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5

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nursing supervisor

1 East Woodlane Drive, Number 122.

2 Q We appreciate you being with us this afternoon.
3 Could you please describe in detail your experience in trying
4 to obtain merchandise on credit?

5 A Yes. For several years I have had very good credit,
6 paid off over thousands of dollars on my own credit references.
7 I was divorced and had good credit and paid off several
8 accounts. Upon being married I decided I wanted to buy a
9 dining room set for my home and I wanted to pay for it. I
10 had a good job, and so I paid \$75.00 down on a dining room
11 set and applied for credit.

12 They told me when I applied that I would have to
13 have my husband's signature or I couldn't apply. I went on
14 ahead and finished out the application and submitted it any-
15 way, and told them that I didn't have to have my husband's
16 signature and so they said they would send it through.

17 I drove from the place where I had applied for an
18 installment loan to my home and when I got home the telephone
19 was ringing. They said, "We're sorry, but you will still
20 have to have your husband's signature before we can let you
21 have a loan."

22 Q What reasons were given to you either then or
23 subsequently for the denial of the loan for the merchandise?

24 A Well, as we, at that particular time they told me
25 that no matter where I applied for a loan that it was common

1 knowledge that I would have to have my husband's signature,
2 and I refuted this. And then I, at a later time when certain
3 affidavits were brought out which I was denied the credit,
4 one was that my husband had good credit and that they could
5 not obtain my credit references, and I had given my previous
6 name.

7 But the credit bureau that they investigated through
8 only had one account and it was still open and in good credit
9 standing. But the -- my husband had good credit references
10 in the State of Utah, and they couldn't find mine. And
11 another was, that I was living on rental property and that's
12 about all they gave me.

13 Q So, it is your understanding that they wanted to
14 require your husband's signature because of their inability
15 to find your past credit record?

16 A Yes. And when I filled out the application I gave
17 four credit references and addresses.

18 Q Tell us exactly what your credit rating and job
19 stability was at the time of the denial?

20 A I had been working six months as a supervisor. I
21 have a seven-year tenure as a nurse, and I have very good
22 credit and I have bought a car on my own name just previously
23 and had completely paid that off and have paid off all
24 debts. I had no outstanding bills, and I was making a good
25 wage. And I had lived in the apartment where I was for

1 three years, my husband had only lived there about eight
2 months.

3 Q So you have had a continuous employment record over
4 a period of how many years?

5 A I have been continuously employed for about five
6 years.

7 Q Prior to asking for the loan?

8 A Yes, not in the same job but in different jobs in
9 the same profession.

10 Q Have you since reconsidered and obtained your
11 husband's signature in order to obtain the loan?

12 A No, I refused to.

13 Q What is the present status of your case then, now?

14 A The present status of that case is that we're going
15 to court shortly about that.

16 Q Is it your feelings that even if the credit bureau
17 for some reason, or another, lost, or was unable to come up
18 with your past credit record, that the institution which you
19 had asked to obtain the loan, could have checked individual
20 credit records which you had supplied to them?

21 A Definitely. It would have been very easy.

22 Q Could you tell us what your personal feelings and
23 opinions are towards the experience in trying to obtain credit
24 that you have been through?

25 A Well, I feel that anyone who has gone ahead and got

1 their education and gone into a profession and anyone who
2 has paid off several debts, outstanding debts, because they
3 were married to someone and they walked out, and has gone
4 ahead and paid those debts off to maintain their credit, and
5 has always raised the credit of the other person, is entitled
6 to have credit in their own name. And I feel that when they
7 -- when they asked me for my husband's signature they were
8 examining my culpability and whether or not I was competent
9 enough to handle my own money. I am quite competent enough
10 to spend my own money. I am quite competent enough to handle
11 a profession in a hospital full of people, but I am not
12 competent enough to spend my own money.

13 Q Do you understand that under the Fair Credit
14 Practice Act you have the opportunity to investigate to see
15 what your credit rating is at a credit bureau?

16 A I certainly do.

17 Q Have you had the occasion to do that since your
18 experience in trying to obtain a loan?

19 A Yes, I have.

20 Q What was the result of that?

21 A I found that I didn't -- that the credit references
22 that I had given had not reported to the credit bureau and
23 therefore there was no record, which has nothing to do with
24 me. The one credit reference that I did have in the credit
25 bureau was open and in good standing, and I don't know why.

1 Now, I did come from another part of the county,
2 from another county where part of my references are, but most
3 of my references that I gave on that particular affidavit
4 was from this particular county. And when they said that my
5 husband had good credit references in the State of Utah,
6 I wonder where they got it because he has been out of the
7 state for 11 years.

8 Q So that it was a matter that you had been a
9 resident of the state?

10 A Yes, for 30 years.

11 MR. OSWALD: I have no other questions, Panel
12 members?

13 Q (By Mr. Levis) I just have one question. Did you
14 ask the credit bureau to check your credit under more than
15 one name?

16 A Yes, I did.

17 Q And did you see the credit bureau report under more
18 than one name?

19 A Yes, I did.

20 Q And there was only one report that showed that you
21 had credit at all?

22 A That's all.

23 Q So, you're sort of contending that your past credit
24 history was sort of lost?

25 A Yes, and I am wondering why.

1 Q You also said that your ex-husband, or your husband
2 now, supposedly had good credit, is that correct?

3 A That's right.

4 Q Was that based on the credit payments that you had
5 made?

6 A Not on the husband that I have now, a previous
7 marriage. Well, the one that I have now is the one that
8 they were checking on, and he has good credit references in
9 the State of Utah and yet he has been out of the state for
10 11 years, and I don't know exactly where they came up with
11 the credit references.

12 Q But the credit you had acquired when you were
13 married to your previous husband --

14 A That was good because I paid off all the bills
15 when he left the state.

16 Q But it went into his record?

17 A He left the state and it went into his record.

18 Q And you had no access to his record?

19 A And I have no access to his record.

20 MR. LEVIS: I have no further questions.

21 THE CHAIRMAN: I'd like to thank you for coming
22 to this hearing and testifying, and I do appreciate your
23 input into this. If you would like, you are welcome to stay
24 and listen to the rest of the hearing.

25 The next witness is Bonnie Spillman.

1 BONNIE SPILLMAN

2
3 Q (By Ms. Van Digglen) Would you please state your
4 name, occupation, and address?

5 A My name is Dr. Bonnie Spillman, and I would like
6 to be quoted by anyone who considers this testimony useful.
7 My occupation is Assistant Professor at Utah State University.
8 My address is 161 Preston Avenue, Apartment 4, Logan, Utah.

9 Q Ms. Spillman, would you please describe in detail
10 your experience in trying to obtain an installment loan
11 credit?

12 A Yes. My husband and I went down to a department
13 store in Salt Lake City, and we were living in Salt Lake
14 City at the time. I was earning over \$7000.00 and I was
15 the sole income earner of our family. We had paid off an
16 \$1100.00 loan for our car, we had paid off a \$600.00 loan
17 for a sound system, and at that time we only had one
18 installment loan that we were paying out on which was
19 \$30.00 a month and it was almost to completion.

20 So we applied for an installment loan, or for a
21 credit card to pay on a \$125.00 television set. At that
22 time the only money, only on the money we had going out was
23 one payment of tuition, because my tuition was being waived
24 at that time, and a low income rent for married student's
25 housing. We filled out the application at that time and

1 there was a separate page called "Husband's Income", and
2 another separate page for "Wife's Income".

3 Since I was the sole income earner we left the first
4 page blank, filled out the second page. We took it up to the
5 woman behind the counter for her to look it over and do what-
6 ever she did, to send it through, and she looked at the first
7 page and said "I'm sorry, we cannot accept this application."
8 And I asked her, "Why not?" and she said, "Because the husband
9 is not earning any money," and I said, "But I am." She said,
10 "I'm sorry, but it's our policy that the wife's income does
11 not count." And I said, "Well, who do I talk to to protest?"
12 And she said, "Oh, well, you can't protest, it's Utah state
13 law."

14 And I said, "Well, then, I'd like to refill this
15 application form and put it into my name and apply," she
16 said, "No, I'm sorry, but the policy requires that the
17 application for any credit cards or installment loans be in
18 the husband's name."

19 Q So you were denied any of the installment loan
20 because of the fact that you would not count your salary?

21 A Yes, and she would not even send the application form
22 through to have any of the things checked, and I did have a
23 good credit rating both from before my marriage and my husband
24 and I together had joint accounts and had good credit rating
25 during our marriage.

1 Q Would your salary have covered these terms, the
2 terms that they would have had for the television set?

3 A Yes, I was earning over \$7400.00 a year. I had
4 been steadily employed as a teaching assistant at a university
5 for two and a half years. I had received a Danforth fellow-
6 ship which is a fellowship granted to 100 students intending
7 to be college teachers. That's similar to a Fulbright
8 scholarship. I also had a research fellowship granted by the
9 University of Utah. In other words, I had funds from four
10 different sources coming in, \$7400 which were guaranteed for
11 the next three years.

12 Q Have you since tried to make similar terms else-
13 where?

14 A Yes, recently since I received my position at Utah
15 State University I have applied for credit cards and at
16 this time they were granted and they were granted in my name,
17 after checking with the university to make sure I was employed
18 different institutions.

19 Q What are your personal feelings and opinions
20 towards these events?

21 A I felt a number of things at that time. I felt
22 that it definitely was discrimination based on sex. The
23 application itself was discriminatory because it sectioned
24 things out, "husband's income", "wife's income", "husband's
25 income" came first. The card or the application had to be

1 in his name and my income even though it was the full
2 income and not part-time was not even considered at that
3 time. I also feel it was discriminatory because -- well,
4 I also felt that it was, that I was being treated as an
5 imbecile, I was being lied to. She told me that it was
6 Utah state law that these things had to be worked out this
7 way and that's absolutely not true, I didn't know it at the
8 time.

9 And so I was completely being taken advantage of.
10 I feel that single and married and divorced and widowed
11 women ought to have credit based on their own merit, whether
12 or not it's in their name or their husband's or it's applied
13 for in their husband's name, that they ought to be considered
14 as people.

15 Q I have another question, and this will be the last
16 question, and that is, my understanding is that you said
17 that you do have, or have checked into the credit bureau and
18 that you do have good credit standing. Is this in your name
19 prior to your marriage, or --

20 A This is indirect information because I have applied
21 for credit elsewhere since then and it's been given to me,
22 with, under the same financial conditions. And I have never
23 checked directly with the credit bureau but since the credit
24 was given by other institutions I assume it's all right.

25 MS. VAN DIGGLEN: Thank you.

1 Q (By Mr. Levis) Dr. Spillman, I think you mentioned
2 that the person you talked to when you applied for credit
3 said it was Utah state law. Did she cite Utah state law,
4 or tell you what section it was?

5 A No, it was just a vague reference to put me off,
6 to say, "I'm sorry, you can't protest to anyone, it's a law."

7 Q Well, maybe just for the record then I should read
8 the law as it does apply and this is the law that representa-
9 tive Urie talked about, and it's Utah Code 1953, 13-7-1,
10 which states that:

11 "It is hereby declared that the practice of discrim-
12 ination on the basis of race, color, sex, religion, ancestry,
13 or national origin, in business establishments or places of
14 public accommodation, or in enterprises regulated by the state
15 and its inhabitants, violates the public policy of this
16 state and this act shall be liberally construed."

17 I think there is also another Utah State Law which
18 states that a wife may contract and assume liabilities to the
19 same extent and the same manner as if she were unmarried.

20 MR. LEVIS: I have no further questions.

21 THE CHAIRMAN: Are there any further questions from
22 the panel members? Fine.

23 Dr. Spillman, I appreciate your attendance here and
24 your testimony, and if you should have any other information
25 that you would like to submit you have 30 days to submit that

1 and you can give it to either the staff members or send it
2 to myself in care of the regional office.

3 Thank you very much.

4 Next witness is Darlene Bolinger.

5

6

DARLENE BOLINGER

7

8 Q (By Mr. Bingham) Would you please state for the
9 record your name and address and occupation?

10 A I am Darlene Bolinger. My address is 1165 Contessa,
11 Salt Lake City, and I am an occupational therapist at Holy
12 Cross Hospital.

13 Q Thank you. Would you please describe for this
14 committee the experiences that you have had in trying to get
15 a loan on a house trailer from a bank?

16 A Last year in 1973, my husband and I had a combined
17 gross income of approximately \$14,000.00, with no dependents.
18 In March of last year we decided to purchase from a private
19 party a used mobile home for our own residence. The purchase
20 price was \$4995.00 At the time we owned a car fully paid
21 for in cash in Salt Lake City, and had two savings accounts
22 and a checking account at local banks. We also had an
23 indebtedness, a balance of \$800.00 of the \$3000.00 for
24 National Student Defense Loans of my husband's for his
25 education. We still had five years in which to complete

1 payment.

2 We decided to put \$2000.00 down and borrow \$3000.00
3 on a six-year contract. I applied to my employee's credit
4 union and was denied the loan because they are unable to
5 extend credit for more than three years. We did not feel
6 we could afford payments required of a three-year contract.
7 I was referred to a central credit union and after only
8 brief consideration I was told that I did not have enough
9 collateral. My husband went to several banks and loan
10 associations and the loan officers would not even consider
11 the application. He then went to a bank where we had a
12 current checking and savings account. He made application
13 and after consideration he was told by the loan officer that
14 we could not borrow the money because his wife, that is
15 myself, was the major breadwinner. He was referred to another
16 bank and our application was accepted without problem.

17 Q So the bank loan officer used as the, gave as the
18 reason for denying the loan, the fact that he, your husband,
19 was not employed?

20 A No, he was employed at the time, but I earned more
21 money than he did.

22 Q What type of credit had you established at the time
23 of this?

24 A Actually I never tried to borrow money before. I
25 always paid everything in cash. We had -- my husband had

1 credit both in this state and in the State of Washington.

2 Q But you had no credit, actual credit record as
3 such here?

4 A And we applied for the loan as a joint loan.

5 Q What is your personal feelings and opinions about
6 this, these events, what conclusions have you drawn?

7 A I was furious. My husband was very depressed
8 about that. He felt like he was being treated as if he was
9 inferior and not really a competent person.

10 Before we were married we decided that since I had
11 a career established at that point and he didn't, really know
12 what he wanted to do, we decided that I would pursue my
13 career and we would live on my income and he would be
14 allowed to go to school or work at whatever job he wanted to.

15 We feel responsible for our bills, regardless of
16 the state of our health, whether -- I could get pregnant
17 as a loan officer implied, or he could break his leg, which
18 he didn't imply, was a very strong possibility. And he
19 certainly couldn't work if he broke his leg because he's in
20 construction. Although my husband has worked continuously,
21 my salary has been used for rent, groceries and gas, and
22 this arrangement has worked out for us when we wish that,
23 and we wish that society would respect that.

24 MR. BINGHAM: Thank you. I have no further questions.

25 THE CHAIRMAN: Are there any further questions by

1 any panel members? If there are none, we thank you very
2 much for your attendance and participation in this hearing,
3 and if you so wish, you are welcome to stay for the rest of
4 the hearing.

5 The next panel member is Sharon Bryan.

6

7

SHARON BRYAN

8

9 Q (By Ms. Valencia) Hello, Mrs. Bryan, we're glad
10 you could come. Would you please state your name, address,
11 and occupation for the record?

12 A It's Sharon N. Bryan, and I live at 1367 East
13 Cobble Creek Road, and I'm a coverage clerk for Liberty
14 Mutual.

15 Q Would you explain your experiences with a loan
16 company and a bank for us?

17 A I have been married for about seven months and
18 when I was making arrangements for my wedding I found that
19 I was short some money. So I thought, "Well, I'll go to my
20 loan company and get the additional money." Well, I explained
21 to them the situation and they said, "Well, we'll have to get
22 your husband's signature on this." And I explained to them
23 that I wasn't married yet, and they said, "Well, your husband
24 will have to come in and make application for this and then
25 we can give you the money." And I thought to myself, "Well,

1 it's kind of silly," so I forgot about it and made other
2 arrangements.

3 So then, about a few months ago I decided that I
4 was going to buy a surprise for my husband, and I went to
5 a bank in Salt Lake and I had had several loans with them
6 before and I told them what I wanted it for. And they went
7 and they said, "Well, he will have to come in and sign for
8 you." And I went and I said, "Well, I've had loans with you
9 before," and he says, "Well, that doesn't matter." That,
10 "When you became married," that, "your credit was -- was null,"
11 and that, "it would have to be under your husband's name."
12 And I says, "Well now, won't that spoil the surprise?" and
13 he says, "Well, I'm sorry, we can't do it."

14 And we talked for a while and I kind of asked him
15 some questions about it, and he went and he says, "How is
16 your credit? How do you do your project?" and I went and I
17 said that I pay for my own bills and my husband pays for his
18 own bills. And he went and he says, "Well, that's kind of a
19 silly way to run a budget," and I said, "Well, this is the
20 way it is." And he also told me that according to state law
21 that my husband had to sign for it, and they denied it.
22 They wouldn't let me have it.

23 Q So even before you were married they wanted him to
24 sign for a loan?

25 A Right.

1 Q And would they have considered that as all ready
2 married?

3 A I -- I really don't know, I guess so. I thought it
4 was kind of silly because I'd gotten several loans with them
5 before and had had no trouble whatsoever.

6 Q Well, did they go into a budget with you? Is that
7 what they considered that it was a silly budget?

8 A Well, this is the bank.

9 Q Oh.

10 A The --

11 Q But you had a credit before you were married?

12 A Right. I've -- now I've had credit for the last ten
13 years and I've had no trouble getting a credit card or a
14 loan or anything. This is the first trouble I've ever had.

15 Q Would you mind telling us what the amount of the
16 loan that you wanted for the present was?

17 A Pardon?

18 Q Would you mind telling us what the amount of the
19 loan was that you wanted to borrow?

20 A It was \$3000.00.

21 Q You didn't have any delinquencies on any of the
22 loans, or accounts, before?

23 A No, I don't. I have A-1 credit right up to now.

24 Q When the bank refused the -- I suppose it will be
25 a car?

1 A Well, it was a motorcycle.

2 Q A loan in your name and requested your husband's
3 signature, did they state under what law? You mentioned
4 that they said it was a state law?

5 A No, they didn't, they just went and stated that
6 under Utah law that the husband had to sign for it.

7 Q Do you think maybe women will from now on probably
8 ask what law it is?

9 A Yes.

10 Q Did the loan officer ask you about your plans for
11 children?

12 A Yes.

13 Q What was your response to that?

14 A Oh, I got very upset because he went and he says,
15 "Well, what happens if you should get pregnant while you're
16 paying this loan off?" And I said, "Well, my husband and I
17 have taken precautions to prevent this."

