



Credit Union National Association

cuna.org

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September 29, 2009

The Honorable Henry Waxman
Chairman
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

The Honorable Joe Barton
Ranking Member
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20515

Dear Chairman Waxman and Ranking Member Barton:

On behalf of the Credit Union National Association (CUNA), I am writing regarding H.R. 2221, the *Data Accountability and Trust Act*. CUNA represents nearly 90 percent of America's nearly 8,000 state and federally chartered credit unions and their 90 million members.

Data security breaches have negatively impacted credit unions and their members, exposing their members and consumers to identity theft and fraud and exposing credit unions to "reputation risk" and actual monetary costs. While we have significant concerns regarding this legislation, we generally applaud legislation aimed at giving consumers more information when their personal information has been compromised.

H.R. 2221 would set nationwide requirements for businesses to notify affected individuals when a breach of data security results in unauthorized parties gaining access to their personal data. While well-intentioned, we are concerned that the legislation does not adequately address the notification issue. The entities that have experienced data breaches in recent years do not typically have the necessary contact information to reach the individuals whose accounts may have been compromised; however, the financial institutions of affected accountholders certainly do.

We would encourage you to consider language providing for the notification to be done by the financial institutions of the affected accountholders at the expense of the entity that has lost the data. Credit unions currently do this at their own expense for members when they are notified of breaches by the merchant or card associations. They have the contact information, but should be compensated for the expense caused by the data breach. Further, we would encourage you to include language that permits the financial institutions to disclose the source of the breach or loss to affected accountholders. Without being able to disclose the source, credit unions are exposed to reputation risk—the loss of confidence in the credit union by the members—in addition to actual monetary costs.



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We applaud efforts to reduce data breaches, increase data security and ensure that consumers are notified not only that a breach involving their personal information has occurred, but also the source of the breach. On behalf of America's credit unions, thank you very much for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Daniel A. Mica". The signature is written in a cursive style with a large initial 'D'.

Daniel A. Mica
President & CEO