

Via e-mail to [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Re: Request for Information for Study on Investigations of Disputed Consumer Information Reported to Consumer Reporting Agencies

**Docket No. OP-1209**

September 17, 2004

## **A. Introduction**

Since the late 80s I have been struggling with credit bureaus and furnishers on my own behalf and on behalf of my clients. The quality of credit reports is now lower than ever. Furnishers and CRAs are conspiring to lower credit scores by omitting vital data, devastating the lives of many millions of consumers. While the FCRA has been enhanced to include furnisher responsibilities, furnishers could not possibly care less about the law.

In recent years I have been assisting clients and readers at my websites [CreditForum.org](http://CreditForum.org) and [CreditFactors.com](http://CreditFactors.com) and I learned that consumer protection laws such as the FCRA are primarily enacted to limit liability of CRAs and to preempt state laws with teeth.

I still have a difficult time believing that James McAfee, Senior Vice President and General Counsel, Federal Reserve Bank of Richmond, refused to enforce the FCRA even when I sued him and the bank. I'm sorry to have to say that I am convinced that the regulators regulate nothing but the flow of our cash into corporate bank accounts and possibly even their own pockets.

After all, it is inexplicable why regulators like Mr. McAfee refuse to investigate consumer complaints and actively work to protect the profits of the corporations they regulate.

Notably, the majority of "enhancements" in the FACT Act are enforceable only by regulators and consumers have no private cause of action, rendering these new provisions useless.

Since credit scoring and credit reporting are related, I already addressed many of my concerns in my 8/16/04 submission to the FTC regarding the FACT Act Credit Scoring Study, Matter No. P044804, posted at <http://www.fight-back.us/FACT-Act-Credit-Score-Study-pub.htm>

## **B. Credit Reporting Problems**

### **1) Furnishers and CRAs refuse to report the credit limits for revolving accounts**

From the Board's Request for Information:

“Section 623(a)(2) of the FCRA provides that when a furnisher who regularly and in the ordinary course of business reports information to one or more consumer reporting agencies determines that the information provided is not **complete** or accurate, the furnisher must promptly notify the consumer reporting agency. The furnisher must also provide the consumer reporting agency any corrections to that information, or any additional information necessary to make the information provided by the furnisher to the consumer reporting agency **complete** and accurate. Thereafter, the furnisher must not report to the consumer reporting agency any of the information that remains **incomplete** or inaccurate.” [emphasis added]

The FCRA states numerous times that the furnishers must report **complete** information.

**a) Capital One refuses to report the credit limits for almost 50 million revolving accounts.**

Capital One targets consumers with credit problems with “subprime” accounts and the damages are especially serious for consumers with no other open revolving accounts. I already described the importance of the credit limits for credit scores in my 8/16/04 FTC submission.

**b) Target Stores owns Retailers National Bank and it also fails to report the credit limits for the Target store cards.**

The Target 9/2/04 Answer (Phoenix Federal Court CIV-04-1192-PCT-NVW):

12 13 14 15 16 17 18 19 20 21	<p style="text-align: center;"><b><u>RETAILERS NATIONAL BANK</u></b></p> <p>12. In response to paragraph 96 of the Complaint, RNB incorporates by reference all other paragraphs of this Answer.</p> <p>13. In response to paragraph 97 of the Complaint, RNB admits only that it does not report the credit limits on Target store charge accounts and affirmatively alleges that it is under no legal obligation to do so.</p> <p>14. In response to paragraph 98 of the Complaint, RNB denies the allegations contained therein.</p> <p>15. In response to paragraph 99 of the Complaint, RNB denies that it failed to comply with any obligation to forward an adverse action letter to the plaintiff.</p>
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Snell & Wilmer  
L.L.P.  
LAW OFFICES  
One Arizona Center, 400 E. Van Buren  
Phoenix, Arizona 85004-2202  
(602) 382-6000

My federal complaint filed on 6/9/04 and the entire Answer are posted at <http://forum.creditcourt.com/discus/messages/4781/4781.html>

The court filings document that corporate America could not possibly care less about consumer protection legislation such as the FCRA, ECOA, FCBA and FDCPA.