18 Q Did he go further into that or did he just --

19 A No, that's as far as he went.

20 Q What are your personal feelings and opinions about
21 your experiences?

22 A Well, I feel that I was discriminated against and
23 that this is the way you have to go through to get a loan
24 when you are married. I'd hate to try if I was single again

25 Q Then what do you suggest to others after your

1 experience?

2 A Oh, that the laws should be changed where that
3 people can get credit on their own without any hassle from
4 anybody.

5 Q You never did get your car, though, I assume you
6 didn't.

7 A No.

8 Q Do you believe in pursuing for this car loan or
9 what you were denied, do you believe in going back and
10 pursuing it?

11 A What we were planning on doing was saving half the
12 amount, well, I was going to save half the amount, and then
13 apply for the loan again with this for a down payment. And
14 if I was denied the loan again, then I was going to seek
15 legal action.

16 Q Well, that takes care of my other question, what
17 other measures would you be willing to take?

18 A I'd take legal action.

19 MS. VALENCIA: That's all the questions I have.

20 Q (By Mr. Bingham) I have one. Do you still want us
21 to keep this motorcycle a secret from your husband?

22 A No, he all ready knows about it because I had to
23 tell him.

24 THE CHAIRMAN: Are there any other questions that
25 any of the panel members would like to direct to this witness?

1 If there are none, we'd like to thank you Mrs.
2 Bryan for your attendance here and participation, and if you
3 would so like, you are welcome to stay for the rest of the
4 hearing.

5 That concludes the hearing for this panel on
6 witnesses for installment loans.

7 We will proceed on to the next panel which consists
8 of Ofelia Valencia, Fred Oswald, Jeff Bingham, and Rose
9 Van Digglen.

10 This one here will be on personal loans, install-
11 ment loan officers.

12 The first witness on this will be Joe Siciliano.

13

14

JOSEPH SICILIANO

15

16 Q (By Mr. Oswald) Mr. Siciliano, first of all I'd
17 like to thank you for coming today and especially appreciative
18 of the fact that you have been here, I believe, with us
19 most of the day.

20 A Thank you.

21 Q And I appreciate you doing that and being able to
22 be with us today. Will you please state for the record your
23 full name, address and occupation?

24 A Yes. May I say I would like a request for prior
25 approval of this testimony to go on record.

1 Q (By Mr. Levis) Mr. Siciliano, by testifying in publ
2 it is on the record.

3 A In other words, any using of this testimony other
4 than this --

5 Q It's public record.

6 A I see. Okay, fine. My full name, Joe J. Siciliano.
7 I reside at 3995 Oliver Drive, Salt Lake City, vice-president
8 of Walker Bank and Trust Company, the main office, install-
9 ment loan department.

10 MR. LEVIS: Thank you.

11 Q (By Mr. Oswald) Thank you. Could you begin by
12 telling us what is meant by the term "charge-off"?

13 A The term "charge-off" means a loan loss that a bank
14 sustains. In other words, you have a loan whether it be an
15 installment loan or a commercial loan and you've reached,
16 to use the phrase, the point of no return, so you charge it
17 off in what we call reserve for loan losses in a bank's
18 portfolio.

19 Q From your own experience, what would you say is the
20 most prevalent cause for charge-offs?

21 A My feelings are that it would be perhaps lack
22 of adequate credit information, credit investigation, getting
23 into the old adage of three C's, four C's of credit that we
24 so often use.

25 Q Let me put it another way: What conditions result

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1 in an individual's life or a couple's life which would be
2 most conditional for a charge-off to happen?

3 A Say it again?

4 Q What would take place in your experience in either
5 an individual's life or a couple's life who have obtained a
6 loan which would cause a charge-off to eventually happen with
7 their loan?

8 A Well, I think there can be many factors. Obviously
9 the most prevalent for charge-offs is overindebtedness. A
10 person, there can be many other factors, of course, illness,
11 lack of job stability, job hopping, it can be many, many
12 things. But usually the case is overindebtedness of the
13 borrower.

14 Q When a young couple applies for a loan, and they
15 request to include the wife's salary in order to qualify,
16 what factors would you consider in that incident?

17 A You mean are we looking at the wife's salary to
18 sway us one way or the other? I think you have to take the
19 wife's salary into consideration otherwise why put it there.
20 Primarily of course, you're looking at the ability to repay.
21 And again, you might say, "Well, whose ability?" Certainly
22 the wife's salary does play a part in granting loans.

23 Q Do you have an automatic discount of a wife's salary
24 in determining whether a loan should be -- should qualify?

25 A No.

1 Q What credit risk would you consider under the
2 same circumstances if the couple asked that the wife's salary
3 be included?

4 A I'm not sure I follow that, say it again?

5 Q If a couple applied for a loan and request that the
6 wife's salary be considered in order for them to qualify
7 for that loan, what are the credit risks involved in that
8 type of a loan application?

9 A You mean do we consider her salary then in conjunc-
10 tion with the male spouse?

11 Q Would you consider, for example, whether the wife's
12 salary is part-time or full-time?

13 A Oh, certainly you would look at it in that respect,
14 yes.

15 Q Would you consider, and ask whether the plans that
16 the couple has for children?

17 A No, that has no bearing.

18 Q How would you determine a wife's employment stability?

19 A Well, you would determine by what course she indicates
20 at the time of the loan interview. You ask her as part of a
21 credit application term of employment, length of employment,
22 I should say, and that's part of the interview at the time.
23 Again, you go by the old rule of thumb, and remember I called
24 it an "old rule of thumb" of a year on the job or a year of
25 stability, you might say. Certainly, that can change and that

1 is changing.

2 Q I'm wondering about that rule of thumb because as
3 you have heard testified by the women who have testified with
4 regard to personal loans, I believe it could be said that
5 each one of them testified that they had been -- that they
6 had and had maintained credit worthy credit references in
7 the past --

8 A That's correct.

9 Q -- and that they were accessible and yet it seems
10 that they were denied loans based on their current circum-
11 stances or what the loan officer foresaw as their future
12 circumstances. So again, with reference to my credit, or
13 my question, about how you determine a wife's employment
14 stability, how much consideration is based on her credit
15 worthiness background and how much consideration is given to
16 current and what you might consider her future circumstances?

17 A Well, you certainly have to consider all the aspects.
18 Let me say that the old rules of thumb that we in the install-
19 ment loan field used to use, the year of employment, the
20 year in the area, are certainly a thing that should be a
21 thing of the past. Obviously, you have to look when you're
22 granting credit to male or female, and you've heard the
23 testimonies all day long, you're looking at certain aspects.

24 I think one thing we tend to forget in this field
25 of installment lending is the old basis of character. I

1 think too oftentimes we want to look at the salary and
2 certainly I'm not saying we don't look at them, but I am also
3 saying that the times we forget character, we have to look
4 at the individual.

5 Q You testified that in terms of -- in terms of trying
6 to determine whether that couple ought to qualify for a loan,
7 whether in fact they have plans for children in the near
8 future or distant future, are not at all -- does not enter
9 in at all to your decision whether to grant them a loan?

10 A No, no way, has no bearing.

11 Q Do you grant loans when the wife's salary is neces-
12 sary under your qualifications to qualify?

13 A Are you saying do we grant loans, in other words,
14 if the husband's income was not sufficient, is insufficient,
15 then do we look at the wife's salary? I would say this --
16 you would have to, yes.

17 Q And you would grant loans based on an application
18 where the wife's salary was necessary in order for that
19 couple to qualify?

20 A Yes.

21 Q Would there be any length of time that the couple
22 would have to be married or that the wife would have been
23 employed in order for that to happen?

24 A No.

25 Q Do you consult the premarriage credit record of a
wife of a young couple when they apply for a loan?

1 A No.

2 Q Why is this?

3 A Premarriage credit record did you say?

4 Q Of the wife. In other words, the credit record that
5 a wife had when she was single?

6 A Well, oftentimes you don't get that information.
7 You may not be able to find it. When you get a couple into
8 your office looking for credit, you're looking at them in a
9 combined aspect. Certainly her previous credit experience,
10 if it is deemed necessary to look into, we will do this.
11 But your credit decision, of course, should be based upon
12 all aspects of the application, and it depends upon a certain
13 set of circumstances.

14 Q Is it your testimony that in many cases that credit
15 record is simply not available and that you do try and obtain
16 the credit record of the wife when she was single?

17 A We would do this, yes.

18 Q But your testimony is that it's not accessible to
19 you in many instances?

20 A Well, there are many factors, we will certainly
21 make an inquiry to her credit record prior to her marriage
22 and use that as a tool in our credit decision, yes.

23 Q Have you found that it is unobtainable from the
24 credit bureau or wherever you seek it out? In other words,
25 is that a difficult piece of information to obtain?

1 A Sometimes, sometimes, Mr. Oswald, yes, it is difficult.
2 Keep in mind the only information we get from the credit bureau
3 is the information we and ourselves turn in to the credit
4 bureau, that we send to the credit bureau. So, sometimes we
5 do have to make other investigations on our own to the refer-
6 ences that they do give us.

7 Q When a divorced or a widowed woman would come to you
8 for credit or for a loan, would you request their previous
9 marriage credit record?

10 A Well, then again, I think you would have to determine
11 from her where that credit record or whose name that credit
12 record is in. Most oftentimes it's, as already that's been
13 brought out, the credit information is usually in the husband's
14 name.

15 Q But you would seek that record out?

16 A Of course.

17 Q Do you ever request cosigners in loans?

18 A Only in the case of a parental situation. By that,
19 oftentimes we get a father who wants his son to have a car.
20 The son is underage, so the father will cosign and from a
21 psychological aspect the son will be on the note. But for
22 the most cases we do not make cosigned loans.

23 Q How about a single woman who is of legal age, would
24 you, as a matter of policy, perhaps require a cosigner for
25 her. --

1 A No.

2 Q -- from her father?

3 A No.

4 Q I have just one additional question. Let me give
5 you a hypothetical case. If the separated woman, for example,
6 a woman who is separated from her husband, applied to your for
7 a loan of a thousand dollars, would you require that her
8 husband sign for that loan?

9 A Is she working, employed?

10 Q Yes, she's a -- let's assume she's a credit worthy --

11 A She's separated and she's in essence on her own?
12 No, I would not.

13 Q In other words, even though they are separated you
14 would treat her as if she was single and not require her
15 husband's signature?

16 A That's correct.

17 Q If a separated man applied for a loan, would you
18 request the wife's signature?

19 A No.

20 MR. OSWALD: Thank you.

21 Q (By Mr. Levis) Mr. Siciliano, if the woman in the
22 same situation applied for the loan if she were married,
23 would you require the husband's signature?

24 A If she's employed?

25 Q Right, she qualifies for the loan?

1 A She qualified on her own?

2 Q Yes, that's correct.

3 A We would make the loan on her own.

4 Q You also talk about the term "charge-off" and you
5 said there were certain characteristics that are most prev-
6 alent in charge-offs. Are there any characteristics relating
7 to marital status that are characteristic of charge-off?

8 A I don't have that information, Bill, I don't know.

9 Q When a young couple applies for a loan, getting
10 back to the hypothetical we were talking about before, are
11 you more concerned with the husband's salary than the wife's
12 salary? Do you consider them equally, or what?

13 A I think generally you're looking at the husband's
14 salary.

15 Q Why is that?

16 A Again, you get back to, so oftentimes we have heard
17 most of the debt, you're getting back to stability of employ-
18 ment. Again, to use the phrase, the husband is usually the
19 one you rely upon to make the payments, or to bring home the
20 so-called money. Now again, keep in mind there are a lot of
21 question marks here, and can be a lot of question marks.
22 You get anything that's already been brought up. I think if
23 you can look at trends, perhaps women don't work as long as
24 men for obvious reasons. Certainly, I might add that times
25 have changed. There's definitely a trend, obviously it's

1 here and I think this is why we're all here, but the old
2 adage is that very definitely you've got a husband and wife
3 who are seeking credit, you do look at the male spouse as
4 the source of repayment.

5 Q Why is that. If they've got equally credit worthy
6 records, why do you look at the male spouse?

7 A Again, you have to go back to past history of
8 permanency, stability of employment, that I think the male
9 spouse so indicates.

10 Q Aren't we more concerned though, with the individual
11 than just the trend as to male spouses in the past?

12 A Oh, I think very definitely we have to be in today's
13 money market.

14 Q It's still generally, you rely on the male spouse
15 before looking at the female spouse---

16 A True.

17 Q -- even though trends are changing?

18 A Very true.

19 Q What would happen if the woman applied for a loan
20 without her husband?

21 A We would in all probability, again, she's employed
22 now and --

23 Q Assuming that she's credit worthy.

24 A -- she's credit worthy and on her own? Again, times
25 have changed. We would very definitely grant her that credit

1 all the other factors being equal.

2 Q Would one of those factors be her age if she were
3 married?

4 A No, I don't think so.

5 Q Would one --

6 A Once upon a time, maybe, yes.

7 Q Would one of the factors be the length of the
8 marriage? What I mean by that, if a husband and a wife are
9 married for one year would you treat them differently than
10 you would treat a husband and wife married for ten years?

11 A No.

12 Q Do you ever request or ask about parental plans?

13 A No.

14 Q You talked about one of the four C's of credit being
15 character. And for the committee, could you explain what you
16 mean by "character" and how that is in your decision process?

17 A Well, I think that's sort of -- sort of difficult
18 to explain, go into the question of what is character, you
19 know. You might, you certainly have a feel for this thing
20 if you have been granting credit as long as I have, you just,
21 character becomes an association, sort of hard to explain.

22 Q So it's based then on your past experiences and
23 possibly your own prejudice because it's a subjective deter-
24 mination, is that correct?

25 A That would be correct.

1 Q And that is one of the factors you take in consider-
2 ation when you're granting a loan in addition to the other
3 qualifications?

4 A That's correct.

5 Q Is character essential for all loans, if, let's say
6 a woman qualified on all other grounds, but based on your
7 experience her character is not credit worthy, would you
8 grant her the loan?

9 A Well, there again, how do you, you know, how do
10 you --

11 Q Well, you're the only one who can define "character."

12 A -- how do you term "character"? I think all other
13 factors being equal, it's very difficult to decline a loan
14 just based upon character. I certainly have to look at all
15 the aspects in granting credit.

16 Q I think the committee's concern here is really dis-
17 parity treatment. Everything else being equal, except for
18 your experience with a series of people, you have therefore
19 come to the conclusion that this individual is not credit
20 worthy even though she may have qualified on all other
21 grounds, and I just wondered if your definition of "character"
22 has changed over the years as to psychological attitude and
23 also the laws have changed over the years?

24 A Well again, I go back to what I said. When you get
25 into this business, installment lending has certainly

1 changed over the years. I can recall when I first started
2 making loans. Why, we would not go beyond 12 months on a
3 signature loan. Now, again going back as some of the fellows
4 out here know, mobile home loans, for example, were something
5 we didn't make 10, 15 years ago. Times have changed.

6 I personally, have a feeling for people. I have a
7 strong feeling for minorities, being of a minority background
8 myself. Therefore, I find it a little bit difficult to
9 explain "character", but -- I'll have to give that more
10 thought.

11 Q If a woman applies for a loan, do you ever request
12 her husband to sign a responsibility note for that loan?

13 A No.

14 Q Is your credit department automated?

15 A We're on the computer, yes.

16 Q So you feed information into the credit bureau and
17 they send information to you?

18 A Right.

19 Q If a couple applies for a loan, would it be listed
20 under both names, or only under the husband's, or only under
21 the wife's? A joint loan.

22 A A joint loan? Normally it's in the husband's name.

23 Q Why is that?

24 A Past precedents.

25 Q And again we get into the problem where the woman

1 is divorced, it's possible that her credit record will be
2 lost because the loan was in her husband's name.

3 A That could be possible, you bet.

4 Q Have you thought about changing that practice so it
5 would show up that the woman and the husband are responsible
6 for that loan and they both paid it off, assuming they both
7 did it?

8 A I think very definitely we should move towards this.
9 Again, you get back into this, which has been brought up
10 all day long, who makes the payments, who gets credit for the
11 payments? Presently, this is a little hard to decipher,
12 because again, as others have pointed out, they may send in a
13 check. It may be a joint checking account. So you assume,
14 remember I said "you assume" that the husband is making the
15 payment. But the wife could be making the payment. So I
16 think these are things we have to look towards.

17 I understand that recently in San Francisco at the
18 ABA, American Bankers Association, the main, or one of the
19 topics of discussion was the credit availability to women.
20 I was not there, I don't know the end results. I do know
21 that our bank is very cognizant of this and we are making
22 attempts, or will be making attempts, of course, to improve
23 this relationship.

24 I also should add, that we talk about discrimination
25 to women, but I think it just doesn't stop with women, and I

1 think we as bankers and we as lenders in the community,
2 should strive to see that everyone gets their fair share.

3 Q One final question. Have you met with the credit
4 bureau, or have you had any discussion with them concerning
5 updating the credit reporting practices so that credit reports
6 that you get and that you send them do report that both the
7 husband and the wife are responsible for a loan and that the
8 wife's credit should not be lost when and if she gets a
9 divorce?

10 A No, I have not met with the credit bureau.

11 Q Then you just rely basically on what they provide
12 you with?

13 A That's correct, and what we provide them with.

14 Q And in a sense, you've both been-----

15 A I should say, they are relying on what we send them.

16 Q And what you have been sending them in the past,
17 generally, has been under the husband's name when it's been
18 a joint account?


19 A That's correct.

20 MR. LEVIS: I have no further questions of this
21 witness.

22 Q (By Mr. Oswald) Mr. Siciliano, I have just one
23 additional question. You have had an opportunity to sit in
24 here, the four women who preceeded you, Ms. Dunn, Spillman,
25 Bolinger, and Bryan, all talked about their experiences in

1 trying to obtain personal loans, and their indications that
2 the rule of thumb that was used in determining their loan
3 situation. And I think we can generally say that that rule
4 of thumb in most of those instances ignored their past credit
5 record and relied on their current situation and what the
6 loan officer thought was going to be their future situation.

7 Is it your own feeling that those women were
8 discriminated against by those loan officers?

9 A Well, certainly the loan officers in my opinion
10 perhaps did not use good judgment in their particular cases. 
11 You have to realize one thing also, and it's probably a fault
12 of our own institutions, remember I said "institutions". Too
13 oftentimes we do not train our people in the lending field
14 adequately, and certainly in granting credit. However, that
15 may be, male or female, every consideration should be given.
16 Too oftentimes we as lending officers do not take the adequate
17 time to do this.

