

Urgent

To: Lowell Weiss
Fax #: 456-2505
Re: President's Financial Security Speech
Date: 5/3/99
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FACSIMILE

Attached are Treasury's comments on the President's Financial Privacy & Consumer Protection remarks for the White House Financial Security event.

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Date: 5/3/99 12:45pm
Subject: draft -- financial privacy and consumer protection

Please provide ONE set of comments to me and Lowell ASAP. Thanks.
----- Forwarded by Sarah Rosen Wartell/OPD/EOP on 05/03/99
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Lowell A. Weiss
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To: See the distribution list at the bottom of this message

cc:
Subject: draft -- financial privacy and consumer protection

Draft 5/3/99 12:30pm
Lowell Weiss

PRESIDENT WILLIAM J. CLINTON
REMARKS ON FINANCIAL PRIVACY AND CONSUMER PROTECTION
THE WHITE HOUSE

May 4, 1999

Acknowledge: introducer Marl Frank; Sec. Rubin; SEC Chairman Arthur Levitt; FTC Chairman Robert Pitofsky and Commissioner Mozelle Thompson, two true champions of America's consumers; I also want to thank Sen. Sarbanes and Rep. LaFalce for their outstanding leadership on this issue.

Like today, the dawn of the 20th Century was a time of great prosperity and ingenuity. Powered by remarkable new technologies, our industries could barely meet the demand for high-quality products made in the USA. But for those who labored in our factories and lived in the tenements of our rapidly growing cities, America's industrial gains often came at a steep price. In the words of Supreme Court Justice Louis Brandeis, the laws built up under simpler conditions of living, could not handle the complex relations of the modern industrial world.

Justice Brandeis and the other leaders of the Progressive Movement recognized that while our laws were out of date, our oldest values were not. That is why Justice Brandeis fought throughout his career to bring ever greater democracy to America's factory floors ... to expand freedom of speech and assembly ... to uphold the right to privacy, which he called the right most valued by civilized men. In the new industrial age, when men and women feared becoming small cogs in a giant machine, America's oldest values were, if anything, more relevant than ever before.

Here at the end of the 20th Century, we find ourselves a century later, in the midst of a new era of vast economic and technological transformation. We once again apply our oldest values to the challenge of change -- from building a system of lifelong learning ... to connecting every child to the wonders of the Internet ... to putting a human face on the complex and often-impersonal global economy. Today, we must take on a new challenge. To prepare for the 21st Century economy, we must update our privacy and consumer protection laws for our rapidly changing financial marketplace.

This era presents both opportunities & risks, & it is important that

Over the past few years, new technology and increased competition have truly revolutionized the financial services industry. By and large, these changes have been very good for consumers. But, as you have just heard, they have also created new challenges. Many people don't have the knowledge to properly evaluate the dizzying array of financial options. Some are falling victim to new abusive practices or outright fraud. Others, particularly those in inner-city and rural areas, are being left out of the new financial marketplace altogether.

So today, I am proud to announce our new Financial Privacy and Consumer Protection Initiative -- to give all Americans the tools and confidence they need to participate in our thriving but highly complex 21st Century economy. This initiative is based on five key principles. And it draws on several important proposals developed by the Members of Congress who are here today.

has five elements

The first principle is that we must do more to protect every American's financial privacy. The Vice President has led this Administration's efforts to identify areas where privacy is at risk -- and financial transactions are one area of great concern. The technological revolution is now making it easier than ever before for financial institutions to mine your private financial data for profit. While some of your private financial information is protected under existing federal law, your bank or broker or insurance company can still share with affiliated firms information on what you buy with checks and credit cards -- or sell this information to the highest bidder. This law is outdated. We must change it ... to give you the right to control your financial information ... to require your bank to let you decide whether they can share your private information with anyone. I look forward to working with members in the House and Senate on this critical issue.

no need to bash.

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could

To enhance your financial privacy, we must also protect the sanctity of medical records. With the growing number of mergers between insurance companies and banks, lenders potentially can gain access to the private medical information contained in your insurance forms. So the Vice President and I propose to outlaw the sharing of medical information within financial services conglomerates. You should not have to worry that the results of your latest physical exam will be used to deny you a home mortgage or a credit card.

except in very ltd cases.