In response to my CRA dispute Target had verified the incomplete reporting without the credit limit. After I sued Target, it never offered to correct the reporting, to provide me with the adverse action letter and/or to settle.

Target expects to prevail in federal court despite the FCRA requirement for complete reporting.

Target and Capital One have the support of corrupt regulators like the Federal Reserve Bank of Richmond and Mr. McAfee and they have many millions of dollars to fight me.

The CRAs have known for many years that the missing credit limits destroy the credit scores of many millions of consumers and the CRAs do nothing to ensure the accuracy of credit reports – they cater to their clients, the furnishers, and they ignore the consumer disputes.

**In 11/02, Trans Union DELETED the Capital One accounts** rather than reporting the correct limits – negatively impacting on my credit scores.

Experian and Equifax refused to add the limits and Equifax even changed the limits to ZERO for extra negative impact on my credit scores.

**In May 2003, I sent my certified mail dispute with the statements showing the credit limits to Experian and Equifax.**

Experian had the nerve to entirely refuse this dispute.

Equifax processed this dispute for one account, but failed to correct the limit and it ignored the dispute for the other account.

**On 2/24/04, after Experian refused my attempt to dispute the missing limits again, I sent my dispute to Experian's attorney Courtney E. Vaudreuil with Jones Day.** [My Exhibit AN-2, posted at <http://forum.creditcourt.com/discus/messages/803/3866.html>]

“Why did you not correct my Experian report to include all credit limits for my credit cards?”

**To date, Experian and Equifax do NOT report those credit limits on my reports, despite the litigation.**

**2) Bank One (First USA) willfully reports accounts discharged through bankruptcy as charged off, with the delinquent balances**

It is Bank One policy to report discharged accounts as charged off with the delinquent balances and it refuses to correct the reporting upon consumer disputes with the CRAs and Bank One.

Several scans of the credit reporting with the balance as well as the re-aged reporting are attached to my [Bank One press release](#) at <http://www.emediawire.com/releases/2004/3/prweb113432.htm>.

experian

Prepared for [REDACTED]  
Report number [REDACTED]

Report date  
May 06, 2003  
www.experian.com/yourcredit  
Call 800-583-4080

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Credit items continued

Source/ Account number (except last few digits)	Date opened/ Reported since	Date of status/ Last reported	Type/ Terms/ Monthly payment	Responsibility	Credit limit or original amount/ High balance	Recent balance/ Recent payment	Status/Details
FIRST USA BANK N A 800 BROOKS EDGE BLVD WESTERVILLE OH 43081 5417 [REDACTED]	1-1998/ 1-1998	1-1999/ 1-1999	Revolving/ NA/ \$0	Individual	NA/ NA	\$1,871 as of 1-1999	Status: Account charged off/ Never late \$1,871 written off. Account history Discharged Through BK Ch 7, 11, or 12 on 09/30/1998 This account is scheduled to continue on record until 1-2006.

**The CRAs not only do absolutely nothing to ensure the accuracy of credit reports, but they even verify the disputed data they KNOW to be incorrect!**

It's inconceivable that CRAs wouldn't know that the balance for a discharged account must be zero. Additionally, Experian also re-aged the account. Obviously, the date of first permanent delinquency can't possibly be after the discharge of the bankruptcy, it's extremely unlikely that a consumer continued to pay after the filing date. Yet, Experian states that it will report the account until 1-2006.

The OCC supported the Bank One illegal credit reporting, as documented at <http://forum.creditcourt.com/discus/messages/14/14.html>.

### **3) Experian and Trans Union refuse to disclose to consumers when accounts will age off the reports**

Experian no longer reports the scheduled deletion date.

About a year ago Experian stopped reporting when derogatory accounts will be deleted.

Experian used to report "This account is scheduled to continue on record until ..." (as in the scan above) and apparently that made it too easy for consumers to dispute re-aged accounts.

It is not possible to determine from the Experian credit report when a charged off account will be deleted. For unpaid charge-offs and collections often the "Date of Status" is the date

utilized by Experian, but not always. The Status Date is frequently updated, especially after payments.