18 Q You said they used bad judgment. The name of the
19 game, however, I would venture to say, in your occupation,
20 is to minimize the number of charge-offs and I suppose in
21 their judgment, in those four incidences, they were minimizing
22 those charge-offs by refusing the loans. In doing so, they
23 may or may not have been discriminating against those women
24 and it's your judgment that they used bad judgment. However,
25 was it the case there where they were avoiding an obvious

1 charge-off, or was it a matter that their rule of thumb
2 that they have been using over a number of years, is
3 antiquated or is it simply a matter that we need to -- we
4 need to come to an understanding of what the current legis-
5 lation is, so that the rule of thumb matches the rights of
6 women and others, as they apply for loans? What would be
7 your judgment on that?

8 A I would say the latter of the two. Certainly the
9 rule of thumb is inadequate, and again, we are not aware of
10 the proper legislation to look at. A loan in terms of a
11 charge-off is absurd. If you're going to do that, why then
12 you just as well get out of the business, because certainly
13 you're not doing your banking institution as well as the
14 members of the community, a service. And I don't think any
15 lending officer looks at a loan in the terms of, "Well, is
16 this going to be a charge-off?"

17 Q However, we want to maintain a balance between the
18 need to have government intervention in private enterprise,
19 and in your position I'm sure that you don't want the govern-
20 ment coming in and telling you what your rule of thumb ought
21 to be and governing whether you give a loan, but on the
22 other hand, we do want to prevent discrimination that we've
23 heard from these four women today. What would be your
24 recommendation of how we bring those two desires that we have
25 together?

1 A Well, again we go back to why are we here? I think
2 it's a better understanding of the needs and desires of
3 women, of minorities, and to get a proper perspective of
4 this. I think we have to again, modernize ourselves with
5 the times. We in the installment loan field have come a long
6 way. We sure as hell have a long way to go, because times
7 are changing. And I don't know that I exactly have your
8 answer, but I think we have to, we have to be objective and
9 certainly look beyond our noses.

10 MR. OSWALD: Mr. Chairman, I apologize for taking
11 so much time. I have no further questions and again, I
12 appreciate the witness being here with us for the entire day.
13 Thank you.

14 THE CHAIRMAN: Are there any other questions that
15 any panel member would like to direct to Mr. Siciliano?

16 If there are none, I'd like to thank you in behalf
17 of the panel and the committee and we appreciate your testimony
18 and if you'd like to continue on being with us for the rest
19 of the day, you're welcome to do so.

20 The next witness is Bowman O. Barlow. Is there any
21 representative for Mr. Barlow here?

22 If not, I would like to admit into the testimony of
23 this hearing the interview taken by a member of the staff of
24 Mr. Barlow as his testimony, and this will be Exhibit Number
25 6.

1 (Exhibit Number 6, introduced.)

2 THE CHAIRMAN: The next witness is Gaylen Larsen.

3

4

GAYLEN LARSEN

5

6 Q (By Mr. Bingham) Mr. Larsen, we appreciate you
7 being here this afternoon. Would you please state your name,
8 address, and occupation for the record?

9

10 A My name is Gaylen C. Larsen, I live at 5725 Oakdale
11 Drive, Salt Lake City, and I am vice-president of the Valley
12 Bank and Trust Company.

13

14 Q At Valley Bank and Trust, if you have a pattern of
15 consistent payments through -- that are -- that appear in an
16 application for installment loans, a regular pattern of
17 consistent payments, do you include alimony and support pay-
18 ments in a woman's total income?

19

A We may.

20

21 Q What determines whether you would or not?

22

23 A If the alimony payments have been consistent for
24 any length of time, we may consider that.

25

26 Q What determines that consistency? Is there -- what
27 is a pattern of consistent time or pattern of consistent
28 payments?

29

30 A Well, three months would not be consistent, in my
31 opinion. If it was for a year or 18 months, or beyond that,

32

1 then I would say that's a pretty good pattern and I would
2 accept that on that basis.

3 Q So you'd look to a year, 18 months, as a minimum?

4 A Well, over six months.

5 Q Do you grant loans to married men without the
6 signature of their spouse?

7 A Yes, sir.

8 Q Could you explain why you do that?

9 A If a married man applies for credit with us and he's
10 credit worthy we will approve credit for him in his own name.

11 Q And is the same true of a married woman?

12 A Yes, sir.

13 Q You would not need then the signature of her spouse?

14 A If she is credit worthy we would not.

15 Q Could you elaborate a little bit for us on "credit
16 worthy"? I think we've had several different interpretations.

17 A Of course, several of the other fellows have talked
18 about the C's of credit, and we look to that also. They are
19 job stability, of course, their debts, their credit, these
20 are all parts of an evaluation that we use for the C's of
21 credit. And if she's credit worthy in these areas, we would
22 grant credit to her.

23 Q Do you regularly ask for credit reports in the wife's
24 name?

25 A If she's applying, or if --

1 Q Yes.

2 A -- or if he's applying??

3 Q In either case, if it's a wife. In this case if a
4 married man is applying do you particularly ask for a credit
5 report in the wife's name?

6 A We'll ask for a credit report in the name of the
7 person applying for credit.

8 Q But not the person's spouse?

9 A Not necessarily.

10 Q Would there -- would you do it in the case of a
11 woman if a woman were the applicant? Would you customarily
12 investigate or ask for a credit report on her spouse?

13 A No.

14 Q Do you regularly ask for a woman's premarriage
15 credit record:--

16 A If she --

17 Q -- if she is applying?

18 A We may, if she's recently married. Of course,
19 probably her credit's in her prior name and on that basis we
20 would ask for that, yes.

21 Q If a married woman applies for a loan, is her
22 salary considered as the primary source for repaying the loan?

23 A Yes, sir.

24 Q You don't ask her for supplemental through her
25 husband, supplemental --

1 A Not if she's applying in her name, no.

2 Q All right. Your application form has a space for
3 the applicant and a space for the applicant's wife. This is
4 a question we've had several times earlier today. Do you
5 prefer men to apply?

6 A Not necessarily. You mean in their name?

7 Q Yes.

8 A Not necessarily. We let them be the judge of that.
9 However, most generally it is in their name.

10 Q And the implication is that because it shows
11 "applicant" and then "applicant's wife" that the assumption
12 is made that the male member of the family is consistently
13 applying. And I guess we're trying to get at whether or not
14 that assumption is discriminatory. And so, the question
15 really is --

16 A It may be, I would say percentagewise it would be
17 in the husband's name most of the time.

18 Q Your experience has been that the husband generally
19 does apply?

20 A Yes, it's also been my experience that the wife has
21 usually written her husband's name first.

22 Q Your application form also has a space to write the
23 wife's parents name. Why is this information requested?
24 What is the reason for that information.

25 A The reason for that is simply a background informat

1 on the amounts.

2 Q How important do you think it is for you to know the
3 marital status of applicants?

4 A Well, I think it is important.

5 Q Well, for what reason do you attribute that important?

6 A Because we want to know, of course, the stability
7 of the person and one of the ways you can determine that is
8 their marital status.

9 Q Do you ever require cosigners?

10 A We may.

11 Q Under what circumstances might you require a
12 cosignature on a loan?

13 A Sometimes when minor, or not minors, young people
14 apply that have not established credit we may ask their
15 parents to sign with them, as was the previous case that was
16 given. That's similar to our situation. We look unfavorably
17 to comaker loans, however.

18 Q Okay. Do you consider the salary of a professional
19 woman to have less risk attached to it than the salary of a
20 nonprofessional woman?

21 A Yes, sir.

22 Q How would you define "professional" versus "non-
23 professional"?

24 A One way you could define professional, of course,
25 would be the amount of salary that would be paid. A

1 professional person that's receiving a large salary could be
2 classified as a professional person in my opinion.

3 Q Is there another factor besides the size of the
4 salary that makes a professional salary preferable?

5 A Oh, possibly the nature of the business. In the
6 medical field, for instance, I could classify that as profes-
7 sional because of the stability of that type of work; possibly
8 in the legal end because of the stability of that type of work.
9 I would directly relate that to the stability of the job.

10 MR. BINGHAM: I have no further questions, Mr.
11 Chairman.

12 Q (By Mr. Oswald) I have just a couple of questions.
13 Could you tell us when an applicant is denied credit from
14 your organization, due to bad credit recording, what procedures
15 are you required by the Fair Credit Reporting Act to comply
16 with?

17 A Well, if it's for bad credit we give them a form
18 indicating the source of the credit that we have received.
19 Normally the credit bureau. We give the name and the address.

20 Q Do you take any additional procedures beyond that
21 to inform the applicant of their denial?

22 A No.

23 Q What would be the best means of an applicant in that
24 situation, to receive a review of an application denial?

25 A If I understand your question I would say you could

1 refer them directly to the credit bureau themselves to
2 receive this information firsthand.

3 Q So a person who is denied a loan, their recourse
4 is to go to the credit bureau?

5 A Direct, yes, sir.

6 Q If a single woman has a credit history under her
7 maiden name and then she marries, how is this reported on
8 the joint credit report after she marries?

9 A Unless she specifically goes and requests it to be
10 changed it may not be changed. If she specifically goes to
11 the credit bureau and indicates this change, they possibly
12 will change some of her credit into their joint name.
13 Possibly her husband did not have credit, and so this may be
14 the only credit availability.

15 Q Under that circumstance would you say that the
16 burden is with the individual, with the credit bureau, or
17 with yourself as a loan officer?

18 A No, that would be with the individual.

19 Q Are there ever occasions when you request both the
20 woman's single record and the married record?

21 A There may be. I would think a newly married person
22 would be a good example.

23 Q Are there other occasions?

24 A Not that I can think of.

25 Q What would be a circumstance if the woman married

1 for a period of time, over ten years, applied for a personal
2 loan, that her joint account showed that she and her husband
3 had a bad credit rating, but that her individual credit showed
4 that when she was single she had a good credit rating?

5 A In my judgment I would use the bad credit rating.

6 Q Would you have even seen the good credit rating?--

7 A No.

8 Q -- in all likelihood?

9 A No.

10 Q If a divorced woman worked while she was married,
11 how would you determine her credit history?

12 A Will you repeat the question, please?

13 Q If a divorced woman worked while she was married,
14 and after she was divorced applied with you for a loan, how
15 would you determine her credit history?

16 A Most likely it would be in her husband's name. If
17 it's a recent divorce we would give some credence to that
18 particular report.

19 Q Would it be an unusual circumstance for you to look
20 and see what her single credit record, if any, was?

21 A It may, yes.

22 Q If the married accounts that you see are joint
23 accounts, and I would imagine most of them are, how do you
24 determine who paid the bills in these joint accounts?

25 A You don't know.

1 Q Is there any way that you could determine that beyond
2 what the credit bureau could tell you?

3 A Yes, direct verification for -- for instance, if a
4 woman gives us credit references we can make direct verifi-
5 cation of her credit with individual firms.

6 Q Is that a common procedure for you?

7 A It is -- it is a common procedure in the industry,
8 yes.

9 Q Does that mean that the credit bureau is either
10 unable or unwilling to provide you with necessary credit about
11 credit worthy women, or is it simply the way it is?

12 A I would say it's the way it is at this time.

13 Q Do you have any recommendations either for the
14 industry or for credit bureaus that you could, in the future,
15 avoid having to go beyond the credit bureau to find out
16 whether a woman, whether she's single, married, or divorced,
17 is credit worthy?

18 A As I understand the credit bureau's undertaking
19 a program right at this time to do just that, whereby credit
20 for women will be in their individual names and you could
21 get a report right in their name.

22 Q Does the industry have any leverage or pressure that
23 they could put on the credit bureau in order for them to
24 gear up to give you more, or additional, information about
25 women to determine their credit worthiness?

1 A Possibly the only one that I can think of and that
2 would be if we were to submit joint account loans in both
3 names, that could be done.

4 Q In your own opinion, do you think that credit
5 reporting procedures make it more difficult for women to
6 obtain credit?--

7 A No, I don't think so.

8 Q -- based on your testimony in terms of the diffi-
9 culty you have in determining the credit worthiness of a
10 woman?

11 A I think direct verification of previous credit
12 reports that they may give us, or possibly direct verification
13 of employment is of great assistance to us.

14 Q For example, wouldn't separate credit bureau files
15 for married men and women increase the possibility that
16 women -- credit worthy women would not be discriminated
17 against?

18 A Possibly, yes.

19 Q Do you suppose that the substantial cost to your
20 business and the credit bureaus prohibit that from happening
21 in the near future?

22 A I would think not. With most of the larger concerns
23 being on computer, I would think that that could be a feasible
24 program going ahead.

25 Q Just one last question. And you may choose not to

1 answer this if you'd like to, but in your own opinion, do
2 you feel that the recent howl and the cry from women about
3 being discriminated against in credit practices is a real, a
4 real concern, or do you believe that it is otherwise?

5 A Well, in our bank it's of no real concern. In our
6 bank we have to make loans, we want to make loans, and we
7 have given Mr. Levis a copy of our Board of Directors'
8 resolution of our credit policy, and also our personnel
9 policy in our bank, and it clearly states nondiscrimination.
10 And so in so far as our particular bank is concerned, I see
11 it as not being a problem. I can see in the industry with
12 some of the testimony that's been given here today, there
13 probably are still some problems that need to be worked out.

14 Q Would you be willing to recommend to Valley Bank and
15 Trust that they amend the policy to include marital status
16 as well as race, color, creed, religion, sex, or national
17 origin?

18 A Yes, sir, I could recommend that.

19 MR. OSWALD: Thank you. I appreciate your testimony

20 A Thank you.

21 Q (By Mr. Levis) Mr. Larsen, I just have a few
22 questions. You talked about joint accounts. As they are
23 reported to the credit bureau at this time, are they generally
24 in the husband's name?

25 A Generally, yes.

1 Q Is that done unless the wife requests that they
2 are in both names?

3 A Pardon? Would you repeat?


4 Q Is that done unless someone, either the husband or
5 the wife, requests that the report be sent to the credit
6 bureau in both names concerning the loan?

7 A Well, of course, we are also on computer on our
8 installment loans, and the way it will be reported to the
9 credit bureau is the way the application comes in to us.
10 If the wife came in and submitted it with her name, it most
11 likely would be put in her name and be reported to the credit
12 bureau that way. However, this is normally not the case.

13 Q Normally it's reported "John and Susan Jones", or
14 how would it work, "John Jones"?

15 A John Jones.

16 Q Even if the wife signed for the loan in addition
17 to the husband?

18 A Normally that's the way it is. 

19 Q Have you ever thought about changing that policy so
20 the credit bureau is aware that both John and Susan Jones
21 are responsible for the loan?

22 A Well, as I indicated to Mr. Oswald, yes, that's a
23 possibility.

24 Q You indicated there is a problem with comaker loans.
25 What is the problem?

1 A If a comaker has to pay, he usually doesn't want to.
2 That's usually the problem. The comaker usually -- the
3 comaker that signs doesn't think he will ever have to pay
4 and a lot of times he has to.

5 Q We also talked about your application form which
6 does list the line "applicant's wife". Have you thought
7 about changing that to "applicant's spouse"?

8 A I would have to review the application because it
9 was my understanding that that has been changed, to show
10 "spouse".

11 Q So it has been changed since the time I talked to
12 you?

13 A Well, I would have to review that, I'm not sure.

14 Q I think you did mention to me at the time of the
15 interview that it was being changed?

16 A Yes, that's our intent if it isn't.

17 Q When a wife applies for a loan, do you ever send a
18 note to the husband for him to sign which states that he is
19 responsible for the loan?

20 A No, sir.

21 MR. LEVIS: I have no further questions.

22 THE CHAIRMAN: Are there any other questions that
23 any of the panel members would like to direct to MR. Larsen?

24 If there are none, on behalf of the committee I'd
25 like to thank you very much for your participation and

1 if you'd like we'd welcome you to stay for the rest of the
2 hearing.

3 The next witness is Dean Daily.

4

5

DEAN DAILY

6

7 Q (By Ms. Valencia) Hello, Mr. Daily. I'm from
8 Ogden too. Now for the record, will you state your name,
9 address and occupation?

10 A My name is Dean Daily, 2149 West 5075 South Roy.
11 I'm an assistant vice-president of the First Security Bank
12 and manager of the installment loan department.

13 Q Once an applicant has applied for a loan in your
14 bank, do you screen applicants for loans before you give
15 them the applications?

16 A No, normally we get the application before we can
17 determine what we can do for them. However, there are
18 instances by asking a few key questions that you can screen
19 them and know that there's nothing that you can do, and you're
20 not going to. I mean, it's not wise to waste their time or
21 your time to hold them there and make them think that you're
22 going to do something for them, which you're not.

23 Q What's your regular procedure then?

24 A Well, normally if it's obvious that they are adults
25 and not minors, you ask what type of a loan that they're

1 interested in, and my key question generally is, "What can
2 I do for you," or "What can we do for you today," and when
3 they tell me that they need a specific loan for a specific
4 purpose, and it's a type of a loan that we're making in our,
5 under the policies of our bank, why then I immediately proceed
6 to take an application. For example, if a person comes in
7 and asks for a loan to borrow money for raw land, it's just
8 something that we don't do, and there's no sense in wasting
9 his time and our time in loaning him money for a recreational,
10 say, up-in-the-mountains or something.

11 Q You mentioned adults and minors, you differentiated
12 between adults and minors. How would you know that a --
13 what do you, how do you classify a minor?

14 A Well, if a young man comes to your desk and perhaps
15 he comes in, wants to borrow money for an automobile or
16 motorcycle, or Honda or something like that, you inquire as
17 to where he's working, and his age, and his marital status.
18 I mean, those three key questions will immediately tell you
19 if he's a minor, if he's a minor and unmarried then there's
20 discrimination. If he was 18, and a girl, we'd have no
21 problems but if he's 18 and a boy, then there's nothing that
22 can be done for him.

23 Q I didn't understand, did you say if he was 18 and a
24 girl he could -- she could get the loan, but 18 and a boy,
25 he can't?

1 A That's right, that's reverse discrimination, isn't
2 it?

3 Q Yes, it is. Under what condition will you include
4 court-ordered alimony payments?

5 A I really don't pay too much attention to alimony
6 payments, mainly I base it on what their -- what their income
7 is from their employment. Now, the question was asked here
8 a while ago about income from trusts and so forth. I would
9 consider that a legitimate source and probably inquire into
10 it further, but I think that that's a real good salary or a
11 good income and I would consider that very good.

12 Q If you're going to turn down a loan, how many times
13 do you go through the loan, or the application before you
14 decide you're not going to make a loan?

