on August recess that he had enough votes to pass a "resolution of disapproval" reversing all the FCC media ownership regulations and expected the measure to come up for a vote in the first week of September.

On the **Web**  
[http://www.consumerfed.org/FCC\\_rule.pdf](http://www.consumerfed.org/FCC_rule.pdf)



## Legislative Wrap-up

# Consumers Win Some, Lose More in Congress

Consumer issues received a flurry of activity in Congress in the weeks leading up to the August recess.

In addition to the action on media ownership rules and Fair Credit Reporting Act reauthorization (see related articles on page 1), energy bills were sent to conference, a generics measure was included in Medicare overhaul legislation that also went to conference, and pro-investor mutual fund legislation was watered down and then approved in House committee. Meanwhile, anti-consumer legislation to preempt state investor protection authority was temporarily set aside, but country-of-origin labeling legislation that was adopted just last year came under renewed attack.

"With this Congress, it is one step forward and two steps back for consumers," said CFA Legislative Director Travis Plunkett.

## Senate Breaks Deadlock On Energy Bill

In a surprise move just before the August recess, the Senate ended a deadlock over energy legislation by passing last year's bill.

That bill is very different from the bill passed by the House in April, but both contain numerous anti-consumer provisions, including repeal of the Public Utility Holding Company Act.

"As a result, both bills would make Enron-style con games more likely and leave federal regulators with no way to stop them," said CFA Research Director Mark Cooper.

With the more sweeping Republican measure hopelessly bogged down going into the August recess, Senate Republican leaders seized on a last-minute suggestion by Minority Leader Tom Daschle (D-SD) that they adopt last year's bill instead.

Quick Senate passage on an 84-14 vote sends the bill to conference with the House, where Republican leaders expect to make extensive changes in the legislation to make it more to their liking.

"We'll be writing a completely different bill," declared Sen. Pete Domenici (R-NM), who chairs the Senate Energy and Natural Resources Committee.

If Republicans get too carried away in redrafting the bill, however, they could produce a conference report that cannot overcome Democratic opposition in the Senate reprising last year's experience where both the House and Senate adopted bills but could not agree on a mutually acceptable compromise.

The issue was complicated in August, when a massive electricity blackout in the Northeast both created a greater sense of urgency to pass an energy bill and sharpened disagreements over the best approach to take.

"Congress needs to forget about further deregulation of electricity, which helped cause the blackout, and focus instead on improving the reliability of the transmission system," Cooper said.

## Generics Bill Included in Medicare Overhaul

The Senate reached a bipartisan compromise on legislation to promote greater access

to generic drugs and included the measure in Medicare overhaul legislation that passed the Senate in late June.

Although the bill is not as strong as the legislation that passed the Senate last year, it would:

- generally allow only one stay per drug to be granted, thus limiting the ability of brand name drug manufacturers to prevent generic competition by triggering multiple 30-month stays;
- strengthen the ability of generic companies to assure that their drugs are not in violation of any patent before going to market;
- prevent anti-competitive contracts between brand name and generic drug companies in which generic firms are paid by the brand-name firm not to compete;
- take modest steps to reduce nuisance patent lawsuits; and
- make it easier to bring several classes of generic drugs to the market.

"The pharmaceutical industry has repeatedly used improper delaying tactics to thwart access to generic drugs," said CFA Chairman Sen. Howard Metzenbaum (Ret.) in June testimony before the Senate Judiciary Committee. "This is not only a threat to the pocketbook of many Americans, but to their health."

Although the compromise bill is not as strong as earlier legislation, it "will decrease drug costs and increase the flow of generic drugs to Americans in need," he said.

It is unclear whether this proposal will survive a House-Senate conference committee debate to resolve the significantly different Medicare prescription drug bills passed by each house.

The House Medicare bill does not contain a provision to stop anti-competitive delaying tactics targeted at generic drugs, and the administration has signaled its opposition.

## Country of Origin Labeling Comes Under Attack

Ever since its passage last year as part of the farm bill, country-of-origin labeling for food has been under attack by the food industry, especially meat packers and retailers.

In July, the House voted to delay implementation of country-of-origin labeling on the grounds that more time was needed to consider the impact on industry. Labeling for produce, fish, and peanuts was unaffected by the vote, which came on an amendment to the agriculture appropriations bill.

CFA has worked closely with farm and consumer groups to salvage the labeling provision, which allows consumers to avoid food from a country based on reports of poor sanitary conditions in that country, for example.

In July, Sen. Metzenbaum appeared at a news conference with Senate Minority Leader Tom Daschle and others to shore up support for the labeling.

