

Mahoney Introduces Legislation to Protect Businesses from Frivolous Lawsuits

(October 30, 2007)

(Washington, D.C.) - Congressman Tim Mahoney (FL-16) today introduced bipartisan legislation to limit frivolous lawsuits against American businesses. The Credit and Debit Card Receipt Clarification Act would amend the Fair and Accurate Credit Transaction Act (FACTA) to ensure it is not abused by frivolous class-action lawsuits against businesses. Mahoney's legislation also preserves consumers' right to sue for negligence resulting in identity theft or credit card account fraud.

"Excessive and frivolous lawsuits threaten our businesses and American jobs. This legislation would protect consumers while ensuring that the law is not abused to bankrupt businesses. It is important that businesses are not held responsible for mistakes made by lawmakers in Washington," said Congressman Tim Mahoney.

The FACTA law prohibits businesses from printing more than the last 5 digits of the card number or the expiration date on any receipt provided to the cardholder in an effort to prevent identity theft and credit card account fraud. The civil penalty for willful violation of this law is up to \$1,000 per transaction as well as punitive damages and attorney's fees. These penalties could range into the billions of dollars even in cases where the customer suffered no harm. As a result, these lawsuits could force companies who did not willfully violate the law into bankruptcy and cause jobs to be lost.

Rep. Mahoney's legislation would amend FACTA to make clear that if a company truncated a consumer's credit card number but did not remove the expiration date, such action is not a willful violation of FACTA. This technical correction would preserve consumers' existing right to sue for negligence in the event someone experiences actual harm or account fraud.

Rep. Mahoney's Credit and Debit Card Receipt Clarification Act is cosponsored by Nick Lampson (TX-22), Paul Hodes (NH-2), Baron Hill (IN-09), Melissa Bean (IL-08), Jim Matheson (UT-02), John Barrow (GA-12), Spencer Bachus (AL-06), Ron Klein (FL-22), and Michele Bachmann (MN-06).

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