15 A Well, I've always considered it a part of my
16 philosophy that I am not -- I am not paid to turn business
17 down, turn loans down. I do everything possible I can to
18 try to custom-tailor the loan so that it will fit in with
19 bank policy and try to make it. With competition being what
20 it is, there's probably seven or eight fellows out on the
21 street that are willing to make this man a loan and if I'm
22 too curt and don't really dig into it, why, chances are he'll
23 walk out the door and go down the street and get the loan and
24 I may have lost a customer forever.

25 Q We were talking about alimony payments before. Do

1 you require the former husband's signature on the loans you
2 make?

3 A No.

4 Q You don't. Do you require any other cosigners on
5 these loans?

6 A Well, as the previous bank officer testified, it's
7 a policy of the particular department that I run that if I can
8 avoid a cosigner loan, I will, because in a lot of instances
9 I've done damage to the bank by making cosigner loans, using
10 an example, a father who is a major deposit customer with
11 our bank brings his son in and agrees to cosign with him on
12 a loan, and I make the loan with the father as cosigner, and
13 the son turns out not to be a credit worthy credit risk, and
14 I can't collect from him and I go to the father and ask his
15 assistance. And in a lot of cases the father got mad at me
16 because I couldn't collect from his son and as a result he
17 became so irritated that he withdrew his money from our bank.
18 So I ended up losing a substantial deposit account.

19 Q Do you consider credit risk servicemen being that
20 installations are so close to us?

21 A Well, yes we definitely make loans to military
22 personnel.

23 Q Well, on the military, mostly the wives are never
24 employed because they are -- employers just don't employ
25 servicemen's wives that much. And so you don't have a second

1 salary to depend on.

2 A Well, in -- as far as military men, I mean in the area
3 that we loan on, we base it on his income, and in lots of
4 cases the way the military pays the wife -- the way they
5 explain it to me when they come in the military man has so
6 much and then his wife gets an allowance, and so forth. I
7 combine it into one income and look at it as the entire
8 income.

9 Q Does she sign this contract?

10 A Not necessarily. It depends entirely on what the
11 loan is for. I mean, if it's an automobile --

12 Q It's probably an automobile.

13 A If they want it, a lot of cases they come in, they
14 ask my advice, they've said, "Do you think I ought to sign
15 it?" and, "Do you think I ought to have my name on the title?"
16 and I, in a lot of cases, I say, "It's immaterial." It doesn't
17 make any difference. If you want to sign and have it, fine.
18 If you don't, it doesn't matter."

19 Q When including a wife's salary to qualify a loan,
20 do you give more weight to professional women's salaries
21 than nonprofessional?

22 A Well, I'd say, yes, because one of the things is
23 the length of time that they have been in their profession,
24 even if they've changed jobs five or six times but they've
25 followed the same line, like a legal secretary, or a nurse,

1 or something like that.

2 Q I want you to explain what "professional" means to
3 you? I've heard others and I want your version of "profes-
4 sional".

5 A Well, I think a lady that follows, I mean, even if
6 she's a waitress, she's a professional waitress, she's been
7 a waitress for 20 years, this lady probably has a lot of
8 experience and probably makes a substantial income with
9 salary and tips, so I consider her a professional person.

10 Q You don't believe that they have to have a degree
11 to be --

12 A Oh, heavens, no.

13 Q When you authorize a loan to a married man, do you
14 require the signature of his wife? I think I've asked you
15 that once again.

16 A No.

17 Q You don't, okay. When you authorize a loan to a
18 married woman, do you require the signature of the husband?

19 A There again, it depends on the purpose of the loan.
20 Now, if she comes in and she wants to buy an automobile and
21 she's had an income, we're going to have a secured loan,
22 there's no reason for cosigners, or a husband's signature,
23 or anything else, if it's a good loan that will stand on
24 its own, like a down payment and an equity, and so forth.

25 Q What if the wife is a waitress like we said before,

1 and you considered her a professional?

2 A If she's following that profession that makes no
3 difference.

4 Q Do you often receive requests from married women for
5 individual loans?

6 A No.

7 Q You don't? I'm going to go into an area, because
8 I'm a minority and we have a lot of minorities in the Ogden
9 area, we have a lot of migrants coming in. Do you make any
10 loans to migrants?

11 A I have made loans to migrants, I can cite a couple
12 of examples. Every once in a while we'll have a -- a contract
13 -- well, he's a contract foreman, he comes in and he has to
14 have a great big truck because he will bring families in
15 from Texas and Colorado and places like that. And a lot of
16 times people like this will come into our area and they will
17 need a large stake truck that they can haul the workers to
18 the fields in, and so forth.

19 And so, what we do in a case like this, now these
20 people are not native to our area, they are only in there on
21 a contract to a canning company for a certain period of time,
22 but if they come in, normally they establish credit in Texas
23 or Arizona, and it's not uncommon at all for us to call
24 direct to a bank without going through the bureau or, I mean,
25 we will sit down and talk to them and if they can give us

1 examples, no matter where it is, of where they have established
2 credit, we will call and attempt to make a new loan based on
3 their combined credit.

4 Q Do you insist that the wife work too and it's
5 seasonal work?

6 A In those cases we're again, we're using collateral
7 and we're basing it on the fact that we're using the collateral
8 as security for the loan. And it's not necessary for cosigners
9 or wives.

10 Q I wanted to go into the area because it was stated
11 here that if you have a degree or some, you get more money,
12 or you earn more money, but minorities so far haven't achieved
13 that high an education, or we have just a small percentage of
14 minorities with education, and I wanted to know what percentage
15 of these minorities acquire loans and about the average of
16 the loans.

17 A Well, if they come in with a reasonable request and
18 most of these people do come in with a reasonable request,
19 they don't come in trying to buy a recreational vehicle.
20 There are very few instances that your minorities, at least
21 in my experience, come in to buy a boat, an expensive boat,
22 or an expensive camper, or motor home, or anything like that.
23 Most of the requests that we have from the minorities are
24 requests for things that are necessities in the home, like
25 refrigerators, furniture, automobiles for transportation,

1 money for paying medical bills, things like this. So as a
2 result the requests are not large and if they -- if they
3 are established, have any pattern of credit at all, why we
4 can help them.

5 Q Are there any, many risks involved in these loans?

6 A Well, it depends again if they are native to the
7 area. If they are people that are sinking their roots down
8 in our area, certainly, by all means. If I can establish a
9 good loan with those people and take good care of them, the
10 chances are that they are going to be good customers of mine
11 for five or ten years. Now, if they are just passing through
12 the area, I certainly wouldn't want to make a loan to them
13 that wasn't secured in some way, because they're going to be
14 taking the security with them wherever they go.

15 Q I wanted to touch on an understanding of the minorities
16 and their background. And your regular little payment book,
17 whereas you have a certain date, due date, and if the staff
18 is -- has understood the problems of the minority, whether
19 they understand that the minority doesn't feel that it is
20 important to pay on that one day that's circled on your
21 payment book as they feel they are responsible for paying
22 once a month. Is your staff qualified to understand this,
23 and how do you feel about it?

24 A Well, of course, from my own personal experience,
25 I talked to a school, a high school adviser that advises

1 minorities in the Ogden area, and he brought this to my
2 attention. That in the Spanish people that time of day and
3 dates were not as significant to those people and he said
4 that, used examples of, for example, a lot of cases in the
5 Spanish family that the family will think nothing of keeping
6 the girl home to tend children and to do the wash, but the
7 boy seems to have preference. They will send the boy to
8 school and they won't do anything to interrupt him. But
9 going back to the due date, a business -- a majority of our
10 loans in most cases, are made on automobiles and things
11 that are sold to the minorities at a place, a dealer's place,
12 and so I in a lot of cases, I don't meet these people.
13 There's no chance, no opportunity to explain to them the
14 importance of the due date, and when we do have collection
15 problems maybe this is the fault of the salesman not going
16 into detail with them.

17 If the person comes in to my desk, I try to make
18 this crystal clear with them no matter who they are. A
19 young person that is just becoming, is starting their credit
20 or anything, I -- I leave the choice to them to pick a due
21 date and usually to use the term, "Pick a date that's con-
22 venient for you. Something that's going to hit close to a
23 payday. Just pick a date and we will conform." And then I
24 feel that if there's a misunderstanding, it's a misunder-
25 standing on their part, not ours.

1 Q Do you feel that in the future you might hire
2 minorities to work in your bank?

3 A I've got -- I've got two in my department right now.
4 I have a Japanese girl and a little, I guess you'd call him
5 -- she does, she never refers to herself as a Chicano or
6 Mexican or anything. She -- she's just a nice little high
7 school girl.

8 Q She's Spanish speaking?

9 A Yes, and she's -- both of them are capable and in the
10 bank as a whole we have, I think, that we have blacks and
11 Japanese and I know that our personnel department goes out of
12 their way to try to conform to regulations on this.

13 MS. VALENCIA: I guess that's all I have.

14 Q (By Oswald) Mr. Daily, did you have an opportunity
15 to hear the four women who preceeded you here on the program?

16 A Yes.

17 Q Would it be your opinion that if those women were
18 to have gone to 10 loan officers rather than just one, that
19 the majority of those loan officers would have denied those
20 four women credit?

21 A No. It was like the other gentleman who spoke
22 about training. You can't, in each bank you have got some
23 older seasoned officers and you've got some green officers,
24 and so forth. And then you have maybe older prejudiced
25 officers, and so forth. And in the instances that I can

1 recall, if the one young lady that had come in and wanted to
2 buy the motorcycle, I think my reaction might have been
3 roughly the same, but if she'd have wanted to buy an auto-
4 mobile it would have been completely different. I mean, a
5 \$3000.00 motorcycle in my mind, maybe I'm prejudiced, but a
6 \$3000.00 motorcycle would have been a little riskier than if
7 she'd have said, "I want to buy my husband a four-wheel drive
8 pickup," or Camaro, or something like that. It would have
9 made all the difference in the world. I'd have probably made
10 her the loan without any problem.

11 The one lady that had problems on the kitchen set,
12 the dining room set, I think that was completely due to
13 incompetence on the part of the party that talked to her.
14 What I would have done in a case like that, is, if she'd come
15 in and talked to me, here again this is a potential customer
16 for a long time to come, and if it's a furniture store,
17 chances are she would have come back once a year for maybe
18 years and years. So the party that talked to her not only
19 lost a good account at that point, they have lost business for
20 years to come. And the amount of money that was -- that they
21 were dealing with was so insignificant that it was just due
22 to incompetence as far as I am concerned.

23 And I think if she'd have gone down the street to
24 two or three other furniture stores they would have given her
25 anything she wanted. And I can't -- the girl from Utah State,

1 I think -- I think in that case, that it was a case of a
2 green, inexperienced person too. I think that she was
3 entitled to what she was going to get.

4 Q Is it your opinion that loan officers generally place
5 too little emphasis on the past credit record of a woman as
6 in the case, I believe, of these women who testified and the
7 testimony we've heard today in terms of either not being
8 able to find that information out or not really seeking it
9 out and relying more on rule of thumb in terms of present and
10 future, motorcycle versus car, pregnancy in a year versus
11 maybe she won't, maybe she will. Why don't loan officers
12 rely more on past credit history, and especially of single
13 women before they are married? Is that simply not a good
14 source for you to make a judgment on?

15 A I think it's a big part of it; is how much you like
16 your job. Now with me, I love what I'm doing and I do every-
17 thing I possibly can to try to dig into the background of
18 somebody to try to help him.

19 As an example, I had an application from a young
20 girl that, I think she was 23 years old, that was a barmaid,
21 had only been on the job for six months. Well in the face
22 of that, that's not too great, but she was a local girl, had
23 local ties, and she didn't have any credit, so I asked my
24 credit girl to get a credit report on her family. And here
25 I'm assuming that if her family had good credit that she's

1 probably a good girl. Now, I've been wrong before, but I do
2 this all the time on return missionaries from the LDS Church.
3 They don't have any credit and they come in and I want to
4 try to help them. They're coming back, they're getting
5 established. ~~and~~ And ~~time~~ after ~~time~~ I'll get a credit report
6 on their parents and I figure, well, number one, if he's --
7 if he had the guts to stick to a two-year mission, and he comes
8 from a family that has good credit, that he deserves some help.
9 And I don't think I have ever gone wrong using that, using
10 that kind of a rule.

11 Q Just one last question. Do you believe in the
12 incidents that you have explained here in terms of good family
13 background and missionary background, which may be rule of
14 thumb which the majority of times, nine out of ten times may
15 turn out successful and not come up a charge-off? On the
16 other hand is a divorced women or a married woman, who
17 applies for a loan in her own name, or a person who has like-
18 lihood of pregnancy, do they have a strike against them before
19 they even walk into the loan officer's office?

20 A Not as far as I'm concerned. If we have a loan
21 that's secured by the title to a car, or some type of security,
22 because I am basing it on a combination of factors, that in
23 the event of pregnancy, with the margin that I probably
24 have between the value of the collateral and what I'm loaning,
25 if she breaks her leg, or gets pregnant, or loses her job,

1 it's really insignificant because she has a big enough equity
2 that she can get out of it without any harm to herself or the
3 bank.

4 Q I'm sure you are aware of the statutes we now have
5 in terms of the Fair Credit Practices Act and the Civil
6 Rights Law we do have in Utah which covers much of what
7 we have been talking about today. Do you have any recommenda-
8 tions to the committee about either additional legislation
9 or statutes, or things that might take place to resolve some
10 of the difficulties that we've heard today in testimony from
11 these women?

12 A Oh, I really can't give any recommendations there.
13 All I hope is that we don't come up with anymore legislation.
14 I've been in this business since 1949 and I think when we
15 first started out I had about six forms that the customers
16 had to sign and I think I'm up to about 32 forms right now,
17 and I have hardly any time left to interview them by the
18 time I take into consideration the no-fault insurance forms
19 and the agreement to furnish insurance forms, and just more
20 forms to complete. Really, it's irritating to the customers.
21 I mean, they come in and they say, "I didn't used to have to
22 do this, how come I have to do this now?" You'll say, "Well,
23 it's the federal government who is asking us to report to
24 you on the interest and so forth." And it -- I guess the
25 man down the road, the people are going to understand the

1 interest rates that we're forced to quote now, but right at
2 this stage I'd say nine out of ten people when I quote them
3 the interest rate that the law requires me to quote them, they
4 say, "What's that mean? I don't understand it." And my
5 instructions from the -- from our office in Salt Lake City
6 is that I'm not supposed to quote the old rates, and I really
7 shouldn't go into explaining that because we're spot checked
8 by the Federal Banking Commerce, and everytime they come to
9 town, they have the right to get on the phone and spot check
10 the bank that they're going to do an audit on and find out
11 what you're doing. And if they find that you are quoting the
12 old rates they are going to write you up in the national
13 examination.

14 So, all I can say is, I just hope that we don't have
15 anymore forms that we have to go through.

16 Q Well, it's certainly a difficult area and one that
17 does not have easily obtainable answers that I can see on
18 the surface. I appreciate your traveling down from Ogden to
19 be with us and I have no additional questions.

20 MS. VALENCIA: I have one question.

21 Q (By Ms. Valencia) There's been an awful lot said
22 about loans turned down by green or prejudiced loan officers.
23 Why aren't the loans reviewed by more than one person?

24 A Well, I guess it's a matter of policy with the
25 banks. Now I spent about ten years with a national finance

1 company before I went to work for First Security Bank. And
2 when I had a supervisor come in at that company he never
3 looked at the loans that I made, he assumed that I knew what
4 I was doing, but I had to keep all of my applications on
5 denied loans, and this would, say over a three-month period
6 this would be possibly quite a stack and this was the very
7 first thing that he asked for whenever he came in is to, "Let
8 me see the loans that you have turned down," and to try to
9 train me to look for ways to make the loan because the
10 national finance companies don't have the opportunities to
11 make the loans that the banks do because of the high rate,
12 and so they were constantly striving to train their men to
13 not be kicking business out the door.

14 Now, that's one area possibly that the banks could
15 adopt, but the problem is, at the present time we have more
16 requests for loans than we have money. I mean, there's no
17 shortage of requests for loans but there's a shortage of
18 deposits, so they're really not going to criticize you for
19 the loans that you're turning down. They just rely on your
20 judgment.

21 MS. VALENCIA: Thank you.

22 Q (By Ms. Henry) Following along those same lines,
23 sir, do you not see where the federal laws and the guidelines
24 handed down removed a lot of discrimination toward the
25 minorities who were not able to, you know, seek loans before

1 that time?

2 A Right. Of course, we're living in a -- in Ogden,
3 we're living in a rather provincial area. We don't have
4 the problems that maybe they have in New York and Chicago as
5 far as minorities are concerned. In the Ogden area we don't
6 have the number of minorities, so we haven't had the problems.
7 But you're right, I'm sure that a lot of this legislation
8 was necessary and I'm sure that it's been helpful and there
9 was a lot of people hurt before the legislation went into
10 effect, so I'm not criticizing the legislation, all I'm
11 saying is from my own personal point of view, that all of
12 these forms that I've got to remember and all of these places
13 that I've got to have this customer sign, sometimes gets on
14 their nerves and makes it a little difficult to sit and talk
15 to.

16 Q Well, for your information the problem is a lot
17 worse here in Utah and has been in the past for especially
18 blacks. My question would be that blacks who are not returning
19 missionaries and the backgrounds, they may not have, or you're
20 unaware of their backgrounds, how did you determine whether
21 they come from good backgrounds without having those?

22 A Well, let me make one thing clear. I am not LDS,
23 so I am not speaking from a religious aspect. I have honestly
24 tried, with the blacks that are in our area, I have honestly
25 tried to come up with a way of helping the young black people

1 It's true, we ran into this. What you're saying, especially
2 on -- when we were involved in a student loan program where
3 you had young people that wanted to make student loans, and
4 so you had no credit to base it on, so you, if you got a
5 credit report on their parents and their parents had been
6 disadvantaged and they -- and their credit wasn't good, then
7 the reverse is true. It really wasn't fair to punish the
8 sons for the sins of their fathers, so we couldn't use that
9 rule of thumb at all.

10 What we had to do in a case like that is to try,
11 and I'm speaking solely of student loans, was to try to base
12 it on their scholastic achievements. We figured that if they
13 were ambitious enough to achieve in school, regardless of
14 whether they had any credit, then chances are we could base
15 the loan on the mere fact that they had ambition enough to go
16 on and get further education. Now that's on student loans.

17 On secured loans, we have a -- we have a problem in
18 so many cases with the blacks and the Chicanos where they
19 apparently, due to lack of income, it's necessary for them
20 in a lot of cases to borrow money from two different sources
21 to get, say, an automobile. They will buy -- borrow the down
22 payment from a finance company and they will -- then they'll
23 finance the car with the bank, and so they have got an 18
24 percent loan on the down payment and then they've got maybe
25 a 9 percent loan on the automobile.