I documented that Experian frequently re-aged accounts when it still disclosed the deletion dates on my own reports as well as on many reader/client reports.

Trans Union fails to disclose the scheduled deletion date

On 2/20/02, attorney Amanda Lewis, Strasburger & Price, wrote for Trans Union in response to my question:

**“How long will the collection account for Professional Recovery remain on your credit report?”**

Under the FCRA, adverse information remains on file for seven years from the date of last activity. The collection account was placed in April of 1999 so the account will be removed no later than seven years from this date.” (transcript of fax at <http://www.creditcourt.com/tu/tu-fax-2-20-02.shtml>)

The FCRA specifically states that the date of first permanent delinquency, NOT the date of last activity is to be used to age collections and charge-offs.

On 3/8/02, in response to my questions about this incorrect date, Ms. Lewis wrote:

“... I asked Trans Union to check into this further and learned that this account is scheduled to purge from your credit file in November 2004. This would indicate that the date of last activity was November 1997. ...” (transcript of fax at <http://www.creditcourt.com/tu/tu-fax-3-26-02.shtml>)

While the 11/04 deletion date is much better than the 4/06 deletion date, it is still a year late.

In 11/96 Pacific Bell (SBC) failed to credit my check for payment of my phone bill. I provided my cancelled check, clearly evidencing that the check was deposited into the Pacific Bell San Francisco Bank of America account, but Pacific Bell refused to credit the payment. Because I have a policy of paying my bills only once, I never brought the account current again and I had the phone disconnected when I moved in 11/97. The correct aging date was 11/96, not 11/97.

Is everybody confused now? Obviously, most consumers have no clue how to age accounts. The FTC publishes specific instructions for aging charge-offs and collections to furnishers at <http://www.ftc.gov/bcp/online/pubs/buspubs/infopro.htm>: 6. Reporting Delinquencies -- Section 623(a)(5).

Notably, the FTC provides absolutely no information for consumers.

**The importance of disclosure of the aging date:**

a) Obviously, the derogatory accounts should be deleted after 7 years.

b) Much more important is the disclosure of the first permanent delinquency to users of credit reports.

Upon review of my credit report in late 2001, anyone in their right mind would have declined my application for credit or housing. Despite the fact that I had no legitimate late payment since 5/96, my reports contained false charge-offs and one fraudulent Pacific Bell collection had mushroomed into 3 different collections, all with different assignment dates. Every time Pacific Bell assigned the account to another collector, they reported the account, and of course with a new assignment date.

There is apparently nothing in the FCRA requiring a collector to DELETE accounts after reassignment to another collector.

Fair Isaac uses this assignment date to rate the account for credit scores, and obviously a NEW collection or charge-off lowers scores much more than an old derogatory account.

Due to the absence of the aging date, a user had no way of knowing that this collection was from 11/96, it looked like every couple years I chose not to pay my bills.

**My credit reports portrayed me as a deadbeat.**

Additionally, Trans Union had the audacity to continue to report the collection when Professional Recovery advised that the collection had been transferred to American Agencies.

**CRA's MUST be required to disclose how charge-offs and collections are aged.**

**Equifax** reported the incorrect 11/97 date of last activity (DLA). While consumers who study credit reporting at my websites or pay me for personal consultation will learn that the Equifax DLA is the date to look for, at least 99% of consumers have no idea that the DLA is the aging date.

Since **Trans Union** and **Experian** don't report the aging date, neither users nor consumers have any way of knowing when a charge-off or collection occurred.

All CRA's should disclose either the date of the first permanent delinquency or the scheduled deletion date on every consumer disclosure and to users of reports, preferably in the same

manner by all CRAs, to make the reading of the reports a little less confusing for people who don't analyze credit reports on a daily basis.

#### **4) Why are furnishers allowed to knowingly report inaccurate data?**

From <http://www.ftc.gov/bcp/online/pubs/buspubs/infopro.htm>:

##### **1. General Prohibition on Reporting Inaccurate Information - Section 623(a)(1)(A) and Section 623(a)(1)(C).**

You may not furnish information that you know -- or consciously avoid knowing -- is inaccurate. If you "clearly and conspicuously" provide consumers with an address for dispute notices, you are exempt from this obligation but subject to the duties discussed in Item 3.

