

**SCHWARTZ & BALLEN LLP**

1990 M STREET, N.W. • SUITE 500  
WASHINGTON, DC 20036-3465

(202) 776-0700

FACSIMILE  
(202) 776-0720

www.schwartzandballen.com

**MEMORANDUM**

May 20, 2004

To Our Clients and Friends

Re: Federal Reserve Board Study on  
Prescreened Solicitations of Credit and Insurance

The Federal Reserve Board (the “Board”) is requesting comments in connection with a study it is conducting on unsolicited firm offers of credit or insurance, as required by §213(e) of the Fair and Accurate Credit Transactions Act. The Board is to consider the ability of consumers to avoid receiving prescreened solicitations, the potential impact further restrictions on prescreened solicitations may have on consumers and the benefits to consumers of the prescreened offers. Comments must be received by July 23, 2004.

**PROVISIONS ON PRESCREENED SOLICITATIONS**

The Fair Credit Reporting Act allows consumer reporting agencies (“CRAs”) to furnish consumer reports to agencies for use in connection with prescreened solicitations. A CRA may furnish the report if the transaction consists of a “firm offer of credit or insurance.”<sup>1</sup>

CRAs are required to provide and maintain a system that allows consumers to opt-out of prescreened lists. Consumers may opt-out through a toll-free telephone number or by submitting a signed notice of election form to the CRA.

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<sup>1</sup> A “firm offer of credit or insurance” is an offer of credit or insurance to a consumer that will be honored if the consumer is determined, based on the consumer report, to meet specific criteria used to select the consumer for the offer.

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The Board is requesting comment on the following issues:

- The extent to which insurance providers are providing prescreened solicitations to consumers;
- The mechanisms available to consumers to notify lenders and insurers that the consumer does not wish to receive prescreened solicitations;
- The extent to which consumers are using existing mechanisms to avoid prescreened solicitations and what percent have chosen to opt-out of the solicitations;
- The benefits to consumers of prescreened solicitations;
- The adverse effects or costs to consumers as a result of receiving prescreened solicitations; and
- The need for additional restrictions, if any, on the ability of CRAs, lenders or insurers to provide prescreened solicitations to consumers.

A copy of the notice of study can be found on our website at [http://www.schwartzandballen.com/whats\\_new.html](http://www.schwartzandballen.com/whats_new.html).

If you have any questions, please call Gilbert Schwartz, Robert Ballen or Tom Fox at (202) 776-0700.