1 A lot of times they are swayed by the salesman into
2 these type of sales, and by the time it comes to the bank it
3 looks like a good loan to us because of the down payment and
4 we take a chance on it simply basing it on the down payment
5 and the fact that he's employed. If a person has a history
6 of poor credit and he's black, or white, I mean there's nothing
7 that we can -- that we can do for him.

8 Now, I can give you an instance on a black loan that
9 I made and it was, I made it because the man was quite an
10 intelligent man. He had a job with Thycol and he was a
11 supervisor of 15 or 20 people, and he didn't have an awful
12 lot of credit, but he, in my interview he told me that he,
13 with all the responsibility and the responsible position that
14 he had he would still go down on Twenty-fifth Street and
15 shine people's shoes. And to me, for some reason or other,
16 that struck me as a man that was -- that had the responsibility
17 that he had, that he wasn't too proud to go down and shine
18 people's shoes, and make money that way. I extended him a
19 loan to go into business. There was nothing to base it on
20 except just a feeling that this man must have something good
21 in him.

22 But as far as the -- what you're telling me, that
23 we have a worse situation in Utah than possibly in other areas,
24 I have no firsthand knowledge of this because we, in our bank
25 we try to help everybody regardless of their race.

1 MS. HENRY: Thank you. I have no further questions.

2 MR. LEVIS: I just have a few questions, Mr. Chair-
3 man.

4 Q (By Mr. Levis) How many loan officers do you have
5 in your bank?

6 A At the present time there is, in my office there's
7 myself and my assistant manager, and then we have about seven
8 satellite offices that have loan officers that make install-
9 ment loans too.

10 Q How many are minorities, and how many are women?

11 A My assistant manager is a woman. She's the second
12 highest paid professional loan officer in the whole system.
13 Each month we have a paper that comes out which we call
14 "Branch Clearings" and each paper that comes out shows that
15 our bank is -- I'm speaking, when I'm speaking of minorities
16 I guess I'm probably off the track because I'm seeing more
17 women officers, more and more women officers. We even have
18 a woman trainee.

19 To the best of my knowledge, in the Ogden area we
20 have no minorities that are -- minority men that are working
21 for the bank, however, in the "Branch Clearing" I have noticed
22 that they have some minority men that are branch managers,
23 I believe, here in Salt Lake City.

24 Q Do you have any other women besides the assistant --

25 A Oh, yes.

1 Q -- as loan officers?

2 A In our particular branch we have -- we have one
3 commercial loan officer that's a lady, and we have two
4 assistant loan officers in the real estate department, and
5 we have, in the trust department we have one trust officer.
6 And then we have a number of operations officer ladies, about,
7 possibly four.

8 Q You mentioned before that you thought a motorcycle
9 was a greater risk than an automobile. I just wondered if
10 you would explain why?

11 A I'll take and break it down. A motorcycle, or a
12 trail bike, say under \$600.00, we make those without any
13 hesitation at all because so many people are buying those.
14 You even have lawyers and people working at Hillfield.
15 There are any number of people that are buying those for
16 themselves and for their kids. Your big Harley-Davidsons,
17 your \$3000.00 motorcycles, the type of requests that we get on
18 those are very few. But the few requests that we have had
19 are on a type of person that's just a little bit rougher
20 than -- not that we get all of the requests in town, but
21 they are just a little bit rougher type of persons and their
22 credit background is not too stable. I mean, that's just my
23 own personal experience. I'm not speaking for the industry
24 as a whole. I know that there are a lot of people that buy
25 those, but this is what my experience has been.

1 Q So, based on your experience you would not grant a
2 loan to anyone for a \$3000.00 motorcycle?

3 A Well, no. I mean I'll take an application on the
4 thing. Now, she mentioned that, in her particular case they
5 were going to pay \$1500.00 down on a \$3000.00 motorcycle.
6 Well now, when she came, came back, I think that practically
7 anybody with that kind of a cash down payment could get a
8 motorcycle financed. If they had, you know, if they were
9 credit worthy.

10 Q So you would grant her the loan if she put \$1500.00
11 down?

12 A Yes, with that kind of a down payment. I mean,
13 I don't see how you could go wrong.

14 Q You stated that you have one loan officer who is a
15 woman. Do you have any minority women who are loan officers
16 or ethnic minorities?

17 A No. The bank has actively gone out and attempted to
18 get minority women to come into the bank, and we have had a
19 number of times we have had young black ladies come in, but
20 they haven't -- but they haven't stayed with it for some
21 reason or other. They get married and move. In some cases
22 they were married to military men, or something like that.

23 Now, at the present time we have two black ladies.
24 One is a teller which I consider a responsible position. She
25 handles large sums of money and she's stationed at our

1 Hill Field branch, and then we have another one that's in
2 operations, but a lot of the women, white, black, or Chicano,
3 don't stay with it as long, you know, as a man does. They
4 don't make a career out of it, so there's just no older
5 minority women that have come, that have stayed with the
6 bank.

7 Q When a woman applies for a loan, do you send out
8 responsibility notes asking her husband to sign and be
9 responsible for the loan?

10 A No.

11 Q Is your credit department automated?

12 A Yes.

13 Q So, when you send the information to the credit
14 bureau it would be sent on a magnetic tape?

15 A No, the only way, maybe we're a little bit different
16 than the other banks. The only way the credit bureau is
17 going to know that we've got a loan with a particular customer
18 is if we called them in the first place for a credit rating.
19 Then, later on, when they bring this customer's credit up-to-
20 date, they will call back and ask us our experience with
21 him.

22 Now, at one time they did pick up the names from
23 auto registration lists and things like that, but normally I
24 think, under the present situation the only way they are
25 going to know that we have a loan is if we inquired. If a

1 person comes in and they are so good that we have no reason
2 to get a credit report on them, we could make them five or
3 ten loans and I'm sure the credit bureau would never even
4 know about it unless they reported us as a reference in
5 obtaining credit someplace else, and then that other creditor
6 turned it in to the bureau and then they checked us.

7 Q When a married couple applies and you give them a
8 joint loan, is that reported to the credit bureau if they so
9 ask, in the joint name, or the name of the husband, or the
10 wife?

11 A Well, of course, we look on it as a family unit.
12 When we called in originally to get the credit report, we
13 got the credit report and our computer history card has room
14 for one name and one address, and normally you put it in the
15 name of the man -- or the woman, whoever signs the loan, or
16 whoever's name the title is in.

17 Q Is it generally in the name of the man or the woman,
18 or both?

19 A Well, here again, if the woman wants the title in
20 her name we certainly will do it, but if they ask us our
21 recommendation on the thing we tell them it doesn't matter.
22 If they want it in her name, a loan, fine. If they want it
23 in his name, a loan, fine.

24 MR. LEVIS: I have no further questions.

25 THE CHAIRMAN: We will terminate the questioning

1 on this panel at this time. We do appreciate your attendance
2 here at this hearing, and your contribution.

3 That will end this panel on personal loans and
4 installment loans, and I thank you very much, Mr. Daily.

5 We're running about an hour short, but we're coming
6 probably to the most important panel because although these
7 people don't lend the money, they have everything to do with
8 the lending of the money.

9 I think this is where we're going to really have to
10 gear into high gear. And we are, like I said, running about
11 an hour short, so we will take a brief five-minute break
12 and then reconvene again.

13 And the panel members of this next panel will be
14 Merrill Weech, Gifford Price, who I don't see here, Jeff
15 Bingham, and Rose Van Digglen.

16 Mr. Tooman, Mr. Welsh, and Mr. Robertsen, are all
17 here. We'd like to have all three of you sit on the panel
18 at one time.

19 (Recess)

20

21 THE CHAIRMAN: Do we have Mr. Tooman, Mr. Welsh,
22 and Mr. Robertsen? We will reconvene the hearing and the
23 panel on credit bureau managers may proceed to direct their
24 questions to the witnesses.

25

1 CLYDE TOOMAN

2 WILLIAM J. WELSH, JR.

3 GLENN ROBERTSEN

4
5 MS. VAN DIGGLEN: We are grateful that you have taken
6 the time to appear and respond to our questions and that as
7 you all know, credit reporting is critical to the credit
8 granting process. We hope that our questions will elicit a
9 clear picture of the manual recording process in so far as it
10 applies to a woman's change in name and marital status. We
11 have given you -- I'll have to start all over again.

12 What we would like to do is pose one question and
13 have each of you answer the one question. First of all, could
14 we please have you state your name, your address, and your
15 occupation?

16 MR. TOOMAN: My name is Clyde Tooman. I live at
17 785 West 1400 South, in Woods Cross. I am the general manager
18 of the credit bureau of Salt Lake City.

19 MR. WELSH: My name is William J. Welsh, Jr., I
20 reside at 340 East 200 North, in Springville. I am the manager
21 and owner of the credit bureau of Provo and also the credit
22 bureau in Price, Utah, and also the owner and manager of two
23 Consumer Finance companies in Price.

24 MR. ROBERTSEN: My name is Glenn H. Robertsen, and
25 I reside at 3461 Gramercy in Ogden, Utah. I am the manager of

1 the credit bureau of Ogden.

2 MS. VAN DIGGLEN: Thank you. Again, this will be
3 posed to the three of you, and we would like to know if your
4 bureau is manual or automated?

5 MR. TOOMAN: The credit bureau of Salt Lake City is
6 an automated credit bureau and we're with a system that is
7 out of Anaheim, California. Our files are actually stored
8 in Anaheim, California.

9 MR. WELSH: The Credit Bureaus in Price and Provo
10 are at this time both manually operated. The bureau in Provo
11 is presently under conversion, supposed to be on line in
12 September.

13 MR. ROBERTSEN: The credit bureau of Ogden is a
14 manual operation and we are considering looking into converting
15 to automation.

16 MS. VAN DIGGLEN: Can you describe how a new file is
17 originated and regularly updated under your system?

18 MR. ROBERTSEN: A file in our file is originated,
19 many times we have court searching procedures, and it is
20 started when a couple obtains a marriage license. That infor-
21 mation is posted manually, of course, on to a card, and this
22 is the first time that it would appear, and then later on,
23 of course, we would start receiving inquiries. What was the
24 first, second part of that question?

25 MS. VAN DIGGLEN: I was wondering how you regularly

1 updated the system?

2 MR. ROBERTSEN: How we regularly update them? Under
3 the manual system these are updated at the request of the
4 credit granter or the consumer himself, if he so desires,
5 and feels it would help him having it updated.

6 MR. WELSH: Our bureaus are approximately the same way,
7 the way the files are originally initiated. The court
8 records sometimes provide the first origination, either as
9 Mr. Robertsen indicated through a marriage or else through
10 a civil action that may take place. Our bureaus are -- files
11 are not regularly updated except by request of the credit
12 granter and the consumer also has an opportunity to do it.

13 Occasionally, if there are many inquiries within a
14 relatively short period of time on a consumer, we have a
15 program in our bureaus where we automatically update it. We
16 will go back and query three or four credit granters to see
17 if they opened the account. We find that this is a service
18 not only to the consumer, but to the credit granters as
19 well.

20 The problem there is that many times as you have
21 have heard the credit granters discussing it today, they will
22 call in to the credit bureau and if we do not have a file,
23 or if the file has not been updated they will not have us do
24 the work in updating the file. They will do direct checking
25 on their own. That information, when they direct check does

NB
updating

1 not come back to the bureau files. So we feel that if we've
2 had a dozen inquiries within a year, why we will automatically
3 update the file, make sure that the information is in it.

4 BY MR. TOOMAN: At the credit bureau of Salt Lake City
5 the initial file is created at the time of an inquiry by a
6 credit granter. The credit granter will make an inquiry to
7 the credit bureau. If we do not have a file established,
8 that information, the identifying information and that
9 inquiry, will be in the computer system. If that subscriber
10 does not update that inquiry within six months, that file is
11 taken out of the system. Now, with our particular system
12 it is mandatorily required from the credit granter in a
13 contractual obligation that he updates his credit inquiry
14 with the informaton on the account if it is opened.

15 In most cases this is done by the credit granter if
16 they do extend the credit, he later, within 30 days, reports
17 that particular account to the bureau, the date it was opened,
18 the high credit extended, the terms in the account. We will
19 also, as the other two mentioned, obtain information on
20 consumers if a suit is filed. We do not go out and get
21 marriage records or divorce records for the file.

22 MS. VAN DIGGLEN: Let me pose a hypothetical situation
23 and say that Mary Smith, a single women, with a credit record,
24 marries and changes her name to Mary Banks. What happens to
25 her single record if she opens a joint account with her husband

1 under his name, say, Mr. John Banks?

2 MR. TOOMAN: Okay. Her single record in our system
3 will remain there and it's very costly to us for storage,
4 but as long as that account is open under the name of Mary
5 Jones or Mary Smith, or whatever, in her single name, that
6 will remain in the computer system. The only time that would
7 be deleted is if she went to that particular credit granter
8 and told him that she wanted the name in the married account
9 and then he came to us and said, "Delete this and insert the
10 account under the married name."

11 MS. VAN DIGGLEN: So, if the individual, Mary Smith,
12 had a credit record and she marries, then there will be a
13 separate record kept?

14 MR. TOOMAN: Yes. And I will have to pay a storage
15 for that as long as it is in there and even if it is never
16 used, we still pay a storage cost for that.

17 MS. VAN DIGGLEN: And are these kept in the file
18 for --

19 MR. TOOMAN: Yes, indefinitely. Right now there
20 is no way that we can purge those.

21 MS. VAN DIGGLEN: When creditors request the record
22 under John Banks' name, will they receive Mary Banks' credit
23 record while single?

24 MR. TOOMAN: No, they would have to request that
25 under her particular -- they would have to make two inquiries

*Mary
3 records **

Notes Bene

1 because the files are not tied together. We can tie them
2 together under an "also known as" situation. If she marries
3 an individual and establishes a joint account, and if they
4 want to, they can have "also known as Mary Smith" and then
5 we can go back and pull Mary's file if they want it set up
6 that way. But normally they don't do that.

7 MS. VAN DIGGLEN: Thank you. Can I ask you the
8 same questions: I am not sure represent --

9 *Welsh*
10 MR. TOOMAN: Yes, the same situation prevails in
11 a manual operation, if she has, in her maiden name, has a
12 credit history, it stays there until someone tells us that
13 she had married and what her new husband's name is.

14 Now, as a practical matter what happens is that,
15 when she and he are married and she applies for credit, and if
16 they call in to get a credit report on them, and maybe there
17 isn't sufficient information in the man's name, usually the
18 knowledgeable woman will say, "Well, I have had accounts at
19 Lerner's, or XYZ Department Store," or something like that,
20 "and this is what my name was," then we have that opportunity
21 to consolidate the credit information.

22 The present policy is that, if we know for a
23 certainty that it is her credit history, we will indicate
24 that, that it's hers and does not necessarily mean that it
25 is his, what she has accumulated. But the -- at the moment,
since we do not make any attempt to put files together

1 and assume that people have become married and make a mistake
2 that way, they do have to tell us for a certainty and then we
3 know.

4 MS. VAN DIGGLEN: I am not sure if you had answered
5 the question with regards to when creditors request the record
6 under John Banks' name, he will receive Mary Banks' credit
7 record when she was single?

8 MR. ^{Welsh} TOOMAN: Yes, and we will give them both of
9 them. Under the Fair Credit Reporting Act which is a federal
10 statute that governs our operation, you have to be very care-
11 ful about giving out second readings unless we know for sure
12 that those people are related to each other by marriage or
13 some other arrangement that they may have made, that we're
14 not giving them someone else's that's not related to them
15 because that destroys the confidentiality of the information.

16 In other words, we are not supposed to be telling
17 someone who has no business knowing what the other individual's
18 credit history is unless they are married and have a family
19 relationship.

20 MR. ROBERTSEN: What Mr. Welsh has described
21 applies to the credit bureau of Ogden also, except that at
22 Ogden we do, if we are aware that a young lady, Mary Smith,
23 marries a man by the name of Banks, because we do combine the
24 files. Through our court searching procedure, if they are
25 married in Weaver County and we have the files, then we put

1 Mary Smith's file in with Mr. Banks. Of course, many times
2 we don't know because people get married anyplace, you know.
3 If they go to Elko or Evanston, many times the first thing
4 we know is when a creditor inquires and gives, oh, "John
5 Banks, wife Mary," and we haven't had it before, so we ask
6 for the information so that we can get that and put it with
7 their -- we do combine the files, her information that she
8 had while she was single with his, so -- and it's maintained
9 under her name. If it was incurred under her maiden name we
10 maintain it under a file, separate file, with his showing
11 what her credit was.

12 MS. VAN DIGGLEN: Thank you. I'd like to pose one
13 more question to the man from Salt Lake City with regards to,
14 we do have some information that states here that you discard
15 records of single women inactive for three years.

16 MR. WELSH: How many?

17 MS. VAN DIGGLEN: Three years.

18 MR. ~~WELSH~~ ^{Tooman}: We have no way to do that. There is a
19 purge cycle that goes through in TRW and in Anaheim at the
20 computer center, and the only time anything is purged is
21 under the Fair Credit Reporting Act for seven years that it
22 remains in the system and then it would be the adverse infor-
23 mation that is purged.

24 MS. VAN DIGGLEN: Well, under this information that
25 we have under credit bureau operation on IBM systems, it

1 states here that they do discard records under the purge
2 rules, discard records of --

3 MR. ROBERTSEN: That's from the TRW?

4 MR. WELSH: No, it's IBM, that's a different system.

5 MR. TOOMAN: That's not our system.

6 MS. VAN DIGGLEN: Okay, fine, thank you.

7 MR. WELSH: On the manual bureaus we seem to hang on
8 to them forever. We only get around to weeding about once
9 every 10 years.

10 MS. WEECH: Mr. Tooman, under the automated system,
11 do you view an opening of a joint account as a request for
12 transfer of a single woman's record into a joint married
13 account?

14 MR. TOOMAN: We -- we couldn't identify a single
15 woman's file in with a joint file under the automated system
16 because it's identified by the name, the address, and if her
17 name is Mary Jones and she's now married to John Smith, any
18 information updating our file comes in under the name of Mary
19 Jones.

20 If we would purge that out and put it under John
21 Smith there would be no way for that information to be updated
22 from then on because the name, the account number, the address
23 would not tie in, and as a result we would lose that infor-
24 mation. So we couldn't take Mary Jones and change her account
25 over in with John Smith and expect to retain it and have it

1 updated as it is required by our system.