WHY can a furnisher legally provide information that it knows to be inaccurate if it provides an address for disputes?

I can think of two reasons:

- a) Most people will never dispute because they have no way of knowing which incorrect information the furnisher reports. The creditors and insurers benefit from the higher rates for artificially low credit scores.
- b) In order to find out about any incorrect data, consumers have to purchase credit reports. The CRAs benefit financially.

#### **5) The consumer dispute statements must be prohibited.**

The CRAs and the FTC constantly advise consumers to submit their up to 100-word statements when incorrect information is verified.

- a) Credit scores ignore these statements. According to Fair Isaac, over 75% of credit decisions involve their FICO scores.  
|
- b) During a manual credit review, these statements usually make consumers look like liars and not very bright.
- c) Consumers can end up reporting derogatory data after furnishers deleted.

Rather than encourage consumers to submit these at best useless statements, consumers should be encouraged to submit their complaints to the regulators for investigation. And I mean INVESTIGATION, not sending the consumers complaint numbers and doing nothing.

**6) CRAs MUST be required to lock the consumer's current address.**

I first learned in 2002 that Trans Union utilizes whatever address is reported most recently by the furnishers.

Ms. Lewis, as attorney for Trans Union, wrote on 3/26/02:

“There is nothing Trans Union can do about your creditors reporting your old addresses. Trans Union has no way of knowing and keeping up with a consumer's current address which is why the current address and previous addresses on a file can be changed.

The addresses being reported by your creditors already appear at the top of your credit file. If you want to know exactly what address is being reported by each currently reporting creditor, you will need to contact them yourself. ...” (The transcript of the fax is at <http://www.creditcourt.com/tu/tu-fax-3-26-02.shtml>)

In 2003 I documented the “**Equifax and CSC WILLFUL Enablement of Identity Theft**” at <http://forum.creditcourt.com/discus/messages/1701/1701.html>

I had advised my client to opt out of pre-approved offers because his credit reports were sent to his OLD address.

Despite my fax to Donna White in the CSC legal department, requesting that she send credit reports only to his current address, she promptly sent the investigation results with the new report to his OLD address AGAIN!

\*\*\* The dispute results claimed that a collection was deleted, but it was still on the report!

\*\*\* While my client opted out of promos on 7/18/03, the new report showed several promotional inquiries after 7/18/03. Instead of explaining how this happened, CSC deleted the inquiries from his credit report. Deletion of the evidence is often the CRAs' response to consumer questions, apparently there is no law requiring meaningful answers.

The credit reports contain the consumers' entire financial history as well as all identifying information required to steal the consumers' identity.

The incorrect OLD address is utilized by creditors who mail out pre-approvals! Those pre-approvals often result in ID theft, especially when mailed to an incorrect address.

**CRAs MUST be required to lock the consumers' current address!**

The CRAs demand that consumers notify every single creditor of the new address, for the benefit of their clients, the creditors, insurers and collectors:

- a) When a consumer notifies creditors or collectors with a delinquent account, they can immediately start collecting.
- b) If a consumer can get a creditor to do anything at all for a closed and positive account, it is most likely DELETION of the account. As the consumers lose their old positive tradelines, their credit scores go down because their account history becomes shorter and they have fewer positive accounts.

Household wouldn't even change my address after several written notices for an open account, how is a consumer going to get the address for a closed account changed?

It is almost impossible to get the addresses for closed accounts changed and to confirm the correction. I would never even try that – it's credit score suicide due to the probable deletion of my positive accounts.

### **7) CRAs often refuse to investigate disputes of incorrect addresses**

**Experian** reports literally entire pages filled with addresses.

All CRAs are reluctant to delete old or incorrect addresses or they refuse address disputes categorically, claiming that the addresses have to be disputed with creditor.

Fair Isaac claims that personal data is not included in their FICO scores, but the deletion of old or incorrect addresses is important because some users and especially landlords and employers still review credit reports manually.

