

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on March 08, 2002 in Room 123-S of the Capitol.

All members were present except:                      Senator Brungardt      (Excused)  
   Senator Steineger      (Excused)  
   Senator Wagle          (Excused)

Committee staff present:                                      Sherman Parks, Revisor of Statutes  
   April Holman, Legislative Research  
   Lea Gerard, Committee Secretary

Conferees appearing before the committee:              Representative Dave Huff  
   Steve Rarrick, Deputy Attorney General  
   Terry Leatherman, KCCI

Others attending:    See attached list.

**Hearings on HB 2676—Electronically printed credit card receipts restrictions:**

Representative Dave Huff, District 30, testified in support of **HB 2676 (Attachment 1)**. The bill would make it a requirement for all retailers to xxxx out at least all but the last five numbers of credit cards when you make your credit card purchases.

Senator Barone asked Representative Huff if there would be a cost to the business community to implement this requirement. Representative Huff stated he talked with First Data Corporation which controls about 85% of the systems and the newer models that have been shipped for the last couple years can easily be updated at no cost. The older models could be updated at a minimum fee of \$50. to \$100.

Chairperson Brownlee asked Representative Huff why the delay in implementation. Representative Huff stated that you have to give the credit card companies that make the electronic machines some time to reprogram. Currently seven states have a similar bill and this bill was modeled after the State of Washington that this gives retailers plenty of time to come into compliance with the law.

Steve Rarrick, Deputy Attorney General, testified on behalf of the Attorney General in support of **HB 2676 (Attachment 2)** stating it will further protect consumers from misuse and theft of credits cards and is an important and ongoing privacy issue. Technology is in place and the bill gives ample time for businesses to come into compliance.

Senator Barone asked Steve Rarrick what the penalties will be under Section D. Steve Rarrick stated it would be the normal penalty under the Consumer Protection Act which is up to \$10,000 for each violation that is set by a District Court Judge in the event there was prosecution.

Terry Leatherman, KCCI, testified as a neutral party for **HB 2676** stating there is consumer concern about the receipts out there and the business community is already responding to this issue.

There being no further conferees wishing to testify, the hearing for **HB 2676** was closed.

Chairperson Brownlee stated she is offering an amendment to **HB 2676 (Attachment 3)**. The amendment would address that the retail employer would have to be responsible to train and educate their employees to compare customer signatures on credit and debit card transactions.

Chairperson Brownlee asked that Steve Rarrick check to see what the Attorney General's position is and if there would be a better way to word the amendment for **HB 2676**.

The committee considered the reappointment of Dan C. McClenny, member, Employment Security Board of Review, term expiring (**Attachment 4**).

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE at on March 08, 2002 in Room 123-S of the Capitol.

Senator Jenkins moved, seconded by Senator Jordan to confirm the reappointment of Dan C. McClenny, member, Employment Security Board of Review. Motion carried.

The committee considered the reappointment of LaVon G. Wenger, member, Kansas Export Loan Guarantee Board of Review, term expiring (Attachment 5).

Senator Jordan moved, seconded by Senator Kerr to confirm the reappointment of LaVon G. Wenger, member, Kansas Export Loan Guarantee Board of Review. Motion carried.

Meeting adjourned at 9:30 a.m.

The next meeting is scheduled Monday, March 11, 2002 at 8:30 a.m.



**HB 2676**  
**CREDIT CARD**

Thank you Madam Chairperson,

HB 2676 would help to protect consumers from credit card fraud. This bill would make it a requirement for all retailers to xxx out at least all but the last five numbers of credit cards when you make your credit card purchases. This should be done on both the customer and the retailer copy. Many retailers already do this, but many do not. Numerous times, credit card numbers are copied from receipts and are then used to make purchases over the phone or on the internet. Fraudulent credit card use is a big business across our country and our state. Anywhere that you use your credit card, the original copy or receipt could be taken by a dishonest employee and copied. I myself have inadvertently forgotten to pick up my receipt when the purchase has been small. Discarded receipts could also be found and copied.

The Office of the Attorney General states that there would be negligible fiscal effect when HB 2676 is passed, as businesses that accept credit cards would be given until July 1, 2003 or July 1, 2004 to come into compliance with the restrictions. The Department of Administration also anticipates no fiscal effect from passage of HB 2676 as state agencies that are subject to the provisions of this bill could reprogram existing or new machines with current resources to restrict printing of the account numbers and expiration dates.

Madam Chairperson, this is a good consumer protection bill for the citizens of Kansas. I will be glad to stand for questions.