2 MS. WEECH: You each have a sheet showing stages
3 in reporting women's credit. We've used some names there that
4 may or may not get confused if we use Jones and Smith and Banks.
5 I'm going to go over a few hypotheticals and some of the answers,
6 I assume, will be some of the same information you've given
7 us, but we would like to try and get the answers in relation
8 to the hypotheticals we've got here.

9 Have you just told me now, that if we start with
10 Mary Smith, and she marries John Banks, Mary Smith has a single
11 record, then they go ask for a joint account, that then
12 your computer will have three records, single for each and a
13 joint?

14 MR. TOOMAN: No. When they would start, Mary
15 Smith would have her record, John Banks would have his record.
16 Then, when they were married the next inquiry that came in
17 would be John Banks with a wife Mary, residing at this
18 address. John would still have his file, however, then the
19 joint account would then come under John's file with wife
20 Mary.

21 MS. WEECH: I see. So there would be a joint history
22 beginning then on John's file.--

23 MR. TOOMAN: Yes.

24 MS. WEECH: -- and no entries on Mary's single file?

25 MR. TOOMAN: That's right.

1 MS. WEECH: Okay. Let's suppose now, that Mary
2 opens an individual account under the name Mrs. Mary Banks.
3 How will this separate account be reported?

4 MR. TOOMAN: Under the name of Mary Banks there
5 would now be two files. There would be one under Mary Smith;
6 under John Banks, wife Mary and there would be one under
7 Mary Banks.

8 MS. WEECH: Let me ask the same question under the
9 manual system.

10 MR. WELSH: Under the manual system we would identify
11 it under his name, but it would be cross-indexed with her
12 name. We would, in the same jacket, we're talking about
13 pieces of paper, in the same jacket would be all of the trade
14 information, and we attempt to separate what is his and what
15 is hers, or more properly from a practical point of view
16 what we're trying to do is separate hers, showing what is in
17 her name alone. But only -- but we would have a card under
18 her name as you have indicated here, Mrs. Mary Banks, and
19 then we would have a card under Mr. John Banks, wife Mary,
20 and then under Mary Banks. On Mary Banks we would say, "See
21 John Jones."

22 MS. WEECH: So your employee would flip through a
23 card file to Mrs. Mary Banks, which is the entry that's coming
24 in.--

25 MR. WELSH: Right.

1 MS. WEECH: -- would see that cross-reference to
2 the -- to John Banks' file which would have all of the papers
3 in it?

4 MR. WELSH: Right, so that it would not be, you know,
5 separated physically that way.

6 MR. ROBERTSEN: Our manual system is exactly the
7 same. There's no application or change on it.

8 MS. WEECH: Now, this may be a little repetitive,
9 but I want to get it together clearer. If the credit granter
10 now, instead of getting an account coming in that's already
11 said in the name the credit granter asks for, credit under
12 the name of Mrs. John Banks, am I correct in understanding
13 that under the manual system when they ask just for Mrs.
14 John Banks that the creditor will get her joint credit record,
15 her separate credit record, and her single credit record?

16 MR. WELSH: Yes.

17 MR. ROBERTSEN: Yes.

18 THE CHAIRMAN: Could you also respond under the
19 automated system? I think you have given that answer, but
20 let's get it down.

21 MR. TOOMAN: The only way they would get that under
22 the manual system is if they asked for it under each individ-
23 ual name, or under the automated system, each individual
24 name.

25 MS. WEECH: So in asking for Mrs. John Banks they

1 would simply get the single record under Mrs. John Banks,
2 it wouldn't be crossed --

3 MR. TOOMAN: Not under Mrs. John Banks, but whatever
4 is John Banks, wife Mary, that would all be together.--

5 MS. WEECH: All right.

6 MR. TOOMAN: -- not Mrs. John. We don't keep a Mrs.
7 John.

8 MS. WEECH: Your inquiry is coming in by phone,
9 let's say, and it asks just that type, Mrs. John Banks.
10 Would your employee then say, "Well, I will request this
11 from the machine under John Banks, wife?

12 MR. TOOMAN: No, first we would do this if it were
13 possible to get not John's name but his wife's name. If
14 they want it on the Mrs. we would have to have her name. If
15 they didn't know the Mrs. name, and then they would tell us,
16 we will pull John's file then they will get John and Mrs.
17 together.

18 MS. WEECH: Now, if the credit granter asks for a
19 complete report on a woman, he's not so concerned with just
20 the Mrs. aspect, he wants to know what her local history is,
21 under your system is it correct that it's necessary for you
22 to report three credit records in Mrs. Banks' situation
23 where she was a single woman and then she had a joint account
24 with her husband and then she also asked for an account as
25 an individual married woman?

Cost of
3 reports
NB

1 MR. TOOMAN: Yes, we would have to search three
2 ways.

3 MS. WEECH: Then do you charge the credit granter
4 for three reports in that case?

5 MR. TOOMAN: Yes.

6 MS. WEECH: So that if they are cost conscious and
7 they have a lot of requests, they're going to try and limit
8 the number of times they will have to ask for three reports?

9 MR. TOOMAN: That's correct. Each time we access
10 the computer there is an access charge so they would have to
11 pay for three reports.

12 MS. WEECH: Is there any additional charge if we
13 instead went in under the manual system where you would just
14 look at three different cards in your card file and make
15 sure they have all cross-references to the same --

16 MR. WELSH:: No, there isn't.

17 MR. ROBERTSEN: No.

18 MS. WEECH: Now, what happens if after marriage
19 Mrs. Banks opens an individual account under her maiden name?

20 MR. TOOMAN: It would be added to her maiden name
21 file.

22 MS. WEECH: So that if she was interested in keeping
23 her credit records fairly clean and clear that would be a way
24 to establish continuing individual credit.

25 MR. TOOMAN: That's right.

1 MS. WEECH: Any special results under the manual
2 system?

3 MR. WELSH: Except we would have to make a notation,
4 this is done occasionally as I remember in both of my cities,
5 that she is continuing to use her maiden name, and it just
6 says that. So we -- there is no amplification. I think some
7 people might wonder why she has two names. That would be the
8 only comment I would have to make.

9 MS. WEECH: Wouldn't the answers be to that, that
10 she is trying to deal with automated systems?

11 MR. WELSH: It could be. I haven't been on the
12 automated system yet.

13 MR. ROBERTSEN: If she applied under her maiden
14 name, or in fact incurred an account under her maiden name,
15 then we would keep a file of it under it that way with the
16 cross-index to her married name.

17 MS. WEECH: Do you, when you receive an entry,
18 someone has granted an account rather than asking for your
19 records, do you ask specific questions that allow you to
20 set up a cross-indexing system, or do you just cross-index
21 based on information that you happen to be given. Do you
22 especially ask them for information, or do you just take
23 whatever is given to you?

24 MR. ROBERTSEN: Both ways. Many times we ask questions
25 because we want to get the right file under the Fair Credit

Phone
Call

~~X~~

1 Reporting Act. We don't want to give the file on the wrong
2 person and so our girls many times do ask questions to
3 ascertain the identity of the -- our member who will identify
4 himself by code number, I might add, but we identify the
5 file so we do give the right file so there's no mistake.
6 It's possible, but very rarely happens that you would give a
7 person with a similar name. They might give the file on that
8 person if we didn't have enough identification.

9 MS. WEECH: I suppose the thing I am a little more
10 concerned about is that there wouldn't be adequate cross-
11 indexing, you wouldn't be able to find all of the records
12 from the --

13 MR. ROBERTSEN: We have never had that problem. We
14 have never had any problem with not adequate cross-indexing.

15 MS. WEECH: Let's take Mary Banks now, and get her
16 divorced. She keeps her married name, Mary Banks. She's had
17 a credit record while previously single, she's had a joint
18 account with her husband, and a separate account under her
19 own married name. Now, she wants to be certain that the
20 credit granter receives her entire credit record. How should
21 she tell the creditor to make the request to your bureau in
22 order to get the single record, to get the joint married
23 record, to get the individual married record? How can she
24 insure that all that information is going to come to her?

25 MR. ROBERTSEN: The best way is to visit our office

PT/DORCE

1 and go over the file as to -- you mentioned three files here
2 and of course, we will divide the file, physically divide it
3 upon the divorce being final. And at that time we will
4 physically divide the file and try and ascertain which
5 references are hers, what part of the credit file is hers,
6 and set up a separate file for her. If this does include
7 information in our file which she previously had under a
8 maiden name, that also will be put in there. Of course,
9 this would depend on the length of time that they have been
10 married. Obviously, you wouldn't maintain information on a --
11 under a maiden name for 10 or 20 years.

12 MS. WEECH: What kind of standard do you use for
13 making your choices as to what goes into the divorced woman's
14 record if you're looking at her joint record and trying to
15 decide which credit references are properly hers? How do
16 you make that?

17 MR. ROBERTSEN: Here again in talking with them,
18 this is upon their advice as to what accounts they have been
19 paying on, what accounts they may have which have been in
20 their names separately, and if we don't already have that,
21 why they will advise us.

22 MS. WEECH: All right.

23 MR. ROBERTSEN: And then we will check those
24 references and -- we do have to check the references and then
25 put them on.

1 MS. WEECH: Now, in cases where it's not clear who
2 has paid, for instance, a joint account, would you list the
3 joint accounts both on the divorced woman's record and the
4 divorced man's record?

5 MR. ROBERTSEN: If they appear to be joint accounts
6 they are both responsible for, yes.

7 MR. WELSH: The only amplification I could see is
8 that we would accept their word and I mean the husband or the
9 wife in the event you have an opportunity to interview both
10 of them as to which they say is theirs, verify it with the
11 credit granter, but by the same token if there is a dispute
12 as to whose account it actually is, and you know who really
13 knows? We would tell them that it -- she claims, or he claims
14 it's his or they both claim it's theirs, then we would leave
15 it up to the credit granter to decide what he wants to do,
16 but we do give him that information.

17 MR. TOOMAN: We leave it up to the credit granter
18 for him to report to us what name the account is in. If
19 the woman claims that she is paying on that account and the
20 credit granter's file shows that it was in the husband's
21 name, or a joint account, then we will let that credit granter
22 decide how he's going to change his account so he can change
23 his record in our office. But we won't, in any way, change
24 a credit granter's file to the will of the consumer, man or
25 wife, simply on their say so, because the credit granter is

1 the one that has to tell us who he has that account with.

2 MS. WEECH: I see. Now, the divorced lady, in order
3 to get her full credit history, would instruct the creditor
4 to ask for every -- for a joint account, the one that was un-
5 der her husband's name with her as his wife, her married account
6 and her single account, and that would be the only way that
7 she could make sure that she would get everything, and then
8 any indications as to her payment of joint accounts would be
9 representations by her to the creditor rather than anything
10 through the credit record?

11 MR. TOOMAN: Yes, they would have to go directly
12 there.

13 MS. WEECH: Now, let's take Mary Banks, and she
14 doesn't like her husband's name anymore. She's been divorced
15 for a while and she returns to her maiden name, Mary Smith.
16 She has had a credit record while single, she had a joint
17 account with her former husband, and a separate account under
18 her own married name, same facts. Now, if she wants to be
19 certain that the credit granter receives her entire credit
20 record, is there any differences in how she should approach
21 her creditor and what she should tell her creditor to ask for

22 ^{Tooman} MR. ~~WELSH~~: In our position at the automated bureau
23 she would still go back to the credit granter and say, "I
24 would like my name on this account to be," -- either her
25 maiden name or Mary Banks, whatever she wants, whatever the

1 then change their account to, our records are automatically
2 changed too.

3 MS. WEECH: And she would still have to tell them
4 about all three names, or six, or whatever, whatever she wants?

5 MR. WELSH: Our answer in the manual bureau is
6 approximately the same. You have to remember we have a lot
7 of rapport with these people. We interview a considerable
8 number of them each month. In Salt Lake City it's much more
9 than ours, but we spend a lot of time talking mostly to
10 women. Of the 200 or so interviews that we conduct in our
11 office, most of them are the wives who come in, so we have a
12 chance to discuss things like this and some of them are wives,
13 brides-to-be, widows, and we have a chance to tell them what
14 it is.

15 The key to it, however, is that the credit granter
16 must be the one who has the record of what the name is that
17 it should be in. Under the Fair Credit Reporting Act we can
18 only report factual ledger information and the information
19 is only good so long as the ledger is there. So, having it
20 in the credit bureau is not the final say so. The original
21 files, or the final say so is in the records of the credit
22 granter. If for some reason some question comes up about the
23 accuracy, or the validity of the record, the only one the
24 credit bureau can rely on is the credit granter to say,
25 "Yes, that's the way it is."

1 Changing it, merely changing it in the credit
2 bureau, as Mr. Tooman indicated, to try to change the credit
3 bureau's records without him changing it, is a wasted effort,
4 and some day it would bounce back on us. If there is anything
5 that we could emphasize today, it would be that, that the
6 credit granter's records reflect exactly the status of who *
7 paid the account, whose name it should be in, particularly
8 on the current or open account.

9 MR. ROBERTSEN: I was nodding my head in agreement
10 all the time you were saying that.

11 MS. WEECH: Do you have anything to add to that?

12 MR. ROBERTSEN: No, nothing to add.

13 MS. WEECH: We had a witness earlier in the day who
14 went to the Salt Lake credit bureau and was apparently told
15 that she could -- that there wasn't any information from
16 national accounts that could be given to her. It's my
17 understanding that the automated system does tie in to other
18 computerized systems throughout the country. Is this a
19 tie-in of local systems which still doesn't have tie-in to
20 national type credit cards?

21 MR. TOOMAN: They don't tie in to national credit
22 card computers as such. The major department stores will
23 supply an automated tape to the computer center of their
24 change in status to their accounts receivable. The change
25 in status is a new account is opened, that information is

National Accounts *

1 on the tape. An account is paid in full, that information
2 is on the tape. An account becomes delinquent or a delinquent
3 account brought current, or an account that is charged to
4 P and L, profit and loss, a charge-off, a charge-off paid,
5 that information is fed into the computer by many national
6 firms monthly, but there is no agreement with any of the
7 major oil companies as yet to put their accounts receivable
8 information into any computer system.

WB

9 They do supply, in some cases, through a CBR, a
10 credit -- Credit Reports, Incorporated, delinquency status
11 on an account, but they don't report on their open accounts.
12 We can get that information from the national accounts through
13 the credit bureau by a direct check that takes weeks.

WB

14 MS. WEECH: Correct me if I am wrong here, is the
15 conclusion from what you have said, that you can get derog-
16 atory information that's been entered by national credit card
17 bureaus, or credit divisions, really, credit extenders, but
18 you can't -- but they don't ever put in favorable information
19 They just put in information that could hurt you?

20 MR. TOOMAN: In most cases with the national oil
21 companies, that's the way it is, but not with the major
22 department stores or national -- statewide banking and things
23 like that.

24 MS. WEECH: One last question from me. It appears
25 that you buy a service, --

1 MR. TOOMAN: Yes.

2 MS. WEECH: -- that is marketed by a national
3 computerized credit bureau and says, "Buy our service and
4 this is the program you use, and this is how you feed into
5 it." Are you in a position to do anything about having a
6 cross-referencing service built into the computer? Like
7 from my understanding of computer programming, it's really
8 not that hard to put in a cross-referencing program, but
9 apparently in the system which Salt Lake has purchased, there
10 isn't any cross-referencing, you're going to have to ask for
11 each name specifically?

12 MR. TOOMAN: No, in this case you will have to talk
13 to a data man, which I am not. I know that in, locally, we
14 can put an "also known as Mary Smith" in the file, or Mary --
15 yes, Mary Smith, we can put it -- in a floating field we can
16 acknowledge that we do have another file, but in 99 and 44/100's
17 percent of the time we don't know what Mary's maiden name was.

18 MS. WEECH: I promised that was the last question.
19 This is the subject, part of that. Do you know of any national
20 computer service, assuming there is more than one --

21 MR. TOOMAN: Yes, there are five.

22 MS. WEECH: -- do you know if any of them offer a
23 cross-referencing service where if you ask for one name it
24 will cross-reference you to other accounts if they have ever
25 had information that another name was used?

1 MR. TOOMAN: Not really. I have seen systems, in
2 fact before we selected the system we went on which we felt
3 was the best, the most up-to-date, and in fact was the most
4 expensive, we did select what we thought was the Cadillac
5 of the sytem. We went to other ones and we observed their
6 procedures where it would come up on the screen, one of
7 three files, and so then someone is setting there asking
8 questions back and forth with the person on the other end
9 to identify a file.

10 Well, there in the Fair Credit Reporting Act you've
11 got one of three and you're going to sit there and discuss
12 credit with somebody at the other end of the line and you
13 could violate the law very easily that way. So we went with
14 this system.

15 I am sure if they could come up with a commercial
16 system to put in a cross-reference, I am sure they could do
17 it, but it would take the data man to answer that and how
18 much it would cost and what the additional storage would be,
19 because each time we access a file there are just thousands
20 and thousands of checks made in whatever they call "milli-
21 second conditions" to bring this file to us, and if the
22 computer goes down it says, "This happened, go to this step."
23 If that didn't happen you go back and search some other way.

24 In this program it's, I am sure a very tremendous
25 program to take these identifiers and pull an account out of

1 the system. And in the matter of, oh, probably three to
2 ten seconds we will get a response on our system and the
3 credit report will appear on the screen from California. And
4 in all that time this complete program has operated on this
5 one individual credit inquiry, so I'm very, very sure that
6 just to put in a cross-reference to another name would be
7 rather a tremendous job. But I am sure it can be done, it's
8 just a matter of cost.--

9 MS. WEECH: Thank you.

10 MR. TOOMAN: -- and whether the credit liner wants
11 to pay for that. This is something I'm sure you should
12 understand about the bureaus. Our bureau here in Salt Lake
13 City operates as a non-profit organization. We raise the
14 price of our reports and we hear about it from the credit
15 granter who owns the credit bureau. There are about 850
16 members of the Salt Lake credit bureau. Those people own the
17 credit bureau and they tell us what they want, and we don't
18 do this unless it's at the request of the membership who
19 operates the bureau. So, in a case like that, whatever they
20 want us to have in the file we would have in the file, but
21 they would pay for it.

22 MS. WEECH: Thank you very much.

23 MS. HENRY: Now it seems as though we're going to
24 go on again with Mary. Are you tired of Mary right now?

25 MR. TOOMAN: I haven't met her yet, but --

1 MS. HENRY: You're going to be good friends by the
2 time we're finished. Well now, Mary has established credit
3 while divorced under the name of Mary Banks, Mary Smith,
4 whichever she uses. Well now Mary is going to remarry and
5 take a new name, Mary Martinez.

6 Now, if she wants to be certain that the creditor
7 receives her entire credit record how should she tell the
8 creditor to make the request to your bureau to get the single
9 record first?

