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H. R. 16939

Florence P. Dwyer

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91st CONGRESS
2D SESSION

H. R. 16939

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 1970

Mrs. DWYER introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To safeguard the consumer by prohibiting the unsolicited distribution of credit cards and limiting the liability of consumers for the unauthorized use of credit cards, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 103 of the Truth in Lending Act (82 Stat.
4 146) is amended by redesignating subsections (j), (k),
5 and (l) as subsections (p), (q), and (r), respectively, and
6 by adding after subsection (i) the following:

7 “(j) The term ‘adequate notice’, as used in section 133
8 means a printed notice on any credit card issued to a card-
9 holder, or on or accompanying each periodic statement set-

1 ting forth the account of a cardholder, which sets forth
2 clearly and conspicuously the potential liability of the card-
3 holder as described in section 133 so that a person against
4 whom such notice is to operate could reasonably be expected
5 to have noticed it and understood its meaning. Such notice
6 shall also set forth the address and telephone number of the
7 card issuer that the cardholder should communicate with in
8 case an unauthorized use of a credit card has occurred or may
9 occur.

10 “(k) The term ‘credit card’ means any card, plate,
11 coupon book or other credit device existing for the purpose
12 of obtaining money, property, labor, or services on credit.

13 “(l) The term ‘accepted credit card’ means any credit
14 card which the cardholder has requested and received or has
15 signed or has used, or authorized another to use, for the
16 purpose of obtaining money, property, labor, or services on
17 credit.

18 “(m) The term ‘cardholder’ means any person to whom
19 a credit card is issued or any person who has agreed with
20 the card issuer to pay obligations arising from the issuance
21 of a credit card to another person.

22 “(n) The term ‘card issuer’ means any person who
23 issues a credit card.

24 “(o) The term ‘unauthorized use’, as used in section
25 133, means a use of a credit card by a person other than the

1 cardholder who does not have actual, implied, or apparent
2 authority for such use and from which the cardholder re-
3 ceives no benefit.”

4 SEC. 2. (a) The Truth in Lending Act (82 Stat. 146)
5 is amended by adding after section 131 the following
6 sections:

7 **“§ 132. Issuance of credit cards**

8 “No credit card shall be issued except in response to a
9 request or application therefor. This prohibition does not
10 apply to the issuance of a credit card in renewal of or in
11 substitution for an accepted credit card.

12 **“§ 133. Liability of holder of credit card**

13 “(a) A cardholder shall be liable for the unauthorized
14 use of a credit card only if the card is an accepted credit card,
15 the liability is not in excess of \$50, the card issuer gives
16 adequate notice to the cardholder of the potential liability, the
17 card issuer has provided a method whereby the user of the
18 credit card can be identified as the person authorized to use
19 it, the unauthorized use occurs before the cardholder has
20 notified the card issuer that an unauthorized use of the credit
21 card has occurred or may occur as the result of loss, theft,
22 or otherwise, and the card issuer has taken such action, after
23 being so notified by the cardholder, as is reasonably designed
24 to advise those merchants or others with whom the credit
25 card is likely to be used of the possibility that an unauthorized

1 use thereof may occur. For the purposes of this section, a
2 cardholder notifies a card issuer by communicating with the
3 card issuer in writing or by telephone at the address or tele-
4 phone number set forth by the card issuer pursuant to the
5 requirements of section 103 (j).

6 “(b) In any action by a card issuer to enforce liability
7 for the use of a credit card, the burden of proof is upon the
8 card issuer to show that (1) the use was authorized, or (2)
9 if the use was unauthorized, that the conditions of liability
10 for the unauthorized use of a credit card, as set forth in sub-
11 section (a), have been met, or (3) in case of an alleged
12 billing error, an actual use occurred for which the cardholder
13 is liable under the provisions of section 133.

14 “(c) Except as provided in this section, a cardholder
15 incurs no liability from the unauthorized use of a credit card.”

16 (b) The table of contents of chapter 2 of the Truth in
17 Lending Act is amended by adding at the end thereof the
18 following:

“132. Issuance of credit cards.

“133. Liability of holder of credit card.”

19 SEC. 3. The amendments to the Truth in Lending Act
20 made by this Act shall become effective as follows: (1) sec-
21 tion 103 (j), (k), (l), (m), (n), and (o) and section 132
22 immediately after the enactment of this Act; and section 133
23 upon the expiration of three months after the enactment of

1 this Act except that, in the case of credit cards issued prior to
2 the date of enactment of this Act, the method of identification
3 provision shall not become effective until the expiration of one
4 year after the enactment of this Act.

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To safeguard the consumer by prohibiting the unsolicited distribution of credit cards and limiting the liability of consumers for the unauthorized use of credit cards, and for other purposes.

By Mrs. DWYER

APRIL 13, 1970

Referred to the Committee on Banking and Currency