"When we were fighting for nutrition labeling, we heard the same kinds of arguments from the food industry that we are hearing today about country-of-origin labeling," Sen. Metzenbaum said. "It's too complicated ... We can't cope ... It will cost a fortune, and consumers will end up paying the bill.

"Well, Congress thought otherwise," he added. "It thought the food industry could cope. And, guess what? It did."

The Senate Appropriations Committee made no changes in the labeling program when it acted on the agriculture appropriations bill in July.

A showdown is expected when the bill comes to the Senate floor, possibly as early as mid-September.

## House Panel Passes Mutual Fund Bill

The House Financial Services Committee gave voice vote approval to watered down mutual fund legislation in late July.

In a reversal of the committee's usual dynamics, Capital Markets Subcommittee Chairman Rep. Richard Baker (R-LA) had introduced a stronger, more pro-consumer bill, but faced entrenched opposition from Democratic members, who argued that the bill placed excessive burdens on the fund industry.

The bill was designed to provide better cost disclosure to mutual fund investors and to strengthen the role of independent fund directors.

CFA, Fund Democracy, Inc., Consumer Action, and Consumers Union wrote to the committee in July in support of the original bill and in opposition to weakening amendments.

Nonetheless, a number of the bill's strongest provisions — including requirements for individualized cost disclosure and an independent board chairman — were removed during full committee mark-up. The bill was then passed on a voice vote.

Following that action, key bill sponsor Rep. Baker and Financial Services Committee Chairman Michael G. Oxley (R-OH) wrote to Securities and Exchange Commission (SEC) Chairman William Donaldson urging the Commission to use its existing regulatory authority to implement those provisions of the bill that do not require legislative action, making it unclear whether they plan to push ahead with the legislation.

CFA and Fund Democracy released a brief report at the time of the mark-up showing the substantial cost that mutual fund investors pay as a result of their failure to make cost-conscious decisions.

The report looked at just two types of "plain vanilla" funds — S&P 500 index funds and money market funds — where investors clearly get no benefit to justify increased costs.

The study found that investors pay more than \$300 million a year in excess fees for the funds covered by the study, which was based on Morningstar expense data. The actual excess cost is much higher, since Morningstar collects data on only a small portion of all money market funds.

CFA Investor Protection Director Barbara Roper called on Congress and the SEC to focus on those mutual fund shareholders who currently ignore costs and "to try to identify creative new ways to reach them with the type of information that will encour-

age them to change their buying habits."

## Action Delayed on Preemption Measure

At the last minute, the House Financial Services Committee pulled from consideration an SEC Civil Enforcement Authority bill that had drawn strong opposition because of a provision to preempt state securities enforcement authority.

Even as he pulled the bill, however, Chairman Oxley assured the bill's lead sponsor, Rep. Baker, that the measure would be taken up soon after Congress returns from its August recess.

Despite repeated assurances that he had no intention of reviving preemption proposals circulated by the securities industry last year, Rep. Baker added the provision to his otherwise pro-investor SEC civil enforcement authority bill just before subcommittee mark-up.

As amended, the bill would prevent state securities regulators not only from imposing on broker-dealers the types of conduct remedies they sought in the analyst case, but also from taking the sort of enforcement actions they routinely use to address abusive practices within their own borders.

"As a result, state regulators would be free to investigate fraud by brokers, they just wouldn't be able to do much about it except pull a license or impose a fine," Roper said.

CFA, which had urged passage of the underlying bill, condemned the preemption provision as a "poison pill." It was joined in its opposition by other leading consumer groups.

"Investors stand to lose far more from the state preemption provision than they stand to gain from enhanced SEC civil enforcement authority," CFA, Consumers Union, U.S.

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# CFAnews

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Public Interest Research Group, AARP, Fund Democracy, Citizen Works, Public Citizen's Congress Watch, and Common Cause wrote in a letter to all committee members prior to the scheduled mark-up.

"This provision's broad and unwarranted preemption of legitimate state authority is a serious threat to investors," the groups added. "It must be stripped from the bill."

### Groups Oppose Bill To Delay Stock Option Rule

A dozen prominent consumer and investor groups announced in August their opposition to legislation that would block the Financial Accounting Standards Board (FASB) from requiring companies to show stock options as an expense on financial statements.

Bills have been introduced in both the House and Senate (H.R. 1372, S. 979) to prevent the SEC from enforcing any such requirement pending a three-year study.

Because of earlier congressional interference with FASB, stock option grants to employees are the only form of compensation not required to be expensed on the financial statement.

