

HOUSE BILL 2198 WORK GROUP

Summary of Written Comments

I. Delegate Michael Watson (Appendix A)

Comment	
1. Commercial credit accounts are generated often without the request or knowledge of the subject business.	A subject business should be notified whenever a report is generated and (i) the business is the sole subject of the report and (ii) the report is to be used for commercial purposes. In addition, the subject business should be allowed to view, without cost, the exact information and in the exact format as any third-party purchaser of that report.
2. A subject business has no practical means to challenge and correct erroneous data because the source and details of the reports are withheld.	The subject business should be provided with enough information to research and produce proof of its claim, which would generally include the name of the reporting firm and the specific invoice number(s).
3. Once a report is started by a Commercial Credit Reporting Agency (CCRA), the burden is on the subject business to update vendor data. In order to routinely update this information, a paid subscription is required.	The subject business should be allowed to update vendor data at no cost and as frequently as necessary to keep records current.
4. There is no routine audit, scoring of accuracy, or other method of ensuring accuracy. In addition, there are no consequences for providing erroneous information.	The CCRA industry should implement procedures and audits for ensuring accurate process and impose consequences whenever a reporting company fails to meet its responsibility for accurate reporting.
5. The subject business has no avenue for relief if the CCRA does not remove erroneous information after the information has been proven to be erroneous.	This is a complex issue that may be addressed in separate legislation.

Position/Recommendation: As a compromise, the following revisions should be made to the bill:

1. With the exception of the actual credit score, the data included in the report is provided by third-party vendors. At a minimum, all information should be available for online viewing at no cost to the subject business in the identical format as provided to third parties with the exception of the credit score itself. The credit score could be made available for a nominal fee.
2. If the subject business is willing to provide proof to challenge erroneous data but the source of the data refuses to be identified, then the data should be stricken from the report and removed as a component of the score calculation. If the CCRA chooses to keep the erroneous data in the report, the data should be marked with language indicating that the payment report has been disputed by the subject business and therefore is not factored into the payment score calculation.

II. National Association of Credit Management (NACM) (Appendix B)

Comment	
1. The provisions of the legislation requiring CCRA's to identify the source of payment information would lead to a severe reduction in the amount of information available on Virginia businesses.	Identifying the reporting entity would (i) make it harder for Virginia businesses to access credit for goods and services necessary for growth and (ii) possibly cool commerce in the state over the long term.
2. The approach taken by the legislation amounts to regulation of the industry at the state level rather than the federal level and would greatly disadvantage Virginia businesses.	Companies operating in other states would have an advantage over companies in Virginia because accurate and reliable credit information on businesses would be easier to access in every state other than Virginia.

Position/Recommendation:

NACM will oppose any legislation that would make it harder for commercial credit managers to support their company's sales by using the free and open exchange of credit information to make credit decisions.

III. Consumer Data Industry Association (CDIA) (Appendix C)

Comment	
1. House Bill 2198 includes subjective definitions and creates burdensome regulations that could adversely affect commercial lending. The bill could increase the cost of accessing credit for businesses in the state.	The proposed language is unnecessary and could lead to unintended circumstances if enacted.
2. The data reported to a CCRA often contains proprietary banking and pricing information, which lenders and vendors use to remain competitive in the marketplace.	Requiring lenders and suppliers to provide this information could discourage the use of the voluntary reporting system that credit managers have come to rely upon.
3. House Bill 2198 fails to address the questionable marketing practices that are affecting small businesses in Virginia.	If the goal is to stop deceptive practices from targeting small business owners, it would be beneficial to address this issue directly and with targeted legislation or increased enforcement of current applicable law.

Position/Recommendation:

The legislation could adversely affect the availability of commercial credit and increase the cost of less available commercial credit without solving the perceived problems that motivated the bill's introduction.

IV. Titan America (Appendix D)

Comment	
1. Credit managers need immediate access to reliable commercial credit data in order to make decisions regarding whether or not to extend credit in very short time frames.	House Bill 2198 will limit the exchange of data in the commercial marketplace in Virginia by reducing the amount of credit experiences reported, which will serve to slow down the credit decision process, in turn slowing down commerce and potentially costing more in the long run.
2. Passage of House Bill 2198 could make getting credit more difficult for small businesses.	Requiring disclosure of the reporting entity could lead to less robust credit reports and will make decisions regarding extending credit slower, more difficult, and less frequent.
3. House Bill 2198 will begin a process of establishing a network of patchwork legislation around the country related to commercial credit reports.	The more appropriate venue to resolve the issues that the legislation seeks to address is at the federal level, so that all states would have to follow the same requirements with regard to commercial credit reports.

Position/Recommendation:

It is more appropriate to debate the issues contained in House Bill 2198 at the federal level.

V. Dun & Bradstreet (Appendix E)

Comment	
<p>1. House Bill 2198 will impose requirements on CCRAs that go beyond those imposed on consumer credit bureaus by federal law.</p>	<p>The legislation will mandate that a commercial enterprise be forced to give away its product without compensation by requiring a CCRA to provide a commercial credit report to every Virginia business annually upon request.</p> <p>Even under the Federal Credit Reporting Act (FCRA), consumers are not entitled to a free copy of the credit report.</p> <p>If the free report is required, an effective method that businesses currently have to review their data will be replaced with a less efficient and more costly mechanism for updating data.</p>
<p>2. House Bill 2198 will require CCRAs to breach contractual agreements and identify sources of "negative information."</p>	<p>Payment information is collected from trade suppliers under contracts that prohibit D&B from disclosing the identity of those trade suppliers; breaching these agreements could lead to lawsuits.</p> <p>It is unclear what is meant by "negative information."</p> <p>If trade suppliers stop providing trade references, then CCRAs will have substantially less information available on Virginia businesses, which will lead to Virginia businesses losing sales and business opportunities.</p>
<p>3. California, the only other state that regulates commercial credit reporting, has not gone as far as House Bill 2198 seeks to go.</p>	<p>California businesses are not entitled to a free report.</p> <p>CCRAs are not required to identify sources of information.</p> <p>Commercial credit reporting is specifically not covered by that state's Consumer Credit Reporting Agencies Act.</p>
<p>4. The legislation does not address the marketing practices cited as the reasons for introducing the legislation.</p>	<p>The sole focus of the bill is to require free reports and the identification of information sources on those reports.</p> <p>Virginia businesses already have unlimited 24/7 access through iUpdate to the information D&B has about them as well as the unlimited right to purchase D&B reports on themselves.</p>