- a) A landlord will be reluctant to rent to someone with many different addresses, short term tenants are not profitable and creditors and employers like to see stability as evidenced by few moves.
- b) In many areas people do discriminate based on the applicant's address. Californians and Texans are especially unpopular in New Mexico, where I have been cursed just for driving a car with California license plates. On a local level, a previous address in the ghetto will most likely impact negatively.
- c) My own reports contain many addresses where I never lived, including the addresses of bill payment services and my ex-husband's address.

- d) When a consumer is an authorized users for another person's credit card, often that person's address will be reported on the authorized user's report.
- e) I have seen credit reports with addresses at correctional institutions and mental hospitals. Would YOU hire or rent to someone with those addresses?

Previous addresses are extremely important for manual credit reviews.

Should employers and landlords be informed by the CRAs that an applicant was in jail or in a mental hospital many years ago?

**8) Student loans are reported as numerous individual loans while the borrower only gets one statement and makes only one payment.**

When a student loan is derogatory, the reporting of many delinquent loans lowers the FICO scores. The negative score factor:

**“There is evidence of multiple accounts with missing payments or having derogatory indicators/remarks”**

The student loan servicers claim that it is accurate reporting to report a new account every time the borrower receives a disbursement. This reporting of one student loan as multiple (often 5 or more) derogatory accounts is the equivalent of reporting a new account every time a new charge is made to a credit card – it makes no sense.

When a borrower gets one bill requiring one payment, the loan should be reported as one account on the credit reports.

**9) The CRAs must provide complete consumer disclosures**

I already specifically mentioned the undisclosed aging date, but there is a lot more undisclosed data.

**Experian** owns CreditExpert and ConsumerInfo.com

**CreditExpert** offers consumer products such as consumer disclosures, credit monitoring and the snake oil incorrect credit scores no lender uses. (Discussed in detail in my 8/16/04 FTC credit scoring comments.)

**ConsumerInfo.com** is also known as freecreditreport.com and everybody must have heard or seen at least a few of the commercials for the “free” credit reports. Class actions suits have been filed for unfair and deceptive practices and failure to process cancellations.

**Nobody addresses the fact that Experian's and its subsidiaries' credit reports contain only about half the data reported to creditors!**

**Trans Union owns TrueCredit.**

Just as Experian, the Trans Union and TrueCredit consumer disclosures are missing lots of data reported to the creditors and it sells incorrect snake oil scores.

**Equifax** provides the most complete reports and to my knowledge does not engage in the sale of credit scores other than the Fair Isaac FICO scores.

**None of the credit reports disclose the inquiry type utilized by Fair Isaac to determine which inquiries are ignored when consumers have multiple inquiries after shopping for mortgages and auto loans.**

The detailed explanation of deduplication is posted at <http://www.fight-back.us/forum/index.php?showtopic=105>

Through my research I determined that many auto and mortgage inquiries are not deduplicated.

It is possible that the Experian reports contain this data as the inquiry description, but I have been unable to confirm this because I don't have the legal skills and funds to successfully sue for answers to my questions.

**Currently, one of my negative FICO score factors is that I have too many inquiries.**

### **10) CRAs started to no longer disclose most credit inquiries**

In the last year Trans Union and Experian removed the "soft" inquiries from consumer disclosures.

### **11) Trans Union failed to disclose to consumers the late payments reported to creditors**

The Trans Union consumer disclosure showed NO late payments or any derogatory data for the student loan.

**"In prior 48 months from last update, never late."**

The Fair Isaac Trans Union report:

**"Worst Delinquency: 120 days past due"**

My client was a Credit Activist and the documentation is available on request.

### **12) Trans Union failed to disclose credit inquiries**

In 6/03, I noticed that the Fair Isaac credit report contained \*\* 5 \*\* credit inquiries that were not reported on the Trans Union consumer disclosure.

Details are at <http://creditforum.org/showthread.php?s=&threadid=1786>

### **Inquiries are a first sign of identity theft.**

It is extremely important for consumers to know who accessed their credit files.

I had another client with a credit inquiry on the Fair Isaac Trans Union report that was not disclosed on the Trans Union consumer disclosure. This was and maybe still is a continuing problem.

### **13) All consumer tri-merged reports are incomplete**

The CRAs sell tri-merged reports directly to consumers and many resellers also provide these combined reports.