Roper criticized Congress for renegeing so quickly on the commitment it made in last year's corporate reform bill to protect FASB from just this sort of interference.

If the bills' supporters succeed in delaying the rule, "they will not only undermine the transparency of corporate financial disclosures, they will deal a fatal blow to the independence of the accounting standard-setting process," she said.

### CFA Urges Multi-year Reauthorization of CPSC

CFA Assistant General Counsel Rachel Weintraub testified in favor of multi-year reauthorization of the Consumer Product Safety Commission (CPSC) before the Senate Consumer Affairs Subcommittee in June.

Twenty-eight years after the agency was created — with a \$34.7 million budget that supported a staff of 786 full time equivalents — "the agency's budget has not kept up with inflation, has not kept up with its deteriorating infrastructure, has not kept up with increasing data collection needs, has not kept up with the fast paced changes occurring in consumer product development, and has not kept pace with the vast increase in the number of consumer products on the market," Weintraub said.

The agency has seen its staff cut from a high of 978 employees in 1980 to just 471 for the coming fiscal year, she added.

"While every year an estimated 23,900 American consumers die, and an additional 32.7 million suffer injuries related to consumer products under the jurisdiction of the CPSC, this agency, with its reduced staff and inadequate funds, is limited in what it can do to protect consumers," she said.

"In addition to giving CPSC the tools it needs to comply with its mandate, an increase in authorized funding will help to reduce the enormous costs to society caused by unsafe products, estimated at \$700 billion annually," she said.

Weintraub said the most important thing Congress can do in reauthorizing the CPSC is to assure that sufficient reauthorization funding levels are approved. "The amounts

sought by CPSC have been overly conservative and should be expanded by at least 10 percent," she said.

She also suggested additional changes to strengthen the agency, including:

- eliminating the cap on the amount of civil penalties that CPSC can assess for knowing violations of the statutes;
- restoring CPSC's authority over fixed-site amusement parks;
- eliminating the provision that requires CPSC to check with relevant industry members before disclosing certain safety information to the public; and
- requiring businesses selling toys on the Internet to provide on their website the same cautionary labeling that is required on toy packaging.

CFA also called on the subcommittee to require the CPSC to report to Congress on steps it will take to increase recall return rates, including an evaluation of product registration cards as one alternative; hold oversight hearings on all-terrain vehicle safety; and track CPSC's progress on baby bath seats.

"This subcommittee must step in and exercise its duty to make sure that the federal government lives up to the commitment it made to protect consumers from product-related deaths and injuries when it created the CPSC," she concluded.

### Food Choking Prevention Bill Introduced

Rep. Mike Honda (D-CA) and Rep. Michael Ferguson (R-NJ) introduced legisla-

tion in July to establish a federal Office of Choking Hazard Evaluation charged with developing a warning label on foods that pose a high choking risk to children.

CFA and Center for Science in the Public Interest (CSPI) issued a statement in support of the legislation, which they said would "better educate consumers about the precautions parents and care givers can take to prevent a choking incident."

"Every year as many children die choking on food as die from accidental poisoning, yet many people do not realize how serious the problem is," Weintraub said. "Labeling certain foods with a warning that spells out the potential choking hazard is a common sense way to educate consumers about this risk and to prevent choking deaths and injuries."

### Assault Weapons Bill Endorsed

Sen. Metzenbaum sent a letter to Sen. Frank Lautenberg in July endorsing his bill to reauthorize and strengthen the assault weapons ban, which is set to expire in September of next year. CFA had previously endorsed a similar House bill.

The original law, passed in 1994, bans certain models of semiautomatic assault weapons, as well as high-capacity ammunition magazines that hold more than 10 rounds. These weapons are civilian versions of military weapons with features that allow them to kill large numbers of people rapidly and are infamous as the guns of choice of cop-killers.

"Unfortunately, Congress' intent has not been fully realized under the current ban," Sen. Metzenbaum wrote. "Immediately after the law was enacted, the gun industry moved quickly to make slight, cosmetic design changes in their 'post-ban' guns to evade the law."

As a result, "post-ban" versions of AK-47s and AR-15s — guns banned by name by the 1994 law — are flooding the civilian market, he noted, including the gun used by the Washington, D.C.- area sniper.

"CFA supports S. 1224 because it will not only make the assault weapon and high-capacity magazine ban permanent, but also will significantly strengthen current law," he wrote.

More than 260 national, state, and local organizations support the federal legislation.