Comment	
5. The legislation does not address the patron's assertions that (i) the number one problem facing small businesses is access to credit and (ii) incorrect information in credit reports serves to deny small businesses credit.	The patron has not explained how the bill will expand access to credit and has provided no evidence that small businesses are being denied credit because of incorrect information in commercial credit reports.
6. The legislation will impose unnecessary regulations on CCRAs that report on Virginia businesses.	The unprecedented regulations will (i) supplant effective and time-tested processes and procedures the commercial credit reporting industry has developed over its 170-year history and (ii) require CCRAs to develop and maintain new and expensive processes, with the costs being passed on to Virginia businesses.
7. Key terms of the legislation are difficult to understand and will likely result in years of bureaucratic and judicial wrangling.	<p>The term "commercial credit reporting agency" could include many more businesses than the small industry that provides commercial credit reports.</p> <p>The term "negative information" is inherently ambiguous and will result in unnecessary costs and possible penalties for CCRAs attempting to comply with the law.</p> <p>The requirement to provide a "commercial credit report ... in a format routinely made available to third parties" is unclear. CCRAs make their information available in a vast array of electronic and written forms and formats.</p> <p>The requirement for a "written summary statement" is unclear; many CCRAs, including D&B, have already established Internet-based means for businesses to see the information that D&B has relative to the company and to initiate a challenge.</p> <p>It is not clear what would constitute a violation under the bill or how a violation concerning commercial credit reports can be a prohibited practice under the Virginia Consumer Protection Act.</p>

Position/Recommendation:

House Bill 2198 is fundamentally flawed and based on a lack of understanding of the ways in which CCRAs facilitate the availability of credit to businesses. Enactment of HB 2198 would give Virginia businesses little that they do not already have, while limiting their access to credit and making what credit is available to them more expensive.

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Dun & Bradstreet

Appendix A

Delegate Michael Watson
(10/23/2013)

Worksheet: Small Business Commission – HB2198 Workgroup

Submitted by: Del. Mike Watson 10/23/13

Dear Sirs,

I want to express my sincere appreciation for the interest and time you have committed to a subject that many in the business community believe to be important and in need of addressing. Every day, thousands of small businesses seek to establish credit terms with vendors, access operating capital through loans and credit lines, and meet the increasing demands of financial stability criteria imposed by potential customers. In today's credit starved market, the status and appearance of a company's financial health is critical to the success of small businesses. Regardless of how diligent a business is in preserving its financial standing, this effort can easily be usurped by something as simple as erroneous information on a commercial credit report, usually inserted without the knowledge of the company that is the subject of these reports.

As I traveled with my General Assembly colleagues, speaking to business owners across the Commonwealth, we heard the concerns and examples offered by businesses whose contracts were delayed, credit applications denied, and countless hours were spent trying to correct erroneous information on their credit reports. It is the mission of the Business Development Caucus to identify important and systemic issues that hamper economic growth and work to solve them. We made a commitment to our town-hall participants to improve transparency and accountability in the Commercial Credit Reporting process and introduced HB2198 accordingly.

Following are just a few of the issues that should be addressed at some point:

a) Issue: Lack of transparency.

Commercial Credit accounts are most often generated without the request or knowledge of the subject company. Information to populate these reports is collected from multiple sources, often without the knowledge of the company. No effort is made to advise the subject company that an account has been generated, which vendors are offering reports, or to even confirm that these are actual vendors, much less what payment terms may have been established with that vendor so as to determine a basis for marking them as 'prompt' or 'late'. It is typical that the first time a company sees its own report is when credit is questioned or denied due to information in the report.

Solution: A business should be notified whenever a report is generated about it if that report is to be used for commercial purposes and is the sole subject of the report. This is especially true if said report is sold to third parties who will make credit decisions that will directly affect the financial health of the subject company. Furthermore, the subject company should be allowed to view without cost, the exact information and in the exact format as any third party purchaser of that report.

b) Issue: Inability to adequately challenge and correct erroneous data.

Whenever a subject company finds information it deems to be inaccurate and the result of that misinformation may be detrimental to its credit score or ability to obtain credit, it should be granted full opportunity to challenge said information or have it removed from the report. However, because the source and details of the reports are withheld from the subject company, it has no practical means for challenging such data. It is therefore up to the discretion of the CCRA and the reporting source to determine the fate of the subject company without adequate consideration of the subject company's records.

Solution: Ideally, the subject company would be provided with enough information to research and produce proof of its claim which would generally include knowing the name of the reporting firm and specific invoice number(s). Otherwise, it has no practical basis to determine:

- If the report is from a legitimate vendor
- If the negotiated payment terms reflected on the report are accurate
- If the dollar amount reflected is accurate
- The date of receipt and payment of the invoice(s).

- c) **Issue: Forced compliance.** Once a report is started by the CCRA – without the knowledge or consent of the subject company, the burden is placed on the subject company to provide information, including constantly updated vendor data, otherwise its calculated credit score will decrease potentially resulting in inability to acquire credit. In order to routinely update this information, a subscription is required.

Solution: Allow subject company to update vendor list at no cost and as frequently as necessary to keep records current.

d) No accountability on Data Source Company

Information is provided by various sources to the CCRA that could be potentially damaging to the subject company but the source can provide this data without identifying itself to anyone other than the CCRA. The corporate size of these data sources may vary as will the number of accounts it reports on. Occasional errors should be anticipated, yet there is no routine audit, scoring of accuracy, or other method for assuring accuracy. Furthermore, there appears to be no consequence for providing erroneous data.

Solution: CCRA Industry should implement procedures and audits for ensuring an accurate process and apply consequences whenever a reporting company fails to meet its responsibility for accurate reporting.

e) No accountability for the Commercial Credit Reporting Agency

In the case of at least one CCRA, the Subject Company must agree to hold the CCRA harmless of any liability resulting from errors before it can update its profile or challenge errors. I can understand certain protections if the subject company has been granted full, unobstructed access to view and adequately challenge erroneous data. In this case however, the subject company could advise the CCRA that its information is incorrect and offer to provide proof, but if the CCRA leaves the information there, causes damages, and it is later proven to be erroneous; the subject company has no opportunity for relief.

Solution: This is a complex legal issue that may be addressed in separate legislation.

As a business owner, legislator, and member of the Business Development Caucus, I am committed to improving transparency and accountability in the Commercial Credit Reporting process. I have identified numerous problems with the current system and options for resolving each. However, I recognize that there is much resistance from the industry to address any of these concerns. I further recognize that this Workgroup agrees that action should be taken to resolve certain problems and wishes to work out a compromise agreement that achieves at least some of the goals outlined herein. As a potential example, the workgroup has suggested modeling legislation after California's code 1785:41 – 1785:44. (draft below). While this code appears to recognize a problem, I am not confident that it addresses the most

critical issue – having to pay the CCRA to see or correct erroneous information. That's not to suggest that CC 1785 shouldn't serve as a baseline, but I believe that Virginia code should include additional components.

I want to find a compromise here so let's look at the intent of HB 2198 and along with the industry's argument against it. To promote compromise, I have included some alternate proposals.

