



Dan Youmans
President -Washington/Hawaii
External Affairs

AT&T Services, Inc.
P.O. Box 97061
RTC1
Redmond, WA 98073-9761

LATE

T: 425-580-1833
F: 425-580-8652
daniel.youmans@att.com
www.att.com

February 7, 2012

The Honorable Senator Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection

The Honorable Senator Carol Fukunaga
Chair, Committee on Economic Development and Technology

Re: *Testimony on Senate Bill 2419*
Hearing before the Senate Committee on Commerce and Consumer Protection and the
Senate Committee on Economic Development and Technology
9 a.m., Conference Room 229

Senator Fukunaga, Senator Baker and Members of the Committees:

Thank you for this opportunity to express AT&T's position on Senate Bill 2419. While we respect the bill sponsor's intentions, AT&T has concerns about how the current proposal has potentially negative effects on our customers and the transactional processes at our retail establishments.

Scanning a certificate of identification or a driver's license for purposes of credit checks is a common practice for many types of retail establishments. Scanners are helpful because they reduce human errors while procuring personal information and also ensure the customer isn't required to orally share personal information in front of other consumers. This provides many customers the added benefit of privacy and serves as a tool against fraud prevention. Additionally, our goal is to make the credit check process as expedient as possible and scanners accelerate the process and help deliver a positive customer experience. AT&T has devised and deployed scanners throughout our retail stores, and our employees have been carefully trained on proper use of the technology.

AT&T takes the procurement, retention and purging of customer information with absolute care. With the exception of name and address, which is retained for billing purposes only, all other highly sensitive personal information is electronically purged from our database after taking fraud prevention measures.

Although we may not be the target of this proposal, we hope you can see how the new statute jeopardizes our retail business processes. Therefore, AT&T proposes the bill be amended to include a minor exemption that would allow retention for the purposes of establishing or maintaining a contract with the consumer. Here is the specific language:

(6) for the purpose of establishing or maintaining a contract between the person and another individual.

I thank you for your time and consideration on this matter and look forward to additional dialogue on this issue.

Respectfully Submitted, Dan Youmans, AT&T

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

GOVERNMENT RELATIONS TEAM
GARY M. SLOVIN
MIHOKO E. ITO
CHRISTINE OGAWA KARAMATSU
ANNE T. HORIUCHI

ALII PLACE, SUITE 1800 • 1099 ALAKEA STREET
HONOLULU, HAWAII 96813

MAIL ADDRESS: P.O. BOX 3196
HONOLULU, HAWAII 96801

TELEPHONE (808) 547-5600 • FAX (808) 547-5880
info@goodsill.com • www.goodsill.com

LATE

INTERNET:
gslovin@goodsill.com
meito@goodsill.com
ckaramatsu@goodsill.com
ahoriuchi@goodsill.com

TO: Senator Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection
Senator Carol Fukunaga
Chair, Committee on Economic Development and Technology
Via Email: CPNtestimony@capitol.hawaii.gov

FROM: Gary M. Slovin / Mihoko E. Ito

DATE: February 6, 2012

RE: **S.B. 2419 – Relating to Personal Information**
Hearing: Tuesday, February 7, 2012 at 9:00 a.m.
Conference Room 229

Dear Chairs Baker and Fukunaga and Members of the Committees:

I am Gary Slovin, an attorney with Goodsill Anderson Quinn & Stifel, submitting testimony on behalf of the Consumer Data Industry Association (CDIA). Founded in 1906, CDIA is the international trade association that represents more than 400 data companies. CDIA members represent the nation's leading institutions in credit reporting, mortgage reporting, fraud prevention, risk management, employment reporting, tenant screening and collection services.

CDIA **submits comments** regarding S.B. 2419, which allows the scanning and retention of personal information contained in a state identification card or driver's license for only limited purposes.

CDIA appreciates that this bill is intended to address the potential illegitimate use of information contained in drivers licenses and state identification cards, but that the information in such licenses or identifications could still be used for the purposes of screening identification when verifying checks.

Many states have updated their statutes to allow for scanning and storage of driver's license information because over the last decade, more sophisticated technology has been developed to protect the safety of the data compiled. Federal law also places limitations

February 6, 2012

Page 2

on what personal identifiable information can be used and how it can be used by certain entities.¹

We believe that it is important to continue to allow the use of driver's license information through scanning technology. Scanning decreases manual errors, which can be problematic in the check verification process. Manual entry of licenses also backs up lines at the point of sale, which frustrates both consumers and clerks and makes purchase processes less efficient. Allowing scanning also reduces fraud, because, while it is easy to create a fake ID with numbers on a card, it is far more difficult to create a fake ID with numbers embedded in a magnetic stripe.

Moreover, capturing the information contained in the driver's license or identification assists in the collections and enforcement process. It is to everyone's benefit that merchants be able to collect on bad checks -- the harder it is to collect on bad checks, the less likely merchants are to continue accepting checks. This would tend to impact the youngest, oldest, and least well-off consumers.

CDIA recommends that, if the Committee is inclined to move this measure, the following amendments be made to Section 487R for clarity:

(4) To transmit information to a ~~check service~~ company for the purpose of approving negotiable instruments, electronic funds transfers, or ~~similar~~ other methods of payments; ~~provided that only the name, and identification number from the certificate of identification or driver's license may be used or retained by the check service company; or~~

(5) To collect or disclose personal information ~~that is required~~ **in order** to report, investigate, or prevent fraud, abuse, or material misrepresentation, **or to enforce a transaction.**

CDIA suggests these amendments in order to make it clear that: 1) a company that approves negotiable instruments, electronic funds transfers, or other methods of payments may store all of the information from a driver's license or identification card, and 2) that the scanning of a driver's license or identification card may be used for the purpose of enforcing transactions.

¹ Check services companies who scan the information are governed by two federal privacy laws, the Fair Credit Reporting Act and the Gramm-Leach-Bliley Act for the express reasons of protecting against actual or potential fraud or effecting transactions.

LATE

GOODSILL ANDERSON QUINN & STIFEL
A LIMITED LIABILITY LAW PARTNERSHIP LLP

February 6, 2012
Page 3

We respectfully request your consideration of the foregoing, and welcome any questions you have regarding our proposed amendments. Thank you very much for the opportunity to submit testimony.