#### On the Web

<http://www.consumerfed.org/61803Testimony.pdf>  
[http://www.consumerfed.org/mutual\\_funds\\_costs.html](http://www.consumerfed.org/mutual_funds_costs.html)  
[http://www.consumerfed.org/hr2719\\_markup\\_react.html](http://www.consumerfed.org/hr2719_markup_react.html)  
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[http://www.consumerfed.org/072303\\_metz\\_letter.html](http://www.consumerfed.org/072303_metz_letter.html)



### Federal Deposit Insurance Corporation

The Federal Deposit Insurance Corporation issued guidelines in July that will make it much harder for state-chartered banks to help payday lenders evade state usury and small loan laws.

"While the FDIC does not categorically prohibit banks from partnering with payday lenders, the guidelines require up to dollar-for-dollar capitalization of loans, define any loan unpaid in 60 days as in default, and brand serial loans as an unsafe banking practice," said CFA Director of Consumer Protection Jean Ann Fox.

"With proper enforcement, FDIC regulated banks conducting payday lending will either stop or reform their lending," she added.

The FDIC is the last of the federal bank regulatory agencies to take action on payday lending.

Over about the last year, the Office of the Comptroller of the Currency has signed consent orders with the four national banks partnering with payday lenders, citing a range of safety and soundness risks and violations of federal consumer protection laws. The Office of Thrift Supervision took similar action to stop thrifts from partnering with payday lenders.

And, in late June, the only Federal Reserve member bank involved in payday lending announced it would terminate its payday loan contracts this fall under pres-

sure from the Federal Reserve Bank of Philadelphia.

### Securities and Exchange Commission

Despite evidence that major accounting firms are continuing to engage in practices that compromise their independence and undermine recently adopted reforms, the Securities and Exchange Commission (SEC) has indicated it will not take further action at this time to strengthen key aspects of the auditor independence rules.

CFA, Consumers Union, Common Cause, Consumer Action, and U.S. Public Interest Research Group wrote to the Commission in June to draw its attention to a policy document being circulated by Ernst & Young that, in the groups' words, "advocate[s] an approach to pre-approval of non-audit services that makes a mockery of Congress's intent that this process serve to ensure the independence of the audit."

Documenting how key concessions the accounting firms won during the rulemaking process were being used to circumvent congressional intent, the consumer groups called on the Commission to, among other things: rescind the rule provision allowing pre-approval of non-audit services through policies and procedures; formally codify the basic principles for determining auditor independence; and clarify that audit committees are expected to review all proposed non-audit services to determine whether

they violate these basic principles.

In a July letter, SEC Chairman William Donaldson responded, "While I appreciate and understand your concerns, I believe that it is appropriate to allow the rules to be implemented and for auditors and audit committees to gain experience with the application of the rules before we consider changes to them."

An accompanying memo by the Deputy Chief Accountant addressing the consumer groups' concerns did provide some encouraging signs that the Commission may provide tougher interpretation of the rules than the Ernst & Young policy document seems to anticipate.

For example, it makes clear that the Commission expects audit committees to evaluate non-audit services in light of basic principles of auditor independence. It outlines an approach to pre-approval through "policies and procedures" that would require detailed documentation of each service in order to allow the audit committee to consider each service individually and assess its impact on the auditor's independence.

"If the SEC follows through and enforces these interpretations, it will go some way toward undoing some of the damage done during the rulemaking process," said CFA Director of Investor Protection Barbara Roper.

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**FCRA Reauthorization***(Continued from page 1)*

credit and are most vulnerable to inaccurate credit scores — are the least knowledgeable about credit reports and scores.

“A strikingly high percentage of Americans not only do not understand basic facts about credit reports and scores, but also acknowledge their own lack of understanding about the subject,” said Brobeck, who authored the study.

“This recognition, and awareness of the growing importance of credit scores, may

explain why there is overwhelming support for new consumer protections,” he added.

The survey found strong support for:

- requiring credit bureaus to do a better job of verifying identities on credit applications to reduce identity theft;
- allowing consumers who are denied a loan or charged a high price to get a free copy from the lender of the credit report and score used as the basis for the lender's decision;
- prohibiting banks from using medical information to make credit decisions without the consumer's consent;
- requiring banks to obtain permission

**At the Agencies***(Continued from page 3)***Environmental Protection Agency**

A National Drinking Water Advisory Council (NDWAC) work group established by the Environmental Protection Agency (EPA) in 2002 to study the affordability of drinking water rules for small systems has concluded that the agency's method for determining new rule affordability is sound.

NDWAC agreed with that conclusion and forwarded it to the EPA Administrator, noting that increasing the instances in which small systems are issued variances from the rules would be counterproductive.