10 MR. TOOMAN: All right. Now going back, she has
11 already changed all of her accounts into the name she had
12 just before she married Mr. Martinez.

13 MS. HENRY: Right.

14 MR. TOOMAN: So all she would have to do is tell
15 the credit granter where she applies for credit that she
16 also has a credit file under the name of, she went back to
17 her maiden name, I think, if I remember correctly, she also
18 has a file under the name of Mary Smith. So he would make
19 an inquiry under the name of Mary Martinez and an inquiry
20 under the name of Mary Smith, and he would get the whole file.

21 MS. HENRY: She would also get the joint file?

22 MR. TOOMAN: That's because we assumed in our other
23 discussion that she went around to the credit granters and
24 changed all of these files into the name she was going to use.

25 MS. HENRY: No, she didn't get around to doing that.

1 MR. TOOMAN: She didn't get around to doing that?

2 MS. HENRY: So now how would she get, if she did
3 not proceed with that, how would she get the single file?

4 MR. TOOMAN: If she had a file under the name of
5 Mary Smith they would have to make an inquiry under Mary
6 Smith. If she had an inquiry in our bureau, or a file under
7 Mary Banks they would have to ask for that. If she had one
8 under Mary Jones, or whatever, Martinez, she would have --
9 they would have to make a distinct inquiry on every one,
10 every name she used.

11 MR. WELSH: Yes, that's approximately so, we would
12 search the file. Whatever names they gave in a manually
13 operated bureau we would search the file for all of them and
14 hopefully if she settled down being Mary Martinez, why we
15 would finally get everything consolidated there.

16 MS. HENRY: Well now, we will leave Mary Smith now
17 and we will go to most women. This is a general question.
18 Do most married women have their credit listed jointly with
19 their husband's?

20 MR. ROBERTSEN: You want to direct that to me?

21 MS. HENRY: All three of you.

22 MR. ROBERTSEN: Yes, yes, they do. They have it
23 listed jointly with their husband's, most women do. In fact,
24 * the credit bureau of Ogden can recall no more than five or
25 six instances where a woman has requested that we actually

1 separate her file while she was married to a man and pick
2 up accounts that she had incurred. Very, very few. Most
3 of them are under the husband's name as joint accounts.

4 MS. HENRY: Are they aware that they can do that?

5 MR. ROBERTSEN: Oh, I am sure they are.

6 MR. WELSH: No, they are not aware of it.

7 MR. ROBERTSEN: Don't you think so?

8 MR. WELSH: I know my wife isn't, she puts every-
9 thing in my name.

10 MR. ROBERTSEN: That's because you'll pay it.

11 MR. WELSH: I know. I never know how much I owe

12 *NB* either. But in -- the credit bureau policy provides that she
13 be given every opportunity to separate the credit ratings if
14 she wants and earlier in my discussion I used the word
15 "knowledgeable women". And there really aren't too many
16 knowledgeable people about this field anyway. In our discus-
17 sions with them, in handling the intimate details of family
18 living and in credit, so many of them have absolutely no idea
19 what they are doing and they -- and many of them ironically
20 don't even care, that is, as a family unit.

21 As a group and as individuals we spend a lot of time
22 in talking with high school students in classes where I am
23 at the university, and the technical college, make at least
24 six or seven appearances a year in the classroom and have an
25 opportunity to discuss it with the students, and somewhere

1 along the line in our educational system, I think even now,
2 it has to start not much above the high school level for
3 people to be taught what the credit system is and what the
4 burdens of credit are.

5 Many of the things that we're talking about as far
6 as women today are concerned in and the business about
7 separating the file, are matters of policy within the credit
8 reporting agencies and nothing more than that. We have the
9 additional responsibility as is imposed on us of adhering to
10 the Fair Credit Reporting Act, which is -- gives us a lot of
11 additional work, but something that we find that we're
12 enjoying and teaching us a little bit about what is happening
13 in the family unit and in the individual unit. But most
14 of them don't know. And even when you tell them and we give
15 them pamphlets, we tell them where the credit bureau is, we
16 tell them what their rights are under the Fair Credit Report-
17 ing Act, we ask them to read the literature and some of them
18 frankly, come back two or three times until they have it
19 certain.

20 And we, as I say, we spend a lot of time, we think
21 we spend a lot of time with them, but I don't know how you're
22 going to get the story across that you can do this, but they
23 can and the bureaus will, accept it. Sometimes I don't know
24 if you would start with a credit granter or just where you
25 would start, but the blunt answer is, frankly, I don't think

1 they do.

2 MS. HENRY: Would it not be beneficial to a lot of
3 the ladies who have been widowed and have to go back to work
4 to help to support their children, to have a joint account
5 and have some kind of a way so she can get her credits?

6 MR. WELCH: Well, what happens automatically, Ms.
7 Henry, so that you will know that, once a woman has become
8 widowed we automatically change the file to her name, and we
9 -- in a manual bureau we do, because what has been built up
10 as a family unit should not be lost, and as soon as we are
11 aware that she is a widow, why we change it in our bureau
12 right way.

13 The first few times she applies for credit then she
14 may give her given name like Anna King, or whatever it is,
15 or Mary Smith as we're talking about. If his name was John,
16 that's where the file is, we would search John Smith if she's
17 a widow to find out which one had a wife Mary, and then try
18 to find out if she is the individual. As soon as we identify
19 it we will change the file to her name alone.

20 MS. HENRY: Then it only gets lost when she gets
21 married or divorced and has a joint account with her husband,
22 then it's --

23 MR. WELSH: It isn't lost in a physical sense. It's
24 there in the file someplace if someone will just give us the
25 right name so that we can consolidate it.

NB
lost

1 MS. HENRY: Is there a means for a married woman to
2 verify what portion of joint debts she pays? Is there any
3 means?

4 MR. WELSH: You mean that she's obligated for? She's
5 entitled to know what their credit rating is. Their joint
6 credit rating, is that what you mean?

7 MS. HENRY: That's what that looks like, what portion --

8 MR. WELSH: She can come in --

9 MS. HENRY: -- of joint debts she paid?

10 MR. WELSH: Both of them together or one or the
11 other separately can come in and find out what's in their
12 credit file and we will tell them everything that's there.

13 MS. HENRY: If a married woman goes to the bureau
14 and verifies what portion of joint debt was paid by her, will
15 the credit report indicate this on future reports?

16 MR. WELSH: Once it's verified, you bet. *How is it verified*

17 MS. HENRY: Once it gets there, you better --

18 MR. WELSH: That's the way it is with my bureau.

19 MR. ROBERTSEN: Same.

20 MR. TOOMAN: An automated bureau, we still have to
21 come back to the credit granter giving us the name on the
22 account that's paying it, who's paying the account. He
23 tells us, and if she was paying the account it wouldn't have
24 been in the joint account in the first place. She would have
25 already have had it established. So saying, for example, a

NR
1 woman comes to our automated bureau and wants to review her
2 joint account. She notes in there that some of these accounts,
3 maybe it's a woman's dress store, woman's dress shop, and
4 she says, "Well now, that shouldn't be in my joint account,
5 that should be strictly under my name." Then we would suggest
6 to her that she go to that dress store and change that account
7 so they will report it in her name the way she wants it and
8 not in the joint account, because I would assume that if it
9 came in in the joint account, when she applied for the credit
10 somebody opened the account in the husband's name rather than
11 hers or Mrs. John Jones, or whatever it happened to be. But
12 to get that account to show strictly her name, she would have
13 to start with the credit granter.

14 MS. HENRY: One last question then. What is the
15 best way for a woman who has a single credit record, a joint,
16 an individual credit record while married, and a credit
17 record while divorced, to assure a continuous credit report
18 of all this credit?

19 MR..TOOMAN: Decide what name she wants to use, get
20 the accounts in that name, and keep it that way.

21 MS. HENRY: In that order?

22 MR. TOOMAN: Yes.

23 MS. HENRY: Thank you.

24 MS. WEECH: When the -- when this woman decides
25 which name she wants, do you -- will you at the request of

1 the credit granters, change the records retroactively, or do
2 you just change them from that point on as far as the report
3 of the accounts?

4 MR. TOOMAN: The credit file will show in most cases
5 the date the account was opened, the high credit extended,
6 In an automated system now, I've got to think what goes in
7 there, the type of the account, the terms, whether it's a
8 revolving or a charge account, or whether it was a conditional
9 sales contract, and it will also give us the date of the last
10 change in status to the bureau, or the date it was reported
11 to the bureau.

12 That information will not change, only the name on
13 the account will change, so it could have been opened ten
14 years ago, but it would still show the date the account was
15 opened ten years ago, and now it's in her name.

16 MS. WEECH: Then I may seem a little obtuse on this,
17 but let me try anyway. Let's say that I opened an account
18 at Auerbach's ten years ago as a joint account. Now I go
19 in and I want to make -- I find out that it's a joint account
20 and I want it to be an individual account all the time. I
21 go to Auerbach's and I say, "Change this to my individual
22 name." They agree to do that and they send you some form of
23 information saying so.

24 Now, a year from now when someone else asks for my
25 credit record, will my individual name credit record have

*Must change
entire account*

1 that whole ten year record on it?

2 MR. TOOMAN: Yes. Yes, so long as it's the same
3 account number and they didn't change the account number.
4 That's the way we identify that.

5 MR. OSWALD: I have just a couple of questions.
6 What is your liability in terms of issuing false information?

7 MR. TOOMAN: Under the Fair Credit Reporting Act,
8 we are required to -- if a person is declined credit, the
9 credit granter who declines the consumer the account is
10 required to give the consumer the name and address of the
11 credit reporting agency where they received the information.
12 That consumer will come to the credit bureau then and review
13 the credit file. If there are any inconsistencies he disagree
14 with, any information in that file whatsoever, we are obliged
15 to reinvestigate and then, upon our reinvestigation, if we
16 discover an error, correct the error.

17 If the credit granter says the information is
18 correct and the consumer still contends there is information
19 there that is wrong, the consumer is permitted to put into
20 the file a statement, not more than 100 words, his side of
21 this particular credit transaction. He may feel that the
22 merchandise was faulty, he may feel he didn't get the service,
23 any number of reasons why he didn't pay that account the way
24 he should have, and the creditor says, "I performed it the
25 way our contract said." So as long as there is a dispute

1 between the consumer and the credit granter then we must put
2 the consumer's statement in the file. And in the case where
3 a person has been slow, for reasons, or we feel that a state-
4 ment will help the consumer, we suggest to him that he put a
5 statement in the file explaining his side of his past credit
6 history.

7 MR. OSWALD: You think there is a basic difference
8 in terms of the act or how you read it between "misinfor-
9 mation" and "lack of information"?

10 MR. TOOMAN: Now, what do you mean, "misinformation"
11 and "lack of information"?

12 MR. OSWALD: Well, if you -- if for some reason
13 there is a misleading as to the credit of an individual, and
14 you say that they didn't pay their bills, and in fact they did,
15 misinformation versus credit rating of a woman when she was
16 married simply isn't, just isn't there, and that if it was
17 there it may have made a difference in whether she obtained a
18 loan, that's lack of information.

19 MR. TOOMAN: Right. If they come in and there is
20 lack of information, a lot of credit granters will send a
21 consumer a letter based on a lack of information, "Your
22 credit has been declined." So, they will come to the credit
23 bureau and if they have additional accounts that were entered
24 into the file, we will see that the additional information is
25 entered so that they will have more information for the

1 credit granter to base his decision on.

2 MR. OSWALD: Could each of you just briefly
3 comment what recommendations you might have, if any, which
4 would make -- well, which would insure continuous credit
5 reporting to solve the problems that we have been discussing
6 today.

7 MR. WELSH: The credit bureau, Mr. Oswald, does not
8 make any attempt whatsoever to maintain an up-to-date file
9 of what everyone owes at any particular time, or who they
10 owe, in its entirety. What a credit bureau merely does is to
11 try to draw a profile or a picture of the paying habits of
12 the consumer. If his paying habits are up-to-date and as
13 agreed, it would also contain information as to what the
14 high experience he may have had under using certain types of
15 accounts. It gives a credit granter some idea as to what
16 the habits of the consumer are and not what he owes in its
17 entirety. That's an entirely different kind of report.

18 Of the credit granters that I think appeared here
19 today, retail, banks, finance companies, there are very few
20 who give us all of the information that they have. Of the
21 900 and some odd credit members, or credit bureau members
22 that Mr. Tooman says that are users of his bureau, there are
23 less than 100 that are supplying automated tapes to him, so
24 obviously he does not have all of the information available
25 on all of the people who live in this valley, nor will any

1 three of us together have it.

2 So I guess, what we're saying to you is that the
3 operation of a credit bureau is that we have enough infor-
4 mation on paying habits, any so-called adverse information
5 which will consist of bankruptcies or judgments against
6 individuals, accounts that may be placed for collection in
7 a collection department of the credit bureau, factual ledger
8 information that is supplied to us on either an automated
9 basis or a manual basis is, and inserted into the computer
10 system or into the paper file that the two other bureaus
11 have.

12 The problem that some people have is that they have
13 credit at the corner grocery store who does not report to
14 the credit bureau, who, to the money lender and the secondary
15 mortgage market whose accounts are in Phoenix, Arizona, who
16 does not report to the local credit bureau, and they may be
17 making payments to a local agent for a service fee and I am
18 sure you are aware of how that works. Our most prominent
19 banks spin off their mortgages and many of them do not have
20 a record currently of the status of those loans.

21 We see people who come to us and say, "I was turned
22 down for credit. Why?" Some credit granters in getting
23 reports from us demand and need at least three trade references
24 to be able to determine just what their habit is. How do
25 they, not who they owe, or how much, but how they have taken

1 care of their bills in the past. And they will sit across
2 the desk from us and whip out a wallet full of credit cards,
3 American Express, BankAmericard, Master Charge, you name it,
4 Diners Club, Texaco, and you know that they have had it, but
5 some of that information is not available to us.

6 American Express will not report accounts to you.
7 Texaco only tells you when an account becomes 120 days
8 delinquent, and they will tell you when the account is paid
9 and that's about it.

NB
10 The positive information that you sometimes seek to
11 make the credit decision is not always available. These are
12 real problems for some of our people. Many times we cannot
13 understand why a consumer is rejected for credit. We have
14 had people sit down across from us who have had five or six
15 trade experiences that were reported all in a positive way,
16 nothing adverse in the file, they have worked at Geneva Steel
17 for 25 years and they will get a turndown letter from some-
18 where which only leads you to believe that someone made a
19 mistake.

20 We have found that most major responsible credit
21 granters will respond to a letter of inquiry either from us
22 or from the consumer himself and since it's probably a problem
23 of the consumer, we give them the name and the address of what
24 we think is the resident credit manager, or the manager of
25 that store, and ask him to go reapply again. And we have

1 found that the credit granters admit that they -- some
2 clerical error has happened.

3 It's been one blessing of the Fair Credit Reporting
4 Act that when people are turned down for credit that they
5 are told one of two things; one, the information came from
6 the credit bureau and here's their name and address; or
7 else we checked the credit ourselves, and here's the -- and
8 this is the result of what we found out. In the case of a
9 direct checker, the store who does their own checking, who
10 does not use the credit bureau, they are obligated under the
11 law to give the nature and the substance of the information
12 so that the consumer himself, and this is a jungle, has an
13 opportunity to try to figure out, you know, why the XYZ
14 Finance Company, or the ABC Bank may have given him a poor
15 credit rating, or one that doesn't recommend him, I'll say
16 it that way.

17 And -- but that's the way the law is written and
18 some efforts have been made to clear that up because those
19 sources are not identified. In the case of the credit bureau
20 when the consumer comes in we tell him exactly how long we
21 have had a file on him, how it was originated, what the
22 information is, who told us what, and we give them the name
23 and the exact -- and it's not a rating just the story of the
24 experience which merely says, "You borrowed some money on Octo
25 1970, and the total was \$900.00, and the security was househol

*what person
finds out
when goes to
credit bureau.*

1 goods, and your payments were \$100.00 a month, and you were
2 two months delinquent when it was paid out." "And that's the
3 credit rating and the credit experience as far as that
4 particular reference is concerned. If he disputes it then
5 we go down the other way of reverifying the information.
6 Under the law we have the right and the duty to recheck
7 information and we do that. We find that occasionally there
8 are mistakes and they are corrected. And under the law any-
9 one that we gave that information to, we then notify them
10 by mail with a copy to the consumer of the change of the
11 rating if there was an error made. And if we have verified
12 it and the credit granter said, "No, he did not pay one time,"
13 we tell the consumer that again, and then if he wishes to
14 discuss it with the credit granter he can go to him.

15 But -- but trying to keep everything up-to-date is
16 an impossible task and it's just not practical. I don't
17 think so anyway.

18 MR. OSWALD: After hearing a day full of testimony
19 it would be my best judgment that the, in the credit field,
20 the accountability must be shared by you folks as well as
21 the credit granters, as well as those people asking for the
22 credit themselves, and in that, somehow that shares responsi-
23 bility to make sure that the system functions, is working.
24 There probably needs to be some -- some accountability and
25 some increased responsibility on all three areas. It seems

1 that in talking to you three gentlemen you provide a neces-
2 sary, and one which we probably couldn't do without in the way
3 that we operate our capital system, but on the other hand
4 it also sounds like, and I hate to use the cliché, but a
5 little information or half information is perhaps worse than
6 no information at all, especially with the women, many of
7 the women we have heard from today.

8 I'm also very surprised in terms of listening about
9 an automated system, that we come to a point where we have
10 too many people and therefore go to an automated system, but
11 the testimony I have heard today is that, that certainly
12 takes away information, in terms of being able to cross-
13 reference, and obtain full information about an individual.
14 I'm not sure whether automation is here to stay or not, if
15 that's the situation that we're confronted with.

16 MR. TOOMAN: It is.

17 MR. WELSH: I think the companies that we are
18 dealing with are responsive. Since Mr. Tooman has signed
19 the contract with TRW or Credit Data Corporation in Anaheim,
20 they have already agreed to make some changes that we as
21 credit bureau operators have wanted.

22 This company has a history of only furnishing a
23 credit reporting system, they were only doing it in competition
24 with regularly established credit bureaus. A year ago they
25 went into Phoenix, Arizona, and as an interbureau, computerized

1 the credit bureau in Phoenix. Salt Lake was the last effort.
2 They have been in southern New Jersey and in the Delaware
3 Valley of Pennsylvania, and New Jersey, and have a center
4 in Fairfield, New Jersey, and they are serving regularly
5 established credit bureaus and I am sure that they are data
6 technicians who normally only design systems, and say, "This
7 is what we have, if you want to take it," are coming around
8 to another factor involved.