H13-2676

CEDAR NILES 66  
1800 E. SANTE FE  
GARDNER, KS 66030

CEDAR NILES 66  
1800 E SANTE FE  
GARDNER KS  
STORE NUMBER  
9800460017

DATE: 12/09/01  
TIME: 11:38:49  
TONYA PHIPPS

M/C XX/XX ACCT#  
XXXX XXXX XXXX 4710

→ GOOD!

PUMP# 9  
UNLEAD 7.817G  
SELF  
PRICE/GAL \$1.049  
FUEL TOTAL \$8.20  
TOTAL \$8.20

INVOICE# 004960  
AUTH# 903650

THANK YOU FOR  
SHOPPING AT  
CEDAR NILES 66

STONEWALL INN RESTAURANT  
10240 PFLUMN  
LENEXA, KS 66215

DATE: DEC12'01 01:32PM

CARD TYPE: VISA

ACCT #: -4356002505046480

EXP DATE: -01/02

AUTH CODE: 023197

CHECK: 2261

GST CHK ID: 1

SERVER: 68 TONYA

→ BAD!

SUBTOTAL \$ 5.00

TIP 2.00

TOTAL 7.00

SIGNATURE

*David C Huff*

THANK YOU!!!  
COPIANT COPY

REP. DAVID HUFF #30



# CARD: Scam involves scores of credit accounts

Continued from A-1

employees, and showed a motel clerk a letter that said a woman was Pierce's sister and was authorized to use her card, police said.

Police detectives looked through the room and found a handwritten list of 145 account and Social Security numbers. The entries were dated from July through November 2001.

The detectives sent phone messages to everyone on the list, and doubt that there are any other victims.

Pierce, whose Visa number was one of the last on the list, remembers the man knocking on her door in Independence the week after Thanksgiving. It was dark, but the stranger quickly put her at such ease that she invited him inside to hear more about his sales pitch.

"I felt real comfortable with him in my home," Pierce said. "He seemed suave and very professional."

She gave him her Visa number, had the security system installed

and never worried about the transaction until police told her about the arrest Wednesday.

The man had been working as a private contractor for Kansas City Security Systems, which is based near the Overland Park motel. He eventually stopped going to work but never told the company he was quitting, co-owner Glenn Golden said.

"We're...trying to run a great business, an ethical business," said Golden.

He said his company was working with police to make sure customers wouldn't have to pay any fraudulent charges.

"We want to make sure our customers aren't inconvenienced," he said.

Golden said he told Pierce he would pay the \$50 maximum charge that she could be held responsible for. He said he wanted to help prosecute if someone cheated other customers.

Golden said he didn't know how long the man had contracted as a salesman for Kansas City Security Systems but doubts he held the job

## Protect yourself

You can't always prevent credit card fraud. But there are some steps you should take:

- **Check statements** every month to be sure charges are accurate.
- **Sign cards** as soon as you get them.
- **Record account numbers**, card expiration dates and the telephone numbers and addresses of card issuers.
- **When signing** a receipt, draw a line through any blank space above the total.
- **Write "void"** on incorrect receipts.
- **Never sign** blank receipts.
- **Destroy** carbons.
- **Keep receipts** to compare with billing statements and check the bills as soon as they arrive.
- **Report any questionable** charges promptly and in writing to the card issuers.
- **Notify card companies** in advance if your address will change.
- **Never lend cards** to anyone.
- **Don't give out** account numbers over the phone unless you are calling a company you know is reputable.

### Reporting losses, fraud

If your cards are lost or stolen, immediately call the issuers. Many companies have toll-free numbers and 24-hour service. By law, once you report the loss or theft, you have no further responsibility for unauthorized charges. In any event, your maximum liability under federal law is \$50 per card.

### How to get help

For more information on consumer issues, call the Federal Trade Commission toll-free at **1-(877)-FTC-HELP (1-877-382-4357)** or check its Web site, **www.ftc.gov**.

Source: Federal Trade Commission

The Kansas City Star

contractors in the future.

To reach Richard Espinoza, Johnson County police reporter, call (816) 234-7714 or send e-mail to [respinoza@kstar.com](mailto:respinoza@kstar.com).

# Credit card scammer tarries too long

By RICHARD ESPINOZA  
The Kansas City Star

Laurie Pierce was startled to open her credit card bill Wednesday and discover she'd been charged \$100 for a room at an Overland Park motel she never had visited.

But a call to the motel left her even more surprised.

A clerk told her she was staying in the room at that very moment — and had been for a month.

Pierce called police.

At the motel room, detectives found a former security system salesman who they think had been living off credit card numbers he stole from 145 customers.

Police arrested the man and a woman they said was living with him. Neither had been charged by Thursday afternoon.

Since at least Dec. 16, police said, the man and woman have been charging cab rides, take-out food and the room at Microtel Inn & Suites, 8750 Ballentine St. They rented the room and bought a \$30 meal on Pierce's Visa account, then switched to other credit card numbers and kept charging until Pierce called police, investigators said.