1. **HB 2198 asks that the Subject Company is allowed access to view a credit report where it is the sole subject of the report, upon request and at no charge, exactly as provided to a third party.** The CCRA report is a 'product', a document that is sold to third parties. While, in itself, offers no value to the subject company, if the raw material of this product is flawed, it could result in a significant financial loss for that company. Without the subject reviewing the data, this would be akin to a third-party author writing a biography on a person without interviewing the person or running the book past them for comment or clarification. The industry argues that if the subject company has access to view the document that it might somehow use it to usurp the system and provide it directly to the potential creditor. I find this argument to be without merit. No responsible creditor would ask the subject company to provide its own credit report any more than a loan officer would allow you or me to provide it for a home loan. Hence, all consumers are allowed full access to their own report. Just as it is with the consumer, the only purpose for a commercial entity to view its report is to ensure its accuracy.

Compromise: The data that is in the document is provided by third parties and with the exception of the credit score, no intellectual property is included in it. I would request that at a minimum, all information is available for on-line viewing by the subject company at no charge and in the identical format as provided to third parties with the exception of the credit score itself. The credit score could be made available for a nominal fee. This strategy would allow the subject company to review the data for errors and report them to the CCRA, helping them to insure a quality product.

2. **HB 2198 asks that while viewing the document, if it identifies an error in any part of the report and wishes to challenge that error, that it will be provided ample information to research and provide proof of its claim.** Soon after that information is proven to be erroneous that the CCRA will remove the information from the report and from consideration in the calculation of the credit score. This, in my opinion, is a common sense, win-win strategy that a) helps to insure that the financial status of the subject company is properly reflected in the report, and b) helps to promote product quality – at no charge – for the CCRA. The industry adamantly opposes sharing any information that might identify the source of the alleged erroneous information. By doing so however, it is putting the fate of the subject company's business in the hands of a third party with no accountability for errors. As it stands, if the CCRA asks the source to verify the information, it simply takes its word with no audit and no specific input from the subject company. And, in the event that the source resubmits the data as accurate, no further action is taken by the CCRA. The bad information remains on display without notation, it remains as a component in the credit score calculation, and it continues to degrade the financial reputation of the subject company. I have seen first-hand, in recent weeks, how this system fails. The industry suggests that by removing the anonymity of the source, these sources will stop participating. I disagree. This was not the case in the consumer sector and I believe that it may actually improve communication and relationships between vendors and customers.

Compromise: Using the most basic and common accounting software program, a company can review its records to determine if it has outstanding balances or has recent late payment experiences. If it sees something in its credit report that is not consistent with its own books, it should be given the opportunity to provide proof to challenge damaging information in a report, especially if that information could have a significant impact on

the health of its business. That is easy enough to accomplish if the source of the data is identified, but nearly impossible if it is not. If the subject company is willing to provide proof to challenge bad data but the source refuses to be identified, then that data should be stricken from the report and removed as a component in the score calculation. At the very least, if the data remains, it should be marked with language similar to: "this payment report has been disputed by the subject company and is therefore not factored in the subject's payment score calculation". Simply put, status quo causes potential erroneous data to default 'against' the subject company. Under this compromise, the error would default as 'neutral'.

Having researched this issue, spoken with many others about their experience, and most recently experienced the process on my own, I have found it to be unacceptably flawed. Long after hearing the concerns of others, introducing this bill, and testifying before the Small Business Commission, I decided to test the system on my own. As submitted to the Commission Workgroup, I found many errors in the system. Concerns ranged from the fact that one CCRA had 5 different accounts listed for my company, to identifying multiple errors in the payment reporting section that I have been trying to correct for months. Just last week, after months of being repeatedly told that a late payment report was accurate, the CCRA finally acknowledged that it was mistaken. It has just removed it, but only after many hours of effort by several company employees, dozens of email and phone contacts, and months of this report misrepresenting the financial health of my company. There are still four more errors that we are trying to address. Based on past experience we have many months and costs ahead to try to correct their faulty product. This is a unique business model, one that charges others to fix its own mistakes. It is not surprising that the industry is resistant to change.

Again, I appreciate your effort to address this issue. I hope that this information is helpful in doing so.

Respectfully yours,

Michael B. Watson,
Member, Virginia House of Delegates
93rd district

Attachments:




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Important Information

 Payment experiences reflect how bills are paid in relation to the terms granted by suppliers. The following screen will display any supplier reported payment experiences contained in your D&B Business Information Report. A printed copy of your report may be helpful for reference. Click **Exit to Main Menu** and select **View/Print Company Report** if needed.

 D&B reports the payment information that is received from the data source. Any questionable or incorrect payment experience may be submitted to D&B for investigation. D&B follows rules of engagement set with such vendors designed to verify that the challenged experience correctly reflects their records. D&B will only update payment experiences in accordance with such rules of engagement.

 On the following screen, select up to **five** payment experiences and the **Reason** for the investigation. No additional payment investigations may be submitted until the previous request is complete. Results of our payment investigation(s) will be emailed within 30 days to the email address provided at submittal.

 Payment experiences are listed in date order. Each line item displayed is a unique payment experience. Due to confidentiality agreements, D&B does not display or release data source or supplier names. Updated trade experiences replace those previously reported.

☐ I agree to D&B's [terms and conditions](#) (You must agree to proceed)

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Appendix B

National Association of Credit Management

Robin Schauseil, CAE, President,

Toni Drake, CCE, Chairman
President, TRM Financial Services, Inc.
(10/23/2013)



October 23, 2013

Virginia Small Business Commission
General Assembly Building
2nd Floor
201 North 9th Street
Richmond, VA 23219

Dear members of the Virginia Small Business Commission:

The National Association of Credit Management (NACM) continues to oppose House Bill 2198, as well as the introduction of any legislation that would make it harder for commercial credit managers to support their company's sales by using the free and open exchange of credit information to sell past any adverse details in a potential business customer's credit history or credit report.

In particular, the commercial credit community continues to believe that HB 2198's provisions that require commercial credit reporting agencies to identify to the subject of a commercial credit report the source of so-called "negative information" would lead to a severe reduction in the amount of information available on Virginia businesses. This would make it harder for these companies to access, on credit, the necessary goods and services that they require to grow their business, and would cool commerce in the Commonwealth in the long-term.

Furthermore, for Virginia to enact HB 2198 and take this approach to commercial credit reporting regulation on its own, at a state rather than a federal level, would greatly disadvantage Virginia businesses. Companies operating in other states would have an advantage over companies in Virginia because accurate and reliable credit information on businesses would be easier to access in every state other than Virginia, should HB 2198 become law.

Thank you for your consideration. We continue to look forward to working with you in the future to educate Virginia's businesses about the importance of trade credit and trade credit information

Sincerely,

A handwritten signature in black ink, which appears to read 'Robin Graham', is written below the word 'Sincerely,'.

