



March 30, 2000

Secretary
Federal Trade Commission
Room H-159
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

RE: Gramm-Leach-Bliley Act Privacy Rule, 16 CFR Part 313 -- Comment

Attention: Secretary

On behalf of Travelers Express/MoneyGram, I would like to thank you for the opportunity to comment on the Proposed Privacy Rule 16 CFR 313. Although Travelers Express/MoneyGram supports the underlying purpose of the Rule, it finds the application of this Rule to our industry inappropriate and overly burdensome. I strongly urge the Commission to extend the comment period to allow for further study and full exploration of the possible consequences to the various industries.

Based on our initial analysis, Travelers Express/MoneyGram opposes any implementation of this Rule at this time. The full impact of this Proposed Rule could lead to the demise of the money order and money transmitter industries. We strongly urge the Commission to reconsider adoption of the Rule, and at a minimum exempt our industry from its application.

Some aspects of the Proposed Rule are of particular concern to Travelers Express/MoneyGram including: According to the definition of "financial institution" in §313.3(j)(1), the proposed Rule appears to apply to the money order/ money transmitter industry but the Rule fails to adequately consider the impracticality of that application. For example, our consumers are typically not established customers but they are repeat users and do commonly make more than one isolated transaction with our selling locations. Proposed Rule §313.3(i)(2)(ii)(A) states that "a consumer does not have a continuing relationship if: the consumer only obtains a financial product or service in an isolated transaction such as: ... purchasing a cashier's check or money order from you; ...or making a wire transfer through you;" This would appear to apply to the selling location, but it is not clear how it would apply to Travelers Express/MoneyGram.

As the Commission can see, this definition describes the services we provide but it is not clear from the vague definitions in §313.3(e) and (h) that the mere fact that they use our services more than one time makes them a customer. If implemented, the Rule should be amended to clarify that it does not apply to a provider of money orders or money transfer services if the provider does not maintain a depository account relationship with the consumer.

The money transmission industry is heavily regulated by state laws and by those agencies in the states that regulate banking. As a result, Travelers Express/MoneyGram is already required to comply with many notice and disclosure regulations. The additional notice requirement set forth in Proposed Rule 16 CFR 313 will significantly add to an already considerable burden. In addition, these requirements will defeat the purpose of the proposal itself by serving to confuse and distress our customers with an overwhelming bombardment of incomprehensible legal jargon. While we understand that all affected industries must suffer the burden of this proposed regulation, our burden is because we do not have established relationships with our consumers like a bank or other financial service provider.

In addition to the burden on our industry, the new privacy notice regulations will likely create angst for many of our customers. First of all, the format for this notice is needlessly confusing. These notices contain the usual government rhetoric and unclear language. For example, §313.6 requires the notice to contain "categories of nonpublic personal information that a financial institution may collect; categories of the same a financial institution may disclose; categories of parties to whom it might be disclosed; disclosures made under FCRA..." This means nothing to our customers who are typically low-income, elderly, or immigrants for whom English is a second language. The consumers will be confused and disturbed by the notice presented and even more confused by the need to decide if they should opt-out.

Secondly, the opt-out provisions are too complex and time consuming to be understood by our typical customer. The option for a check off box seems the most practical, yet that would require the customer to read the notice right there in the establishment and then check the appropriate box and return it to the clerk, instead of being free to leave. On the other hand it is equally burdensome to require customers to take this notice home and then mail it back. For our customers who do not speak English well, this could become a huge production and inconvenience. Furthermore, this burden continues indefinitely because Proposed Rule §313.8(d) allows customer to opt out at any time. It will be impossible for us to track all of the changing opt-outs because we do not have established customer relationships and therefore do not keep the same type of customer records that other financial institutions maintain.

Money orders are used by millions of unbanked consumers to pay their regular monthly bills. They rely on the convenience and low cost of money orders. The Proposed Rule could destroy these vital features of an important payment instrument.

Under §313.13, financial institutions are expressly prohibited from disclosing account numbers, access codes or numbers for a credit card account, deposit account or transaction account to any nonaffiliated third party for use in telemarketing, electronic mail marketing or direct mail marketing. Travelers Express/MoneyGram does not possess any of this type of information about its customers and as a result is probably improperly included in the definition of a "financial institution".

Simply stated, we have customers who want to buy money orders or transmit money because it's easy and quick. With the implementation of these regulations what used to be simple transaction will now become a production. Our customers will be faced with notices to read, options to consider and future mailings to receive and all because they wanted to accomplish the simple task of purchasing a money order to pay their electric bill. Proposed Rule 16 CFR 313 is an unnecessary burden to our industry and to our customers, and it could seriously impact the future of our industry.

Thank you again for the opportunity to comment on Proposed Rule 16 CFR 313.

Best Regards,

A handwritten signature in black ink, appearing to read 'Tom Haider', written in a cursive style.

Thomas E. Haider
Associate Corporate Counsel
and Director of Government Affairs