I have never seen a consumer tri-merged report containing at least most data.

However, tri-merged credit reports provided to mortgage companies contain much more data.

### **14) Mortgage credit report resellers prohibit providing the mortgage credit reports to the consumers unless the consumer paid for the report**

There is no reason for a loan agent not to provide the mortgage credit report to the applicant other than to keep consumers from knowing what CRAs report to creditors directly and to force consumers to purchase reports from the CRAs.

### **15) CRAs and resellers charge in excess of the \$9 allowed by the FCRA for consumer disclosures.**

3 times \$9 is \$27. However, the charges for most tri-merged reports exceed \$27. ConsumerInfo.com currently charges \$34.95, Equifax charges \$29.95.

Consumers pay more for receiving only half the data!

**16) CRAs refuse all consumer calls unless a consumer purchased the report directly from the CRA.**

After consumers paid the outrageous fees for the tri-merged reports, they find that CRAs will require them to purchase the reports again – directly from each CRA.

The CRAs all utilize telephone systems requiring consumers to input a report, confirmation or file # which is NOT provided on those tri-merged reports or individually resold reports purchased from anyone but the CRA.

**17) Trans Union provides incorrect data to ConsumerInfo.com or ConsumerInfo.com alters the Trans Union credit data.**

ConsumerInfo.com purchases the credit data from Trans Union for the tri-merged reports it resells to consumers. I noticed that many of my Trans Union accounts on the tri-merged report were “unrated” instead of “paid as agreed.” This is important for credit scores as the FICO scores are lowered when accounts are not reported as “paid as agreed.”

My ConsumerInfo.com tri-merged report Exhibit AN-3 is posted at <http://forum.creditcourt.com/discus/messages/803/3793.html>

In 8/03 I advised Trans Union of the incorrect data and I faxed the ConsumerInfo.com report to Lisa at the Trans Union “Priority Department.” After her supervisor reviewed the report, Lisa advised Trans Union reported the accounts accurately as “paid as agreed” and that I needed to dispute the data with ConsumerInfo.com. The audio file of Lisa’s call is posted at <http://www.fight-back.us/forum/index.php?showtopic=95>

I requested investigation in my 2/28/04 letter to the Experian and ConsumerInfo.com attorney Courtney Vaudreuil. She responded that I needed to provide documentation for my claim, despite the fact that she had all my exhibits including Exhibit AN-3, the entire ConsumerInfo.com report. Her letter is scanned at [http://creditsuit.org/credit.php?/blog/comments/3\\_16\\_04\\_experian\\_jones\\_day\\_letter\\_i\\_have\\_no\\_idea\\_whats\\_going\\_on/](http://creditsuit.org/credit.php?/blog/comments/3_16_04_experian_jones_day_letter_i_have_no_idea_whats_going_on/)

**What is going on?**

Despite over a year of litigation and exhibits, the ConsumerInfo.com tri-merged reports continued to report the accounts as “unrated” until I was last able to review the ConsumerInfo.com report a couple of months ago.

Apparently \*somebody\* decided to prevent me from accessing my reports through the PrivacyGuard credit monitoring service (utilizing the ConsumerInfo.com reports) and new report orders result in an error message.

### **18) At times ALL CRAs refused to provide me with consumer disclosures**

Currently, **Experian** is the only CRA providing me with consumer disclosures, although I can not get the most complete Experian report, provided only to consumers who dispute online because Experian does not allow me to dispute online.

I have prepaid for credit reports with **Equifax** literally YEARS ago, but my file is blocked. Numerous times have I tried to order my reports only to get an error message.

Because I first sued **Trans Union** in 2001 in small claims after it refused my disputes entirely, I don't think I've ever being able to order the online Trans Union reports with my FICO scores. Trans Union continues to snail mail reports despite my repeated written requests not to do so due to security concerns.

Preventing access to consumer disclosures is the usual CRA response to consumer litigation.

**We can't litigate what we don't know.**

The myFICO reports with the FICO scores list specific score factors and provide much more data than the incomplete CRA consumer disclosures.