Robin Schauseil, CAE
NACM President

and

A handwritten signature in black ink, appearing to read "Toni Drake". The signature is fluid and cursive, with the first name "Toni" and last name "Drake" clearly distinguishable.

Toni Drake, CCE
NACM Chairman
and
President
TRM Financial Services, Inc.
Midland, TX

Appendix C

Consumer Data Industry Association

Ramon O. Looby
Senior Manager, Public Policy & Government Affairs
(10/23/2013)



Writer's Direct Dial: 202-408-7404
Writer's Email: rlooby@cdiaonline.org

October 23, 2013

The Honorable Frank Ruff
Chair, Virginia Small Business Commission
General Assembly Building
Richmond, VA 23218

Re: Opposition to H.B 2198 -- commercial credit reporting

Dear Chairman Ruff:

I write on behalf of the Consumer Data Industry Association (CDIA) to share our concerns regarding House Bill 2198, proposed amendments to the Virginia Consumer Protection Statutes. We believe that the bill could put a squeeze on commercial credit, increase the cost of less available commercial credit, while not solving the perceived problems that motivated the bill's introduction.

By way of background, CDIA was founded in 1906 and is the international trade association that represents approximately 200 consumer data companies. CDIA members represent the nation's leading institutions in credit reporting, mortgage reporting, check verification, fraud prevention, risk management, employment reporting, tenant screening and collection services.

CDIA and its members have long played a vital role in the development of public policy relating to the appropriate use and access of commercial credit reports. To this end, we have worked tirelessly to meet with stakeholders in Virginia and engage them in the discussions regarding HB 2198. We welcome this opportunity to provide our comments related to the legislation and we hope this will provide additional insight to committee members regarding this issue.

CDIA's members are now, and have been responsible in their collection and use of commercial credit information. Under current practices, Virginia businesses can obtain commercial credit reports from our members and can request that errors in those reports be corrected. Therefore, CDIA believes the proposed language in HB 2198 is unnecessary and could lead to unintended consequences if it is enacted.

CDIA's concerns regarding HB 2198 are many. In short, the legislation proposes to add subjective definitions to law and create burdensome regulations that could put a squeeze on commercial lending. The bill could also increase the cost of accessing credit for businesses and without addressing the impetus for the legislation.

The language in HB 2198 has not become ratified law in any other state – in fact, the only state that has a similar statute is California – and there is a good reason for that. Commercial credit reports are not regulated like consumer reports because many financial arrangements in a business transaction are negotiated and regulated through contractual terms. As a result, the data reported to a commercial credit reporting agency often contains proprietary banking and pricing information, which lenders and vendors use to remain competitive in the marketplace. The anonymity of this data is a critical factor to businesses in the commonwealth to maintain the free flow of information and appropriately evaluate risk. In short, if lenders

and suppliers were forced to publicly provide this information in Virginia, it could discourage the use of the voluntary reporting system that credit managers have come to rely upon, thus limiting the availability of credit to businesses in the state.

In addition to the systemic issues discussed above, the legislation fails to address the questionable marketing practices that are affecting small businesses in Virginia. During testimony the patron of HB 2198 indicated that the bill addresses the issue of "cold calling" marketing regarding credit reports. Unfortunately, this bill does not address that concern and may increase the use of aggressive marketing practices. If the goal is to stop deceptive practices from targeting small business owners, it would be beneficial to address this issue directly and with targeted legislation or increased enforcement of statutes already on the books.

CDIA remains committed to serving as a resource for you and your committee as we explore opportunities to work together and craft sound public policy. HB 2198 does not provide the proper solution to the issue at hand and could make the commercial lending marketplace less favorable to businesses in need of credit. I hope this information has been helpful to you as you continue to deliberate on this issue. Please do not hesitate to let me know if I can be of further assistance.

Respectfully submitted,



Ramon O. Looby
Senior Manager, Public Policy & Government Affairs

Appendix D

Titan America; Titan Virginia Ready-Mix LLC

Douglas B. Strobel
Director of Credit Mid-Atlantic/ST & Essex
(10/23/2013)



Titan Virginia Ready-Mix LLC
Credit Department
P.O. Box 7892
Richmond, VA 23231
(804) 335-0295
Fax: (804) 222-0607
www.titanamerica.com

October 23, 2013

Mr. Owen Van Syckle
Member, Virginia Small Business Commission
Chairman, Ad Hoc Workgroup – HB 2198
201 North 9th Street
Richmond, Virginia 23219

Dear Mr. Van Syckle:

Thank you for your service on the Virginia Small Business Commission. I recognize that as a citizen appointed member of the Commission you sacrifice time and energy away from other priorities in order to serve on the Commission and improve the climate in Virginia for small businesses.

I wanted to provide comment and feedback as requested by staff from the Small Business Commission relative to HB 2198 that is currently before the Commission. I was happy to attend the first work group meeting on this topic.

As you may know, Titan is the premiere cement and building materials producer in the Eastern United States with 30 locations across Virginia and over 500 employees. I have been serving as the credit manager for Titan for over two decades and have a wealth of experience and knowledge regarding the commercial credit market and industry.

From Titan's viewpoint, while this legislation is well intentioned, there are a number of issues that are of concern to us.

First, it is Titan's view that a proposal such as HB 2198 would limit the exchange of data in the commercial market space in Virginia, by reducing the amount of credit experiences reported. This in turn slows down the credit decision process. For example, we receive calls for the purchase of concrete daily that have tight turn arounds. The customer will be operating under a deadline to pour a sidewalk, foundation or driveway tomorrow. In turn, I need immediate access to reliable commercial credit data to make a decision regarding the extension of credit that day for a job tomorrow. Any contraction in the availability of commercial credit information may result in that foundation, driveway or sidewalk not being poured the next day, thus slowing down commerce and potentially costing more in the long run.

A Titan Group Company

Tarmac • Roanoke Cement • Essex Cement • Separation Technologies

I am concerned that Virginia would become an outlier in the commercial credit market place. The potential result could be that obtaining commercial credit could become more difficult for small businesses. As a result of less robust reports and the requirement to name individual businesses as directed by HB 2198, decisions about extending credit will be slower, more difficult and potentially less frequent thus slowing down the process of extending commercial credit and making it harder for small businesses to operate.

Third, Titan believes that passage of HB2198 would begin a process of establishing a network of patchwork legislation around the country related to commercial credit reports. The more appropriate place to address this issue would be at the federal level where all states would have the same requirements to follow relative to commercial credit reports. In establishing the Fair Credit Reporting Act, Congress did not include commercial credit reports in that legislation. Therefore, I believe that the more appropriate venue to discuss and debate this issue would be at the federal level, not state by state.

In conclusion, Titan does not support HB 2198 as introduced for the reasons articulated above, and would suggest that the more appropriate place to debate this issue would be at the federal level in the U.S. Congress and not state by state.

I am pleased to answer any questions you may have and look forward to the next meeting of the work group.

