

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 79-23
February 6, 1979

RIGHT TO FINANCIAL PRIVACY ACT OF 1978

Proposed Model Statement of Financial Privacy Rights

TO ALL BANKS, OTHER CREDITORS,
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors of the Federal Reserve System has published for comment a proposed statement of customer rights under the "Right to Financial Privacy Act of 1978." This statement is being issued in order to implement Section 1104(d) of the Act, which requires the Board to prepare a model statement of customers' financial privacy rights. This statement is intended to be used by banks, credit unions, credit card issuers, thrift institutions, and other financial institutions. Institutions making use of the Board's model statement, as finally adopted, to notify their customers of their rights will be deemed to have complied with Section 1104(d) of the law.

Comments on the proposed statement should be addressed to Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and should refer to Docket No. R-0197. Comments should be received by the Board on or before February 16, 1979.

Questions on the Financial Privacy Act may be addressed to our Consumer Affairs Section, Ext. 6171.

A copy of the Board's proposed statement is attached.

Sincerely yours,

Robert H. Boykin

First Vice President

Attachment

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-492-4403 (intrastate) and 1-800-527-4970 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Docket No. R-0197

PROPOSED STATEMENT OF CUSTOMER RIGHTS
UNDER THE FINANCIAL PRIVACY ACT

AGENCY: The Board of Governors of the Federal Reserve System.

ACTION: Proposed Statement of Customer Rights under the "Right to Financial Privacy Act of 1978"

SUMMARY: This Proposed Statement sets forth rights that customers of financial institutions have under the "Right to Financial Privacy Act of 1978" (Public Law 95-630.) This proposal is being issued in implementation of section 1104(d) of the Act, which requires the Board to prepare a model Statement of customers' financial privacy rights. The Act also requires financial institutions to notify customers of their financial privacy rights, and if these institutions use the Board's Statement for that purpose they will be deemed to be in compliance with the Act's requirement.

The Board is not required to publish notice or to solicit public comments about this proposal, but has chosen to do so because it believes that public comments will aid the Board in its consideration of the Proposed Statement. Interested persons are therefore invited to submit relevant data, views or comments. Any such materials should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and must be received by February 16, 1979. All material submitted should include the Docket

No. R-0197. All materials received will be made available for inspection and copying upon request except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information (12 C.F.R. § 261.6(a).)

DATE: Comments must be received by February 16, 1979.

ADDRESS: Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. All material submitted should include the Docket Number R-0197.

FOR FURTHER INFORMATION CONTACT: Anne J. Geary, (202-452-2761), Division of Consumer Affairs, or MaryEllen A. Brown, Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: Publication of this proposed Statement was delayed pending further action on legislative initiatives to limit the applicability of section 1104(d) of the Right to Financial Privacy Act, Public Law 95-630. First, on January 10, 1979, the Board acting on a resolution from its Consumer Advisory Council, voted to transmit to the Congress a recommended amendment to section 1104(d) that would require financial institutions to give a customer the statement of financial privacy rights at the time a Federal agency sought to have access to the customer's records. Following the Board's action, members and staff of Congressional committees stated publicly an intention to limit applicability of section 1104(d) by means of amendment or amendments that would be introduced in the 96th Congress. Then, on January 16, 1979, Senator

Proxmire introduced S. 37 which would repeal section 1104(d). Other amendments to section 1104(d) may also be forthcoming, but none have been introduced as yet, and there has been no further action in Congress.

The Board's Proposed Statement follows:

PROPOSED STATEMENT OF
CUSTOMER RIGHTS UNDER THE
FINANCIAL PRIVACY ACT

Federal law protects the privacy of your financial records. Before banks, savings and loan associations, credit unions, credit card issuers or other financial institutions may give financial information about you to a Federal agency, certain procedures must be followed.

CONSENT TO RELEASE OF FINANCIAL RECORDS

You may be asked to consent to make your financial records available to the Government. You may withhold your consent, and your consent is not required as a condition of doing business with any financial institution.

WITHOUT YOUR CONSENT

Without your consent, a Federal agency that wants to see your financial records may do so ordinarily only by means of a lawful subpoena, summons, formal written request, or search warrant for that purpose.

Generally, the Federal agency must give you advance notice, explaining why the information is being sought and telling you how to

object in court. The Federal agency must also send you copies of court documents to be prepared by you with instructions for filling them out.

EXCEPTIONS

In some circumstances, a Federal agency may obtain financial information about you without advance notice or your consent. For example, information may be released: when authorized by the Internal Revenue Code; when required by law to be reported; when there has been a possible violation of Federal law; when required by a Federal loan program (however, you have the right to ask which agency(ies) obtained this loan information about you and when).

TRANSFER OF INFORMATION

Generally, a Federal agency must tell you if any records obtained from a financial institution are transferred to another Federal agency.

PENALTIES

If a Federal agency or financial institution violates the Financial Privacy Act, you may sue for damages or to seek compliance with the law. If you win, you may be repaid your attorney's fees and costs.

ADDITIONAL INFORMATION

If you have any questions about your rights under this law, or about how to consent to release your financial records, please call (phone number of financial institution's office that answers customer privacy questions.)

Board of Governors of the Federal Reserve System, January 26, 1979.

(signed) Theodore E. Allison

Theodore E. Allison
Secretary of the Board

[SEAL]