Second, we must require greater public disclosure and enhance every consumer's right to know. Last year, consumers received nearly 4 billion credit card solicitations. Some of these offers contain new traps for the unwary. For example, sometimes credit card companies advertise low interest rates -- known as "teaser rates" -- to reel in consumers and then surprise them with unexpected interest rate hikes. Working with Congress, we will insist that any marketing of "teaser" rates for credit cards include equally prominent notice of their expiration date, their eventual annual percentage rate, and any penalties that apply.

Millions of consumers also have found out the hard way that making only minimum payments rarely helps retire a debt and almost always results in very large interest payments. So we will require clear notice of how long and how costly repayment would be if the consumer makes only the minimum payment.

And consumers are rightly frustrated with ATM surcharges. This is what we propose: If an ATM is going to charge you a fee on top of any fee you pay to your own bank, it must say so clearly -- not only on the

put out

should the POTUS talk about this

computer screen once you initiate the transaction but in a clear sign on the outside of the machine. You should have the opportunity to comparison shop for ATMs -- and the opportunity to reject those that charge too much.

Third, we must do more to combat consumer fraud. Once, stealing another's identity required fraudulent documents. But today, as Mari Frank discovered the hard way, simply stealing a PIN can be sufficient to allow a person to take out huge loans, run up enormous credit card debts, and tap into bank accounts. Last October, Congress passed and I signed the Identity Theft and Assumption Deterrence Act. This is a good law, but now we need to give it sharp teeth. So today, I am instructing the Treasury and Justice Departments to give higher priority to cases involving identity theft, particularly those involving organized crime groups, with the goal of increasing the number of prosecutions both at the state and federal level. And Treasury will convene a national summit on identity theft and work with the private sector to make it harder to steal someone else's identity in the first place.

We will also crack down on fraud committed over the Internet. If we want to seize the Internet's full potential, we must stay ahead of those who would use this open medium to manipulate stock prices, commit fraud in online auctions, or perpetuate any other type of financial scam. That is why I have asked the Justice Department to step up prosecutions ... to develop a national center for tracking Internet fraud schemes ... to train state, local, and federal law enforcement officers how to recognize and root out these schemes and to use new technologies to reduce the incidence of fraud. SEC Chairman Levitt is also launching an expanded effort to arm investors with the information they need to protect themselves against online securities fraud. And given that complaints of Internet fraud have tripled over the past six months alone, I will work with Congress and Chairman Levitt to provide additional resources for the SEC for enforcement, beyond what I requested in my balanced budget.

Fourth, we must provide financial services for those who have been denied access to credit and basic banking services for far too long. Today, I am proud to announce that the Treasury Department will soon make available through private banks low-fee banking accounts for those who receive federal benefits like Social Security. Unfortunately, some in Congress would have us effectively limit -- rather than expanding -- access to financial services in underserved communities. As the Senate debates this issue this week, I want to make clear that we will oppose any effort to weaken or undermine the Community Reinvestment Act.

Finally, we must increase Americans' financial literacy. Today, it's no longer enough to know how to balance a checkbook. Even those who are fortunate enough to have the help of accountants sometimes have a hard time understanding all the ins and outs of investing in an IRA, paying off credit card debt, or refinancing a mortgage.

So today, I am directing my National Economic Council to work with our agencies and develop a plan to help all Americans improve their financial literacy. School is the best place to start learning about personal finance. The Department of Education will help all interested schools find effective lesson plans and other tools to integrate financial literacy into the basic curriculum.

Protecting privacy. Enhancing disclosure. Combating fraud. Expanding access. Increasing education. These are all familiar principles. They are the exact principles that Louis Brandeis and his disciples used to harness the power and benefits of the Industrial Revolution. And they are just as vital today as they were a century ago.

As the Senate debates the financial services bill this week, I want to reiterate what I earlier said in my veto letter that we will oppose any effort to weaken or undermine the continued relevance of CRA. I want to applaud the leaders of the Civil Rights community who spoke earlier today on this very subject.

No flies are too

Let's use them ~~once~~ again to seize the enormous potential of the Information Revolution. If we work together, we can use these principles to help all families lock in the benefits of new choices and new technologies. We can help all our people thrive in our 21st Century economy.

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