9 But I think, after listening to some of the credit
10 granters today, and in talking with them as I do, that they
11 are changing their mind about the role of women in credit
12 and I believe that this is a relatively new development.
13 And at my advanced age, something new is, you know, way back
14 when, like 15 years or something of this kind. But I have
15 enjoyed visiting with the women's groups and I have a speech
16 that I make that's kind of aimed at the women's libber and
17 also the woman who's in credit and having the difficulty,
18 and I came up with some interesting statistics as far as
19 women in life are concerned.

20 I found that 55 percent of all the husband and
21 wife families, that both of them work, that was with no
22 children. That her share of the income is approximately 27
23 percent in a case like that. And I think you heard today that
24 some of the credit granters are giving added weight to that.
25 If there are no children involved in the family the chances

1 are good that she will continue working, and then this is
2 the part of the statistics that most women don't like. The
3 thirty-year-old woman can look forward to having another
4 career as a working wife for 27 more years, and the audiences
5 kind of cringe when there are women in it that hear that.
6 And then the other thing, we talk about pregnancy and things
7 of this kind today, that if there are children in the family,
8 the chances are 50/50 that she will go back to work, and I
9 believe that that is borne out, and that she will probably
10 work another 24 years. Can you imagine a mother looking
11 forward to that?

12 But this has all changed the labor force, and we're
13 cognizant of it in our credit reporting field, and we know
14 that with an automated bureau, that the longer the time goes
15 by, the more data base is built up, and the more experience
16 will accrue to the people who are seeking credit.

17 Under the Fair Credit Reporting Act we are obligated
18 after a certain period of time to delete information, good,
19 bad and indifferent. So we have that problem as well, a
20 legal responsibility that we have to watch out for.

21 MR. OSWALD: May I just ask what it costs per
22 inquiry, automated versus a manual system?

23 MR. WELSH: You mean the cost to the credit granter
24 when he inquires?

25 MR. OSWALD: Yes.

1 MR. WELSH: Well, we're not price fixers, so let
2 him talk..

3 MR. TOOMAN: If a manual, or if a credit granter
4 who has a teleprinter in his office that can make direct
5 access to the computer, his inquiry is \$1.20. If it's a
6 firm that makes a telephone call to the credit bureau, the
7 verbal file is \$1.30. He can get a combination verbal plus
8 a written for \$1.75, and the report is up-to-date within
9 30 days. But I don't want you to think that -- on that other
10 deal about the cross access, I'm sure that if the computer
11 center is alerted to the fact that they should have a means
12 of cross accessing other names that would be the same
13 person and so long as it can be verified that it's the same
14 person, they would come up with a system for the cross accessing
15 of that information and all of it would come out together,
16 but it's just a question of bringing that to their attention
17 that this is a need, there is a need for this and I'm sure
18 they would do it. And you can see that the cost of the
19 credit report isn't too out of line.

20 MR. OSWALD: Again, Mr. Chairman, I apologize for
21 my long-windedness and I wish to thank the three gentlemen
22 for being with us this afternoon and I understand --

23 MR. TOOMAN: Aren't you going to ask them for other
24 prices?

25 MR. WELSH: They're all about the same. Ours are in

→
*Cross
Reference*

1 Provo and Price, one dollar and a quarter.

2 MR. OSWALD: ~~I have no fruther questions, Mr.~~
3 Chairman.

4 MR. BARBERO: I have one question. Just one ques-
5 tion. You explained some of the manner in which you can
6 report the content of the file for a given person. What is
7 the mechanics to find out what is in the file of one individ-
8 ual, if the individual requests that from you? Would you do
9 that on the telephone? Does he need to write you a letter?
10 What is the method of identification?

11 MR. WELSH: The best way, Mr. Barbero, is for him
12 to come to the office, however, they can call on the tele-
13 phone. If we're convinced beyond a shadow of a doubt that
14 the person who calls us at that particular instant is the one
15 that he says he is, in my office, now we may disagree because
16 we have never talked about this, but in my office I will talk
17 to them right then and we tell them exactly everything that's
18 in the file, the names of the sources and all the details of
19 everything that we have, if he's been sued, who sued him,
20 when, how much, and what court, we give him all of that. If
21 he appears at the office we ask them to identify themselves
22 so that we are certain we're talking about that individual.

23 The law provides that we do not make that difficult
24 for that individual, the law provides that we only have to be
25 reasonably certain that he is who he says he is. He can be,

1 a man and a wife can come together,,the individual can appear
2 with one other person, in the case of someone who has a handi-
3 cap in speech or in communicating with you, or speaks another
4 language, he may bring an interpreter and we can tell the
5 interpreter. He signs a little release that we can discuss
6 the confidential matters of his file in the presence of this
7 third person, and we will tell them that, and then they
8 translate it for him however they want.

9 Normally we do not furnish copies of the report. We
10 have made it a practice in our office to describe in clear
11 English, not in business terms, in clear English what we, just
12 the way we would talk to them across the desk and we will
13 write that down for them. In case of suits or judgments
14 they say, "I have paid it," you know, "how come it isn't
15 shown paid?" We will give him the name and number of the
16 court, the number of the suit, and he can go down to the
17 courthouse and check it. We find that in the particular
18 county where I operate in Utah County, that some attorneys
19 are very dilatory in seeking judgments once the account has
20 been paid. We have found that, and it's a good thing that
21 some people come in and check to see. But normally it's a
22 very easy procedure.

23 MR. BARBERO: Is there a way that the person can get
24 hold of the -- of the records in writing? I can see that,
25 for instance, in the automated system it would be relatively

1 simple to do that, to dump out your memory of the computer
2 into a report. Would this be possible if the person was
3 willing to pay for the service?

4 MR. TOOMAN: We still don't give the copy of the
5 report out because of some of the information being coded.
6 And we have to sit down and go over the report with the
7 consumer and translate that information from the coded
8 information to the language that the consumer can understand.

9 MR. BARBERO: Yes, I understand that, but it is
10 possible that you can make the information available to the
11 consumer if he requests in writing?

12 MR. TOOMAN: Yes, we do that. In fact, when the
13 consumer comes in for a credit interview, while we're taking
14 the books and the credit report and translating the infor-
15 mation, we suggest to him that he take another form and write
16 the information out exactly as we go down the form so that
17 when he gets through, or when we get through, he will have a
18 copy in layman's language what the automated credit report
19 says.

20 MR. BARBERO: To your knowledge, can that information
21 be used legally?

22 MR. TOOMAN: No, in the past, they may look on it
23 differently now since information is sent in directly from
24 accounts receivables in the credit granter's office, but in
25 the past the courts have held that third party information was

1 not admissible and they would have to take it directly from
2 the credit granter and his ledger experience.

3 MR. BARBERO: That's all I have. Thank you very
4 much for your information.

5 MR. LEVIS: Mr. Chairman, I'd just like to ask two
6 questions if I could. I take it you're all members of the
7 Associated Credit Bureau, is that correct?

8 ALL: That's correct.

9 MR. LEVIS: And one final question. Have you ever
10 met with the credit granters to discuss your mutual problems,
11 because I think we're concerned about really, not really
12 discriminatory treatment to a large extent, as discriminatory
13 effect of both the credit granters' reporting practices to
14 you and the information you feed back to them based on what
15 they feed you, and I just wondered if you ever get together
16 to discuss changing your procedures, your joint procedures,
17 since you're interrelated, to make it easier for a woman to
18 have the same access to the same material concerning her
19 credit that a man has after he's been married, divorced, or
20 whatever?

21 MR. WELSH: We have many joint meetings. I shouldn't
22 tell Clyde, Clyde's position here, but they have monthly
23 meetings and this subject has come up. These meetings are
24 open to all the membership of his membership. In Provo we only
25 have, in the banking industry, for example, we only have two

1 independent chains. The rest of the banks are only branches
2 and the headquarters are here, policy is made in the head-
3 quarters. Frankly speaking, I don't always have access to
4 those people in order to discuss policy with them, so it
5 would obviously have to occur in the policy-making group.
6 That's about the best response I could make to it.

7 MR. ROBERTSEN: I was going to add that Associated
8 Credit Bureaus has committees that meet with national credit
9 granters and resolve these problems and discuss them on that
10 level at least, on lesser levels as in Salt Lake. In Ogden
11 we have a credit granter's group called the Ogden Credit
12 Granters Association, and we meet with them occasionally,
13 and problems of granting credit are discussed.

14 THE CHAIRMAN: Mr. Tooman, Mr. Welch, and Mr.
15 Robertsen, we appreciate very much your attendance here,
16 your participation, and I think you have given us some real
17 valuable information. I am just wondering if you have forms
18 that you use that you might be able to provide this committee?

19 MR. WELSH: We've got lots of forms. Which one?

20 MR. ROBERTSEN: We have a lot. Now, when Norma
21 Jones visited my office I gave her, I thought, what forms we
22 had. I didn't bring any with me because I assumed that what
23 I had given would be available to the committee. Do you
24 still have those?

25 MS. JONES: Yes, I have those.

1 THE CHAIRMAN: If she has those, that's fine.

2 MR. ROBERTSEN: If there's any others that you have
3 a question on, I'll be glad to mail them to you, or see that
4 they are available to you.

5 THE CHAIRMAN: Fine. Thank you.

6 MR. WELSH: Which ones are you most interested in?

7 THE CHAIRMAN: Well, the forms you use in terms of
8 the information you give back and forth, you know, to the
9 people that you deal with. If Ms. Jones has these then we
10 won't have to have them.

11 MR. ROBERTSEN: I don't recall right now what I
12 handed her.

13 THE CHAIRMAN: Just from Ogden would be fine then.
14 Maybe from the other agencies.

15 MR. WELSH: Are you talking about the report itself
16 or something of that kind?

17 THE CHAIRMAN: The forms that you use, right, the
18 reports.

19 MR. ROBERTSEN: Where we write the reports on? No,
20 I did not furnish Ms. Jones a copy of that report, however,
21 it's possible to do it.

22 THE CHAIRMAN: You can just send it to the regional
23 office, that would be fine.

24 MR. TOOMAN: Yes, we will send you a bunch of forms.

25 THE CHAIRMAN: Thank you very much. We appreciate

1 your participation. That will conclude the panel on credit
2 bureau managers.

3 Now then, our final speaker will be Representative
4 Urie, who will make remarks on current state legislation.

5

6

RITA URIE

7

8 A I can answer one of your questions about automation
9 too. The answer is that the programming effort is minimal
10 and the rest depends upon how they set up their data structure,
11 the size of your data base that you have provided for them
12 and the general computer that it's run on, and the access
13 time between, so you understand -- there are a lot of variables
14 there. But from, if you are charged a dollar twenty for
15 access to that, well, if your charge is a dollar twenty, then
16 you are paying very little and the additional that you are
17 going to pay for cross-reference should be very minimal, and
18 the programmer that didn't do it needs to be kicked in the
19 rear.

20

MR. TOOMAN: No, I think all they need to know is
21 if there's a need for this and they would do it.

22

MS. URIE: I am surprised that any programmer
23 familiar with business systems did not do it.

24

MR. TOOMAN: These were primarily data people that --

25

MS. URIE: Data processing people, yes, that's what

1 I'm saying, I'm surprised that they didn't do it.

2 MR. TOOMAN: They weren't familiar at the time that
3 they started this system with credit granters, now they are.

4 MS. URIE: And it should be not very much of a
5 change for them, and the cost should be very small. So --

6 Q (By Mr. Levis) Representative Urie, could you just
7 briefly explain how the amendment to prevent sex discrimina-
8 tion was enacted into law and what the current status is of
9 legislation to expand on that legislation in Utah?

10 A How it got enacted into law? Well, it came about
11 because of the law school here, which did a survey of all
12 the laws that would need to be changed if the Equal Rights
13 Amendment were passed, and one of the things that we have
14 run up against was the discrimination, this was -- I've
15 forgotten how it was specified, but anyway it was obvious
16 that one of our basic needs was to prevent discrimination
17 on the basis of sex, in credit primarily, but also in some of
18 these other areas. That's how the law came about.

19 As far as doing anything further, there has been
20 some discussion of including marital status. We have not
21 pursued it any further than that.

22 Q Has there been any discussion about creating an
23 enforcement agency or using the Department of Industrial
24 Commission to enforce the statute that you're talking about?

25 A The enforcement is in the attorney general's office.

1 Q And basically what does a person have to do?

2 A Complain to the attorney general's office.

3 Q Then what happens?

4 A Then I am afraid Mr. Uno would have to explain some
5 of the procedures that are involved. Some of them are out-
6 lined within the law, asking the -- of having the establish-
7 ment which is discriminating cease and desist. There are
8 also some other provisions in there that, as to -- we were
9 specifically after those which were regulated by a state
10 agency and there can be such things, I think, as revocation
11 of licenses if granted, for instance, in the State Liquor
12 Agency. There was a legal term, I am afraid I can't remember
13 right now, of other action that can be instituted. There is
14 a recourse that some are taking right now of, some have
15 hired their own lawyers, and there was at one time a case
16 that's being gathered for some class action suits. I haven't
17 heard recently on the status of those.

18 Q Are there any other laws in Utah that are being
19 reviewed because of their discriminatory effect towards
20 women?

21 A Well, we had a, as I said, the entire thing from the
22 University of Utah Law School, these were not entirely by
23 the way, discriminatory against women, but discrimination
24 on the basis of sex. There is a great deal of discrimination
25 of the basis of sex toward men. And we were looking at those

1 also. I tried to change a couple of them as -- in the age
2 of -- obtaining the age of majority in the State of Utah,
3 there's definitely discrimination as to whether or not a
4 male or a female and at what age you attain majority. I
5 tried to change that to a uniform across-the-board age of
6 18 for both sexes for all -- for all things. That didn't
7 work very well.

8 There are some other areas that we have looked at
9 and frankly, decided with the makeup of the legislature as
10 it was that we weren't going to get anywhere, and it was
11 hardly worth whacking our heads against the wall to do it
12 at that time, there were other things that we needed to do.

13 Q So there still are other areas where there is
14 discrimination on the basis of sex, in your opinion?

15 A A lot of areas, yes. One of them is in ~~one~~ one of
16 them that you and I were discussing is in our constitution
17 which is really discriminatory against the man, and that is
18 that, of course, this goes back to the days of polygamy and
19 they had a use at that time, a definite need. The woman in the
20 State of Utah can own property in her own right and the husband
21 has no claim to it, but if a husband owns property then a
22 woman, the wife, does have claim to that property.

23 Q This is real property you're talking about?

24 A Yes.

25 MR. LEVIS: I have no further questions.

1 THE CHAIRMAN: Did you want to make any kind of
2 concluding remarks on current state legislation?

3 A We have been concentrating primarily on the passage
4 of the Equal Rights Amendment, and with that, it will neces-
5 sitate the looking at the individual piece of legislation and
6 that's where the main thrust has been is toward the passage
7 of the Equal Rights Amendment.

8 THE CHAIRMAN: Thank you very much, Representative
9 Urie.

10 I would like to make a closing statement in behalf
11 of the Utah Advisory Committee.

12 The Utah Advisory Committee to the United States
13 Commission on Civil Rights is about to conclude over eight
14 hours of hearing oral testimony on the availability of credit
15 to credit worthy women. I would like to summarize the
16 testimony we have taken and explain where we go from here.

17 We have heard a great deal of testimony here in
18 the courtroom, some of it positive, some of it disappointing.
19 We have heard from a representative number of witnesses who
20 stated that they had been denied credit, or were treated in
21 some unequal manner solely because of their sex and of their
22 marital status. Some of them found the treatment insulting
23 and dehumanizing.

24 We have also heard testimony from a number of credit
25 granters who have definite policies about granting credit to

1 credit worthy women. Some of these policies are progressive
2 and show a firm understanding of the concept of "credit
3 granting to credit worthy women". At the same time the
4 committee has also heard testimony from several credit
5 granters who knowingly or unknowingly are applying standards
6 and implementing policies against credit worthy women, which
7 are not the same as those standards and policies used in
8 determining the credit worthiness of men. In other words,
9 discriminatory practices against women is suggested.

10 We have heard from the wife of the Governor of the
11 State of Utah, from a woman who pays her bills on time, with
12 an Earnest Doctor of Philosophy Degree, and from a working
13 homeowner, that the treatment of lending institutions may be
14 unfair regardless of attainment and achievement simply because
15 they are women.

16 I would like to say at this point that any witness
17 who feels that he or she has been intimidated for testifying
18 before this committee today may submit affidavits to the
19 United States Commission on Civil Rights, which will be
20 forwarded to the appropriate state or federal agencies for
21 investigation and suitable action.

22 In addition, any woman who feels she has been denied
23 credit in the areas of mortgages, personal loans, and her
24 credit cards, solely because of her sex and her marital status,
25 should submit written statement to the committee. This statement

1 will be accepted at this time and up to one week from this
2 evening. I'd like to correct that, it should be 30 days from
3 this evening. Statements may be mailed to me, Raymond S. Uno,
4 in care of the United States Commission on Civil Rights, 1726
5 Champus Street, Denver, Colorado, 80202.

6 Now that this evening is drawing to an end, the
7 committee would like those of you present to know that the
8 transcript of testimony received here today along with other
9 materials the committee has received during its investigation,
10 will be used to develop the report of these proceedings.
11 This report will contain findings and recommendations and
12 will be submitted to the United States Commission on Civil
13 Rights in Washington, D. C., and to those parties with ability
14 to provide suggested corrective action.

15 This report also will be made public not only here
16 in Utah, but will be distributed throughout seven other
17 regions across the country.

18 One woman testified that she was not able to receive
19 a credit card although she was apparently credit worthy. As
20 a result of the content of her testimony here today, she has
21 been able to speak directly with the bank card granter and
22 will receive a card.

23 We wish to thank all the witnesses who appeared
24 before this committee, the University of Utah for allowing us
25 to use their facilities, and those of you who gave of your

1 time and effort to contribute to proceedings of this day.

2 Thank you. And this draws to a close the hearing,
3 and we adjourn the hearing.

4 Thank you very much.

5

6 (Hearing adjourned at 7:20 p.m.)

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1 STATE OF ARIZONA)
2 COUNTY OF PIMA) SS:
3

4 I, JAMES E. BOULEY, do hereby certify that I am an
5 Official Shorthand Reporter; that I was present at the
6 hearing of the foregoing matter; that I took down in shorthand
7 all proceedings had and testimony adduced at said hearing;
8 that the same was thereafter transcribed under my supervision;
9 that the foregoing 348 pages represent a complete and accurate
10 transcription of my shorthand notes so taken.

11 WITNESS MY HAND this 17th day of July 1974.
12
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16 Official Shorthand Reporter
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