It is logical that CRAs subjected to lawsuits do not want to provide the plaintiffs with the ability to document the incorrect credit reporting as well as the resulting damages due to the lower FICO scores.

**Does consumer litigation preempt the FCRA requirement for consumer disclosures?**

### **19) Trans Union refuses phone calls from consumers due to litigation**

It does not matter how much we are willing to pay for credit reports, Trans Union will not accept our calls and instead transfers us to the "Priority Department". At Trans Union this usually means that I have to leave a voice mail. Trans Union requires that we sit by our phone until it is convenient for Trans Union to return the call days later.

### **20) Trans Union is unable to keep my credit data in ONE credit file**

In 2001 I first found out that Trans Union had TWO credit files for me. One file contained only my JC Penney account, my oldest open account and therefore extremely important for credit scores.

Despite almost 3 years of litigation, Trans Union is unable to fix this problem.

I posted the report with the JC Penney account at <http://www.fight-back.us/forum/index.php?showtopic=93>

### **21) Split, merged and duplicate files**

Aside from my own experience with Trans Union, I have seen evidence of all CRAs experiencing problems keeping exactly one credit file for each consumer.

While it is certainly understandable that problems occur, it is inexcusable that the CRAs are NOT willing or able to resolve these problems.

### **22) Equifax apparently has two sets of files, one for consumers and one for creditors**

When Equifax reports a deletion or update in response to the consumer dispute, it does not necessarily mean that creditors receive the corrected report.

### **23) Equifax often deletes positive accounts along with derogatory accounts.**

This seems to be a way for Equifax to negate the positive effect of the deletions of derogatory accounts on credit scores.

One of my clients documented in great detail how he lost numerous positive accounts. He personally visited the Equifax CSC affiliate office and the manager manually reinserted the deleted accounts. The manager could not explain why the accounts were deleted, other than to state that Equifax was responsible for the deletions.

Equifax again deleted the accounts. The local CSC office was closed and Equifax ignored my client's letter.

It seems like Equifax runs software that automatically deletes positive accounts when derogatory accounts are deleted or corrected to positive accounts.

### **24) Experian frequently refuses consumer disputes**

"Previously investigated" is the message consumers receive when they have a new dispute even when the new dispute is totally different from a previous dispute.

### **25) Trans Union frequently refuses consumer disputes**

Trans Union implemented two techniques to refuse disputes:

a) The demand that the consumer provide a copy of the driver's license and social security card.

In my case they requested this information despite the fact that I had included the tri-merged credit report with my dispute. Many consumers don't have a social security card and/or access to photo copiers.

Trans Union fails to include a phone number on their decline so that consumers can quickly resolve any identification problems or fax ID if necessary.

b) The accusation of hiring a credit repair company

There is nothing illegal about hiring someone else for credit repair as it is specifically allowed by the Credit Repair Organization Act. While it is my opinion that almost all credit repair companies are a total fraud, Trans Union has no legal right to refuse these disputes. I would certainly welcome CRA suits against credit repair companies, but to punish the consumer by refusing the disputes is totally uncalled for.

Additionally, Trans Union declines to investigate many consumer disputes submitted directly by the consumer who did not hire a credit repair company.

Clearly, Trans Union simply does not want to investigate disputes.

### **26) The reporting of collections as open and currently delinquent accounts**

Collections are CLOSED accounts and should be reported in the special "collection" section of the credit report.

This is an extremely effective technique to force consumers to pay collections that are no longer legally collectible because the statute of limitations has expired.

A 6.5 year old \$5 collection will ruin the credit scores when reported as open and currently delinquent account.

### **27) Creditors refuse to provide the adverse action letters required after credit declines.**

In addition to Target's refusal to provide the adverse action letter on page 2, Compass Bank refused to provide the reason for the decline of my checking account application in 6/2001.

Most recently, Ameriquest Mortgage Company litigation manager Carol Melber committed perjury when she submitted her affidavit to the court, claiming that I was declined because I didn't provide W-2s and paystubs. This case is described in detail in my press release posted at <http://www.prweb.com/releases/2004/9/prweb156653.htm> - accessed over 42,000 times as

of 9/17/04 and that excludes the exposure at the many websites where the news release was reposted.