Police had found at least \$1,700 in fraudulent charges on Pierce's card and another. They were looking for other unauthorized charges on other cards.

The two had a card in the name of one victim, but made purchases without cards using only the names, account numbers and card expiration dates of other people. They gave the numbers over the phone to restaurant and cab

## Republican Bill Brief for HB 2676

**Sponsored by:** Representative Huff

**Final Action:** Be Passed on  
Consent Agenda

**Reporting Committee:** Business, Commerce & Labor

**Date:** 02-13-02

**A Bill Concerning:** Credit Card Receipt Restrictions

**What Bill Does:** The bill will require that your credit card receipt will only show the last 5 digits of your credit card number. This would take effect July 1, 2003 for all new credit card machines and July 1, 2004 for existing models. This applies to all electronically printed receipts only!

**Political Reality/Implications:** Excellent consumer protection bill currently in other states.

**Committee Amendments:** None

**Possible Floor Amendments:** None

**Proponents:** Representative David Huff,  
Steve Rerrich-Consumer Protection Agency  
Attorney General Office  
KCCI (Neutral)-Terry Letherman

**Opponents:** None

**Fiscal Note:** None

**Who will carry the Bill:** Rep. Huff (If removed from Consent Agenda)





CARLA J. STOVALL  
ATTORNEY GENERAL

State of Kansas

## Office of the Attorney General

CONSUMER PROTECTION / ANTITRUST DIVISION

120 S.W. 10TH AVENUE, 2ND FLOOR, TOPEKA, KANSAS 66612-1597

PHONE: (785) 296-3751 FAX: (785) 291-3699

CONSUMER HOTLINE  
1-800-432-2310

Testimony of  
Steve Rarrick, Deputy Attorney General  
Consumer Protection Division  
Office of Attorney General Carla J. Stovall  
Before the Senate Commerce Committee

RE: House Bill 2676

March 8, 2002

Chairperson Brownlee and Members of the Committee:

Thank you for the opportunity to appear on behalf of Attorney General Carla J. Stovall today to testify in support of House Bill 2676. My name is Steve Rarrick and I am the Deputy Attorney General for Consumer Protection.

The Attorney General supports House Bill 2676 because it will provide further protection to consumers in Kansas from misuse and theft of their credit cards. This bill was appropriately introduced during National Consumer Protection Week, which focused on privacy and identity theft. While it is our understanding that many businesses have implemented these safeguards already, the bill gives a reasonable time for businesses to come into compliance.

On behalf of Attorney General Stovall, I urge you to pass this bill out favorably. I would be happy to answer questions of the Chair or any member of the Committee.

Senate Commerce Committee  
March 8, 2002  
Attachment 2-1

3  
4 HOUSE BILL No. 2676

5  
6 By Representative Huff

7  
8 1-23

9  
10 AN ACT relating to credit cards [and debit cards]; providing certain  
11 restrictions on electronically printed receipts.

12  
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. (a) No person, firm, partnership, association or corpora-  
15 tion which accepts credit cards [or debit cards] shall print more than  
16 the last five digits of the credit card [or debit card] account number or  
17 print the credit card [or debit card] expiration date on a credit card [or  
18 debit card] receipt issued to the cardholder.

19 (b) This section shall apply only to receipts that are electronically  
20 printed and shall not apply to transactions in which the sole means of  
21 recording the credit card number is by handwriting or by an imprint or  
22 copy of the credit card.

23 (c) This section applies on July 1, 2003, to any cash register or other  
24 machine or device that electronically prints receipts for credit card [or  
25 debit card] transactions and is placed into service on or after July 1,  
26 2003, and on July 1, 2004, to any cash register or other machine or device  
27 that electronically prints receipts for credit card [or debit card] trans-  
28 actions and is placed into service prior to July 1, 2003.

29 (d) Violation of this section shall be deemed an unconscionable act  
30 as defined by K.S.A. 50-627, and amendments thereto.

31 (e) This section shall be part of and supplemental to the Kansas con-  
32 sumer protection act.

33 Sec. 2. This act shall take effect and be in force from and after its  
34 publication in the statute book.

35  
36  
37 Sec. 2. (a) Each retail employer shall be responsible to train and educate  
38 their employees to compare customer signatures with the signature on the  
39 credit card used in a transaction.  
40 (b) This section shall apply on January 1, 2003.  
41 (c) Violation of this section shall be deemed an unconscionable act as  
42 defined by K.S.A. 50-627, and amendments thereto.  
43 (d) This section shall be part of and supplemental to the Kansas consumer  
protection act.

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3

Senate Confirmation  
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