Sincerely,



Douglas B. Strobel
Director Of Credit Mid-Atlantic/ST & Essex
804-737-3428

cc: Members, Virginia Small Business Commission

Appendix E

Dun & Bradstreet

Mark Muckerman
Director, Government Solutions
(10/25/2013)



Decide with Confidence

October 25, 2013

Sen. Frank Ruff, Chairman
Virginia Small Business Commission
c/o Amigo Wade, Esq., Senior Attorney
Virginia Division of Legislative Services
General Assembly Building
201 North 9th Street, 2nd Floor
Richmond, VA 23219

RE: VA HB 2198

Dear Senator Ruff:

D&B has been the world's leading source of commercial information and insight on businesses for 172 years. Our global commercial database contains more than 220 million business records. The database is enhanced by our proprietary quality control processes, which allow us to provide our customers with high quality business information. This quality information is the foundation of the global solutions our customers rely on to make critical business decisions.

Virginia House Bill 2198 was introduced by Delegate Michael Watson on January 10, 2013. According to Delegate Watson's website, he introduced the bill "[a]fter hearing from businesses across the Commonwealth who were frustrated with marketing practices by the Commercial Credit Industry as well as the lack of access that they have to the information being sold about them."

We have significant concerns about the intent, positioning and misleading rhetoric consistently being espoused by the bill's patrons. The purpose of this letter is to set forth D&B's position with respect to HB 2198 and to correct publicly stated inaccuracies that have arisen over the last several weeks. In summary:

- The bill would adversely affect Virginia businesses that seek credit or commercial credit information.
- The bill would, for the first time, require commercial credit reporting agencies to identify sources of "negative information."
- Not even California, the only state that regulates commercial credit reporting, requires the disclosure of confidential sources. Indeed, the

California law expressly provides that the identity of sources of information in commercial credit reports may be protected.

- The bill would also require commercial credit reporting agencies to annually provide a free credit report upon request to every business operating in the Commonwealth.
 - California does not require free reports. Instead, it mandates that reports shall be provided at a cost no greater than the cost usually charged to third parties.
- The bill would, for the first time, impose regulations on commercial credit reporting agencies that provide commercial information on Virginia businesses -- regulations that would require such agencies to: (a) disclose their proprietary business information; (b) provide their intellectual property to third parties without compensation; and, (c) breach their contractual obligations to their business partners, many of whom are no doubt also located in the Commonwealth.

It should also be noted that key terms of the bill are difficult to understand and will likely result in years of bureaucratic and judicial wrangling. Ironically, the bill completely avoids addressing the marketing practices the bill's patron claims as the reason and impetus for introducing the legislation.

We ask that you take the time to review the attached position statement and accompanying materials and we would be pleased to meet with you or your staff to address any concerns or answer any questions.

Sincerely,



Mark Muckerman
Director, Government Solutions

cc: Chris Hill, General Counsel, Dun & Bradstreet
Louis Sapirman, Chief Compliance Officer, Dun & Bradstreet
Manny Conti, President, North America, Dun & Bradstreet

D&B's Position Statement in Opposition to Virginia HB 2198

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Executive Summary

D&B and other stakeholders (e.g., National Association of Credit Management, Business Information Industry Association, large Virginia employers) are strongly opposed to HB 2198 for the following reasons:

- The current practices work – market driven incentives promote accuracy and subject companies have an effective and timely mechanism to challenge data.
- It is the bill itself, NOT current practices, that will make it more difficult for small business to get credit in Virginia. The bill has many other important flaws as described in detail in this document.
- Support for the bill rests largely from inaccurate and mischaracterized statements made on the record. Those statements are addressed in the body of this document.

As part of our regular and ongoing reviews of operational practices of independent third-party resellers of our data, D&B is currently exploring opportunities to eliminate confusion in the marketplace, specifically as it may relate to incorrect perceptions of D&B's affiliation with any individual third party.

Overview of Credit Reporting – Consumer & Commercial:

- D&B has been in business since 1841 and is the global leader in commercial credit reporting. Over 95% of the businesses in the United States are by definition “small” businesses, and while the largest U.S. companies do business with D&B, the majority of D&B customers are small businesses. Because of our long history and relationships with small businesses, we feel D&B, along with the U.S. Small Business Administration and the U.S. Chamber of Commerce, uniquely understand the needs and challenges faced by small businesses in America.
- Consumer credit reporting agencies (aka “consumer bureaus”) collect information about individuals while commercial credit reporting agencies (aka “commercial bureaus”) collect information about businesses.
- Both consumer and commercial bureaus collect information from public record sources, such as information about lawsuits, court judgments, tax liens and security interests (e.g., UCCs).
- Both consumer bureaus and commercial bureaus collect payment information.
 - Consumer credit reports typically contain payment information provided by mortgage companies, banks, credit card companies and others that extend credit to individuals.
 - Commercial credit reports typically contain payment information provided by utilities, overnight delivery services, telecommunications companies, manufacturers, wholesalers/distributors, services companies and others that extend business-to-business credit.

- Unlike consumer bureaus, which do not collect information from the individuals on whom they report, commercial bureaus also collect information directly from the businesses on which they report.
- National consumer bureaus have information on hundreds of millions of individuals. On the commercial side, D&B has information on more than 220 million businesses around the world, including over 28 million businesses in the US.
- The customers for consumer credit reports include companies that grant credit or lend money to individuals (such as banks, finance companies, credit card issuers and mortgage lenders) and employers.
- The customers for commercial credit reports include companies that grant credit or lend money to businesses or take on risk in their dealings with other businesses (such as banks, insurance companies, manufacturers, telecommunications companies, factors and other financial institutions).
- Consumer bureaus have been regulated by the federal government under the Fair Credit Reporting Act (FCRA) since 1970, largely due to concerns about the way in which consumers have been treated by the consumer bureaus.
 - Since its beginning in 1841 with the establishment of D&B's predecessor, The Mercantile Agency, the commercial credit reporting industry has been successfully self-regulated, and periodic industry reviews by the federal government have determined that existing industry practices, self-regulation, and quality standards imposed by a free and competitive market warrant no additional regulatory legislation at the national level.

Accountability for Data Accuracy:

- Consumer and commercial bureaus fully understand that they are accountable for the accuracy of the information they publish and behave accordingly.
- Consumer and commercial bureaus that publish false information run the risk of being sued for libel, with all its attendant costs, legal fees, exposure to large damage awards and risk to reputation.
- Moreover, neither consumer nor commercial credit bureau customers have any use for inaccurate information.
 - Customers rely on credit bureaus to aggregate information from various third parties and provide it in forms and formats that enable them to make faster and better informed decisions.
 - Credit bureau customers order reports from credit bureaus when they have already decided they want to do business with the individuals or businesses involved. They use credit reports as an additional tool to identify any cautionary circumstances, and to determine under what conditions, they can and will do business with a customer. In short, they want to see if there are any showstoppers – reasons why they should not be doing business.