The audio files proving without any doubt that the mortgage was not declined for my failure to provide documentation are posted with the news release.

It's highly unlikely that I am the only person who is not provided with the true reason for the decline: the credit reporting or credit scores.

### **C. Conclusion**

I could have submitted many more pages with credit reporting problems and documentation if hadn't ran out of time.

The regulators condone and encourage furnisher and user noncompliance and I have little chance of prevailing in court due to my lack of legal skills and funds. Of course I can't file class actions to change the horrible credit reporting practices because I'm not an attorney.

So I decided to focus on the publication of the illegal practices and inflict maximum damages to companies like Ameriquest.

**I hope that the first press release about Ameriquest results in a least \$1 million in lost revenue.**

Unfortunately, I can not utilize this approach for CRAs, as I have no choice but to recommend that readers order their reports so they can dispute the incorrect and/or incomplete data. So I will try to focus on companies like Target, Capital One and Ameriquest as well as individual regulators and politicians.

**Credit reporting serves exactly three purposes:**

- a) Debt collection
- b) A means to charge artificially high interest rates, fees and insurance premiums to many millions of disadvantaged consumers.
- c) A means to provide artificially low interest rates, fees and insurance premiums to millions of wealthy consumers

The regulators' refusal to enforce the FCRA leaves no doubt that it is the Bush administration's objective to redistribute wealth from the poor to the rich even if it requires illegal activities and they certainly did a fantastic job. According to the latest Census Bureau figures:

## **Nearly 36 Million Americans Live in Poverty**

The poverty rate has risen each year since 2000, children and racial minorities (especially blacks) fared worse than the overall population. The rate of child poverty rose to 17.6 percent from 16.7 percent in 2002—boosting the number of poor children to 12.9 million.

The Census Bureau does not account for the many thousands who died due to depression and stress after many futile attempts to correct the credit reports and increase credit scores.

Mr. McAfee wrote to me on 4/12/04 in response to my renewed request for FCRA enforcement regarding the Capital One refusal to report the credit limits:

“... I enclose an advisory letter on consumer credit reporting practices issued four years ago by the Federal Financial Institution Examination Council, which comprises all the federal bank supervisors, including the Board of Governors of the Federal Reserve System. The published advisory letter notes that some financial institutions have stopped reporting consumer credit lines and credit balances; indeed, that some institutions are no longer reporting any loan information on certain borrowers. The Council acknowledges that the practice results in incomplete credit data on customers. However, the Council does not criticize the practice as illegal and does not direct regulated institutions to report more fully. Instead, the letter requests institutions to be aware that credit reports are incomplete and to take actions to "effectively identify and compensate for missing data. ...”

This advisory letter was issued on 1/19/2000, almost 5 years ago, and it is posted at <http://www.ffiec.gov/press/pr011800.htm>

**Clearly, financial institutions have been concerned with inaccurate and incomplete credit reporting and especially the refusal to report credit limits for many years.**

Not only are disadvantaged consumers exploited, but creditors are unable to properly evaluate the consumers' credit worthiness.

Every person responsible for this outrageous FFIEC opinion should be fired.

According to Mr. McAfee, this apparently includes the Governors of the Federal Reserve System. While I can't see any excuse for the defense of these illegal credit reporting practices, I will greatly appreciate your explanation and possibly correction of Mr. McAfee's statement by 9/30/04.

I will provide this submission and my FTC credit scoring comments to the members of the Senate Finance Committee and the House Financial Services Committee and ask for:

- a) immediate enforcement of the FCRA by the regulators
- b) issue of a new advisory letter stating that from now on creditors will be held responsible for FCRA violations and that all furnishers are to report complete account data including the credit limits
- c) restitution for the many millions of Capital One and Target customers whose credit scores were lowered due to the incomplete reporting
- d) a formal and hopefully criminal investigation of the conduct of all persons involved in this obstruction of justice

I will be happy to provide additional documentation and answer any questions, preferably via e-mail to [christine@bayhouse.com](mailto:christine@bayhouse.com).

Sincerely,

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c: posted at <http://www.fight-back.us/9-17-04-FRB-credit-reporting-study.htm>