

## LEGAL FOUNDATION

### *The Fair and Accurate Credit Transactions Act*

Passed in December 2003, the Fair and Accurate Credit Transactions Act affects small business by limiting the amount of information that can be printed on a credit or debit card receipt. In addition, it is now mandatory for businesses to properly dispose of documents containing consumer information. The Federal Trade Commission enforces these regulations.

#### *Deadlines for credit card machines*

- Beginning Jan. 1, 2005, all newly purchased credit card machines must print only the last five digits of the credit card number.
- Small-business owners have until Dec. 1, 2006, to meet new regulations.

#### *Requirements of new machines*

- Only the last five digits of the credit or debit card can be shown on electronically printed receipts.
- No card expiration dates can be printed on receipts.

#### *Disposing of consumer reports*

Businesses must destroy all consumer reports to the point that they will not be reconstructed or reread. The rule is aimed at preventing identity theft. This law was enacted June 1, 2005.

#### *Who does this affect?*

Anyone who uses consumer reports or personal information to make decisions within their business:

- Lenders
- Insurers
- Employers
- Landlords
- Mortgage brokers
- Automobile dealers
- Attorneys
- Private investigators
- Debt collectors

#### *Reasonable measures of destruction include:*

- Burning, pulverizing or shredding documents so they become impossible to read or put back together.
- Erasing electronic files or media files that contain any consumer reports so that they cannot be recovered or reconstructed.
- After auditing to ensure their practices are sufficient and guaranteed to be successful, you can also hire an outside source who is proficient in the destruction of personal records.

#### *Consequences of noncompliance*

- Fines: ranges upon the number of violations
- Civil lawsuits filed by defrauded consumers

For questions regarding the FACT Act please contact the Federal Trade Commission at 600 Pennsylvania Avenue, N.W., Washington D.C., 20580, (877) 382-4357 or at <http://www.ftc.gov>.

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