- Their goal is to sell, to extend credit, to lend, but to do so with an acceptable risk of loss, and based on the most complete information available.
 - The greatest challenge to lenders and creditors is not “evaluating credit information.” It is being forced to make a risk (credit) decision with insufficient information to support an approval.
 - Credit bureau customers simply will not do business with credit bureaus that provide them with inaccurate information.
- Credit bureaus only collect information from sources they have reason to believe are reliable. In the case of D&B, for example, information obtained from third parties is subjected to a set of rigorous screening processes that have been developed and refined over time to help ensure the information is accurate, current, complete and consistent from country to country.
 - Unlike the practices of consumer bureaus, D&B also solicits information *directly* from the businesses themselves and encourages these businesses to regularly access and examine the information that D&B has about them and to supplement and update that information.
 - To make that as convenient as possible, D&B provides unlimited 24/7 access to iUpdate (<http://iUpdate.dnb.com>). iUpdate is D&B’s Internet-based service that allows business principals to view, print and request updates to their company information, as well as challenge information they believe is incorrect. (See Exhibit A for a description of iUpdate.)

Virginia HB 2198 would:

- Require commercial bureaus operating in the Commonwealth to provide every Virginia business with a free credit report on itself.
- Require that the free credit report be in a format routinely sold to third parties.
- Require commercial bureaus to identify the source and date of “negative information” in their reports on Virginia businesses.
- Allow any Virginia business to file a written summary statement within 30 days of its receipt of its free credit report challenging any information in the report it believes contains an inaccurate statement of fact and gives the commercial credit reporting agency 30 days to either remove the challenged information or include a statement in the credit report that the information was disputed.
- Provide that any violation of these provisions would constitute a prohibited practice and would be subject to the enforcement provisions of the Virginia Consumer Protection Act.

D&B is Strongly Opposed to HB 2198 for the Following Reasons:

A. HB 2198 will, for the first time, impose requirements on commercial bureaus that go beyond those imposed on consumer bureaus by federal law:

1. HB 2198 would require commercial bureaus operating in the Commonwealth to provide every Virginia business with one free credit report on itself annually upon request.
2. However, even under federal law, consumers are not entitled to free copies of credit reports on themselves:
 - a. A consumer is only entitled to one free comprehensive disclosure of the information in his or her credit "file" at each of the three national credit reporting agencies once annually. (Under the FCRA, the term "file" means "all of the information on that consumer recorded and retained by a consumer credit reporting agency. . . .")
3. Further, the FCRA explicitly states that "nothing in this paragraph shall be construed to require a consumer reporting agency to disclose to a consumer any information concerning credit scores or any other risk scores or predictors."
4. Thus, HB 2198 goes even further than federal law does in imposing an obligation on an industry the US Congress itself has not sought to regulate, and mandating that a commercial enterprise be forced to give away its product for free.
5. Moreover, even if the "free report" provision of HB 2198 were to be redrafted to conform to the FCRA, it would replace an effective method businesses currently have to review their data with less efficient and more costly mechanism for updating data:
 - a. As noted above, D&B encourages businesses nationwide to regularly view, print and request updates to the information D&B has on file about them, as well as challenge any information they believe is incorrect using D&B's iUpdate service (<http://iUpdate.dnb.com>).
 - b. And rather than being limited to one annual interrogation, iUpdate allows business principals unlimited 24/7 access to the information D&B has on their businesses.
6. As is permitted under the FCRA for consumers, D&B already enables businesses to buy copies of various reports containing ratings and predictive scores on themselves, at its normal retail prices.

B. HB 2198 will, for the first time, require commercial bureaus to identify sources of "negative information."

1. D&B collects information from 3 primary sources: Public records, trade creditors and the businesses themselves.
 - a. D&B identifies the sources of public record items, such as lawsuits, liens, judgments and UCC filings.

- b. And businesses that voluntarily provide information about themselves to D&B are obviously aware of the information they provide.
 - c. However, the trade payment information D&B collects from trade suppliers is provided under contracts that prohibit D&B from disclosing the identity of those trade suppliers.
- 2. These trade suppliers require this contractual commitment as a condition to providing trade reference information to D&B.
- 3. If D&B were required to disclose the identity of these trade suppliers, D&B would be in breach of its contracts with these companies and subject itself to a substantial number of lawsuits and large damage awards.
- 4. Moreover, a law requiring D&B to identify those providing “negative information” – and it is unclear under HB 2198 what is meant by “negative information” – would lead to substantially fewer companies providing D&B with their trade references. Unlike in the consumer credit business, businesses provide commercial credit information on a voluntary basis and, thus, would be free to refuse to provide information on businesses based in the Commonwealth.
- 5. If trade suppliers stop providing trade references, then D&B and other commercial bureaus will have substantially less information available on the businesses in their databases, especially information on Virginia businesses.
- 6. If D&B and other commercial bureaus have less information available, their customers – the banks and others who are being asked for loans and other forms of credit – will have less information available on which to make informed business and credit decisions.
- 7. With less information available, business decision-makers will take longer to make credit decisions and, by necessity, take a more risk-averse position. This may lead them to require deposits when they might not have done so otherwise, approving lower than requested lines of credit, or withholding credit approval entirely, thus compromising the viability and growth of small businesses.
- 8. As we noted above, since credit reports overwhelmingly *support* the granting of credit, not the denial of it, Virginia businesses will lose sales and business opportunities because the information in commercial credit reports will not be as extensive as it is today, forcing a more conservative credit posture and the denial of commercial credit throughout the Commonwealth.
- 9. It is also likely that there will be fewer business transactions, because businesses will not have sufficient information – positive or negative – to evaluate risks.
- 10. This will also likely lead to more bad debts, as businesses, trying to drive top line sales, grant credit in situations where the availability of more information might have resulted in either the denial of credit or the imposition of credit protection measures (e.g., advance deposits, reduced credit lines, etc.).
- 11. This is not only the industry’s view: It is also the view of those who use commercial credit reports on a daily basis to make informed credit decisions:

- a. At the June 26, 2013 meeting of the Virginia Small Business Commission, the National Association of Credit Management (NACM) stated that HB 2198 would "...immediately reduce the amount of information available to commercial trade creditors; information that helps determine a customer's creditworthiness. Open, accurate reporting of trade credit information, without fear of retaliation, is necessary for businesses to offer the financing to other businesses that drives America's business economy." Similar sentiments were aired by a representative of Titan America, a Virginia-based large employer.

C. Not even California, the only state that regulates commercial credit reporting, has gone as far as HB 2198 seeks to go. (See Appendix 2 of the attached Exhibit B for a copy of California's law.)