The work group, which included CFA Project Manager Diana Neidle, was established in the wake of small system objections to a proposed protective standard for arsenic in drinking water. The goal of the group was to find ways to address the problem without simply accepting lower drinking water qual-

ity for the customers of small systems.

Among its proposed solutions is creation of a federally funded Low Income Water Assistance Program (LIWAP) modeled on the successful Low Income Home Energy Assistance Program.

“The federal government offers assistance programs to make local phone service and energy bills more affordable for low-income households, but there is no such assistance for water and sewage bills,” Neidle said.

CFA has convened a meeting of experts later this fall to further develop the idea.

The work group also recommended funding increases to enable small systems either to combine into more financially viable units or to share treatment and operational costs. For rural systems that cannot easily benefit from such programs, the work group recommended development of state programs to ensure that these systems are at the top of the list for State Revolving Fund grants and other assistance.

before sharing customers' personal financial information with other companies it owns;

- allowing consumers to sue lenders who knowingly provide credit bureaus with incorrect, damaging information; and
- prohibiting credit card lenders from raising interest rate because of a credit problem that involves another lender.

“This study provides Congress with a

roadmap on how to make the Fair Credit Reporting Act work better for consumers,” Plunkett said. “Unfortunately, the House has stopped well short of what consumers need in the way of reform. It will be up to the Senate to offer real reforms that will improve report accuracy, reduce identity theft, and broaden privacy protections.”

**On the Web**

<http://www.consumerfed.org/072803creditscores.html>  
<http://www.consumerfed.org/062303Testimony.pdf>

**Consumer Product Safety Commission**

The Consumer Product Safety Commission (CPSC) held a field hearing in June on the rising tide of injuries and deaths related to all-terrain vehicles.

The ATV industry adopted a voluntary approach to safety in 1998 that relied primarily on recommending against the purchase of large ATVs for use by children, communicating safety information on warning labels and in tiny print on advertisements, and providing optional safety training for purchasers of new ATVs.

Consumer advocates, doctors, and conservation groups urged the commission to recognize that this voluntary approach to safety is not working and to take proactive steps to better protect consumers, in particular by prohibiting the sale of adult-size four-wheel ATVs for use by children.

“The history of ATVs in the United States proves that the current approach to safety is not working,” said CFA Assistant General Counsel Rachel Weintraub. “CPSC's own data illustrates that CPSC and the states must move aggressively to protect young children from the dangers posed by adult-size ATVs.”

**On the Web**

<http://www.consumerfed.org/0702bank.html>  
<http://www.consumerfed.org/E&Yletter.pdf>  
[http://www.consumerfed.org/E&Yletter\\_release060903.pdf](http://www.consumerfed.org/E&Yletter_release060903.pdf)  
<http://www.consumerfed.org/0605atv.html>

**PSAs Highlight Children's Risks From Secondhand Smoke**

A public service announcement (PSA) jointly developed by CFA, the Environmental Protection Agency, and the American Medical Association to reduce American children's exposure to secondhand smoke in the home has received wide distribution. Since its release in April, the “My Mom's My Hero” PSA has received more than \$8 million in donated media play and has been aired 17,000 times on tv stations and 60,000 times on radio stations, and displayed in 23 airports across the nation.

The campaign targets smoking mothers of young children (under 6), and urges them to smoke outdoors. Recognizing that asking smokers to stop smoking in their own homes is a potentially counterproductive effort, the groups undertook extensive research to develop a targeted message with the potential to change a very personal behavior pattern rather than turn off the audience. The resulting PSAs consist of a series of vignettes revealing why children view their mothers as heroes and how the greatest heroes are mothers who choose to smoke outside.

Children who breathe secondhand smoke are at greater risk for a wide range of adverse health effects than children who are not exposed, including pneumonia, the exacerbation of asthma, increased frequency of ear infections, and sudden infant death syndrome. The main source of children's exposure to secondhand smoke is smoking in the home. Currently, 20 percent of American households with young children allow smoking indoors.

To combat this problem, CFA conducted both quantitative and qualitative studies to clearly define smoker attitudes about smoking outside the home and to determine what messages were likely to motivate this behavior. The research showed that women were more likely to be receptive than men, that concern about the health effects was likely to be a strong motivator, but that a soft sell with a positive message was more likely to be effective than a harder hitting approach.

“We are pleased to have the opportunity to work with EPA and AMA to ask smoking parents to ‘go out for their kids’ until they are able to quit smoking,” said CFA's Director of Administration Betty Leppin, who oversees the project. “We hope our message clearly conveys to smoking parents everywhere the importance of making their home smoke-free in preventing serious respiratory illnesses in children.”

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