1. California businesses are not entitled to free reports on themselves.
 - a. California Code Title 1.61 requires commercial bureaus to provide the subject of a commercial credit report with one printed copy of the subject's commercial credit report in a format routinely made available to third parties, at a cost no greater than the cost usually charged to third parties.
2. Commercial credit bureaus are not required to identify sources of information
 - a. In fact, California law explicitly states that "commercial credit reporting agencies may protect the identity of sources of information to be used in commercial credit reports."
3. And commercial credit reporting is not covered under the Consumer Credit Reporting Act.
 - a. Section 1785.41 states: "Consumer credit reporting is subject to the requirements of the Consumer Credit Reporting Agencies Act. Commercial credit reports, which differ significantly, are not subject to that act. The circumstances, business practices, and reports themselves differ sufficiently to make it impractical to include commercial credit reports under the Consumer Credit Reporting Agencies Act."

D. HB 2198 does not address the marketing practices Delegate Watson cites as his reasons for introducing the legislation.

1. Delegate Watson's website states he introduced the bill "[a]fter hearing from businesses across the Commonwealth who were frustrated with marketing practices by the Commercial Credit Industry as well as the lack of access that they have to the information being sold about them."
2. HB 2198 does not address marketing practices at all: Its sole focus is free reports and the identification of information sources on those reports.
3. And Virginia businesses already have free and unlimited 24/7 access through iUpdate to the information D&B has about them as well as the unlimited right to buy D&B reports on themselves.

E. HB 2198 will not address Delegate Watson's two key assertions: That the number one problem facing small businesses is access to credit and that incorrect information in credit reports is denying small businesses credit.

1. Delegate Watson has not explained how his bill will expand access to credit for small businesses.
 - a. As described above, forcing commercial bureaus to disclose their data sources will lead to a reduction in the availability of information, which will in turn shrink the availability of credit rather than expand it.
 - b. With HB 2198 businesses will continue to be free to deny or grant credit as they deem appropriate. Denials of credit will likely accelerate if HB 2198 is passed.
2. Delegate Watson has provided no evidence that small businesses are being denied credit because of incorrect information in commercial credit reports.
 - a. First, Delegate Watson has provided no evidence about the accuracy or inaccuracy of the information in commercial credit reports.
 1. In fact, as we have explained above on page 4, commercial bureaus are bound and intent to get it right; to report information that is accurate, current and complete. There is no value in reporting inaccurate, outdated or incomplete information.
 2. We previously provided the Virginia Small Business Commission with information about the accuracy of our trade information: In short, of the millions of trade experiences on Virginia businesses we reported in 2012, 99.998% were either "favorable" or, if "unfavorable" and challenged by the trade debtor, were found to be correct. (See Exhibit B for further details.)
 - b. Second, Delegate Watson has offered no evidence to support his position that incorrect information in commercial credit reports has led to the denial of credit.

F. HB 2198 will, for the first time, impose unnecessary regulations on commercial bureaus that report on Virginia businesses:

1. These regulations would be the first – and only – provisions of their type in the U.S.
2. These regulations would supplant effective and time-tested processes and procedures the commercial credit reporting industry has developed over its 170-year history to handle the relative small number of questions that arise annually concerning the accuracy of information in commercial credit reports. (See Exhibit B for further details.)
3. These regulations would require commercial bureaus to develop and maintain new and expensive processes to comply with the new law, the costs for which would likely be passed along to report users, and in turn down to those seeking credit.

G. Key terms of HB 2198 are difficult to understand and will likely result in years of bureaucratic and judicial wrangling. For example:

1. The term "Commercial credit reporting agency" is defined to be "any person who provides commercial credit reports on commercial enterprises operating in the Commonwealth to third parties" and could include many more businesses than the small industry that provides commercial credit reports today.
2. A key term, "negative information," is inherently ambiguous and will result in unnecessary costs and possible penalties for commercial bureaus trying to comply with the law.
 - a. "Negative" information is not necessarily inaccurate information.
 - b. Moreover, "negative" is a wholly subjective term, and one likely to be extremely difficult to define, measure or regulate.
 1. The information provided in commercial credit reports is largely factual data. The user of the credit report will decide whether particular information is "positive" or "negative."
 2. For example, if a business is uniformly reported by multiple creditors as consistently paying bills 30 days beyond terms, would that be "negative" information? What if a year earlier that business took 90 days beyond terms to pay – might the new evaluation then become "positive" instead of "negative," perhaps providing confidence to a lender or creditor for a favorable credit decision? What if all other businesses in an industry pay an average of 60 days late – does that "slow 30" evaluation perhaps become a positive perspective by comparison?
 3. These simple examples occur thousands of times each day and for HB 2198 to seek to impose a rule of law upon the credit evaluation process is inappropriate for the commercial credit reporting industry, and indeed harmful to the credit evaluation process supporting small business commerce.
3. Commercial bureaus make their information available in a vast array of electronic and written forms and formats, and so it is unclear what would be required if they had to provide Virginia businesses with a "commercial credit report ... in a format routinely made available to third parties."
4. The bill requires Virginia businesses wishing to challenge alleged inaccuracies in a credit report to provide a "written summary statement" when companies like D&B have already established Internet-based means for those businesses to see the information D&B has about them as well as to challenge it.
5. The bill provides that a violation of its provisions "shall constitute a prohibited practice in accordance with §59.1-200 and shall be subject to any and all of the enforcement provisions of the Virginia Consumer Protection Act (§59.1-196 et seq.)."

- a. It is not at all clear how a “violation” of these new provisions concerning commercial credit reports can be a prohibited practice and enforceable under the consumer protection law.
6. It is also not clear what would constitute a “violation” under the bill.
- a. For example, would a disagreement over whether a particular piece of information constitutes “negative information” be a “violation” of Virginia HB 2198?

Consideration of HB 2198 by the Virginia Legislature

- This bill was introduced in the Virginia House on January 10, 2013, and referred to the Committee of Commerce and Labor.
- On January 18, 2013, the Commerce and Labor Committee referred the bill to Commerce and Labor Subcommittee #2.
- On January 31, 2013, the bill was tabled by the Commerce and Labor Committee and the matter referred to the Small Business Commission for further study.
- On June 26, 2013, the Small Business Commission met to discuss HB 2198. The bill's patron, Delegate Mike Watson, testified in favor of the bill, as did co-sponsors Delegates Chris Head and David Ramadan. Delegate Watson stated that he had met with 130 businesses across the Commonwealth, that their number one issue was access to credit and the number one item preventing that access was inaccurate information in credit reports. Delegate Watson claimed that HB 2198 addressed these concerns. D&B, the National Association of Credit Management and others (including Titan Industries - a large employer in Virginia) testified against the bill. They disputed Delegate Watson's assertion that HB 2198 would improve access to credit and stressed that passage of that legislation could, in fact, lead to a contraction in available business credit. Senator Frank Ruff, chairman of the Small Business Commission, suggested an *ad hoc* Work Group to consider two pieces of legislation, one to address marketing concerns and the other for credit.
- On August 29, 2013, the *ad hoc* Work Group, made up of citizen members Owen Van Syckle and Robert G. Marcus met to discuss HB 2198. Small Business Commission citizen member Gena Thompson Burr and Delegate members Mark L. Cole and John A. Cox were also present. A number of businesspeople addressed the committee, as did a representative from D&B. Delegate Watson read excerpts from a telephone call he had had with Dun & Bradstreet Credibility Corp. (“DBCC”) on August 16th, 2013, and gave a thumb drive of his recorded call to the committee staff.

Clarification of Important Points

- As the process followed by the *ad hoc* Work Group did not facilitate discussion, clarification or repudiation of factual errors or misleading assumptions, we feel it is important to call the Commission's attention to the following points:
 - a. D&B and DBCC are two separate and unrelated companies.
 - D&B is a unit of The Dun & Bradstreet Corporation, a NYSE-listed company trading under the symbol DNB. D&B and its predecessor companies have been the world's leading source of commercial information and insight on businesses for 172 years.
 - DBCC is a private company headquartered in Malibu, CA that provides credit and credibility solutions for businesses throughout the U.S. and Canada. The company was formed in July 2010 when it acquired D&B's North American credit-on-self assets, also known as the Self Awareness Solutions (SAS). Among its several products are D&B's commercial credit reports, which are provided under license from D&B. DBCC's offerings also include other credit products and services developed independently by DBCC or obtained from sources other than D&B.
 - b. Delegate Watson actually made at least two calls on August 16th, one directly to D&B customer service and the other – the one he alluded to in the *ad hoc* Work Group meeting and provided a copy of to Amigo Wade – to DBCC. We believe Delegate Watson should have advised the *ad hoc* Work Group that he, in fact, had made two calls on August 16th, that he had spoken to both D&B and DBCC, and that he knew that he was speaking with two different companies.
 - c. In Delegate Watson's call directly with D&B customer service, he was walked through the process of enrolling in D&B's iUpdate program, where he was then able to view the information D&B had on file about his business and was told how he could challenge any information he felt was incorrect. Delegate Watson did, in fact, enroll in iUpdate and updated some of the information D&B had on file on his business during the call. Attached as Exhibit C is a transcript of that call.
 - d. During Delegate Watson's subsequent call with DBCC, he repeatedly sought to find out how he could challenge eight payment experiences in his D&B file. The two DBCC sales representatives with whom he spoke each told him multiple times that he could go to D&B's iUpdate site and contest what he considered to be erroneous information for free. While they persistently sought to sell Delegate Watson a service that would allow him to receive credit reports on his business, they never wavered on the fact that he could use iUpdate for free no matter how many times or ways he asked. We believe Delegate Watson did not accurately describe his call with DBCC to the *ad hoc* Work Group. Attached as Exhibit D is a transcript of that call.
 - e. Statements made by representatives of NEI Medical Waste Services and Remediation at the *ad hoc* Work Group meeting on August 29th were simply wrong as a matter of fact. Based on their testimony, all of NEI's interactions were with DBCC, and none were with D&B. For example, NEI claimed their D&B report reflected 3 trade experiences (after hearing this, D&B reviewed the report and found that it reflected 14 trade experiences); NEI said it took months to resolve a payment dispute (payment disputes typically take days to resolve); and NEI claimed they had to pay D&B to correct mistakes (they don't –

iUpdate is free). Additionally, NEI claimed that the Federal Government had withheld a contract award to their company for 8 months “because of information in their D&B report.” Certainly without any supporting materials it is difficult for the *ad hoc* Work Group or the Small Business Commission to determine the veracity of anecdotal experiences. However, we are not aware of a single instance in which a government agency or contracting officer deliberately withheld award of a contract to an otherwise qualified bidder or contractor, specifically because of information contained in that contractor’s D&B report.

- On September 10, 2013, the Small Business Commission reconvened. Mr. Van Syckle, co-chairman of the *ad hoc* Work Group, presented his written report. Please note the following points of disagreement and clarification:
 - a. The report may accurately reflect the testimony that was given by NEI Medical Waste Services and Remediation at the meeting, but that testimony, as noted above, was replete with errors of fact and could lead one to draw unfair and inaccurate conclusions based on those errors.
 - b. The report mischaracterized D&B’s testimony in stating that the “company formats the credit information that is provided into a report without making any judgment regarding the individual business practices of the entity submitting the information.” We in fact stated that trade suppliers – those companies that provide D&B with payment experiences – decide how to characterize how they are being paid, not D&B.
 - c. The report misidentifies Delegate Watson’s telephone call with DBCC as being with D&B.
 - d. The report states there is a lack of “accountability” under the current system. We disagree. As we explain above (see p. 3), market forces keep credit bureaus focused on providing complete, current and accurate information to their customers. Further, to date there has been no evidence produced to support the anecdotal claims proffered as justification for the legislation.
 - e. We also disagree with the report’s conclusion that concerns about marketing practices arose during review of the bill: To the contrary, Delegate Watson’s website states he introduced the bill “[a]fter hearing from businesses across the Commonwealth who were frustrated with marketing practices by the Commercial Credit Industry”
 - f. We also take issue with the report’s statement: “The bill’s sponsor has already amended HB 2198 to overcome objections by the [Commercial Credit Reporting Agencies]. There has been, however, no apparent accommodation from CCRs addressing the issue.” This is simply not accurate. Delegate Watson has not amended the bill, despite repeated offers from D&B to give serious consideration to any alternatives he might suggest. Delegate Watson has asked D&B to provide suggested language to a modified bill, and that question was also asked by the *ad hoc* Work Group.
 - g. Finally, we disagree with the recommendation that Virginia adopt a version of the California bill. We do not believe a legislative solution is required.

Summary

In summary, that there are many problems with HB 2198 is apparent from the fact that the bill was never reported out by the House Commerce and Labor Committee, nor acted upon by the House, nor introduced in or referred to the Senate. Delegate Watson has provided no evidence about the accuracy or inaccuracy of the information in commercial credit reports, nor has he offered any support for his position that incorrect information in commercial credit reports has led to the denial of business credit. And while it is conceivable that Delegate Watson may find some businesses willing to testify in support of his bill, there is no evidence that the business community at large supports the legislation. In addition to others, the National Association of Credit Management, Consumer Data Industry Association (CDIA), Business Information Industry Association (BIIA), Titan of America and other prominent stakeholders have come out in strong opposition to the bill.

In our opinion, HB 2198 is a fundamentally flawed endeavor and based upon a lack of understanding of the way in which credit bureaus facilitate the availability of credit to businesses large and small. Enactment of HB 2198 would give Virginia businesses little that they do not already have, while limiting their access to credit and making what credit is available to them more expensive.

D&B iUpdateSM

Easily manage D&B's information on your company



iUpdateSM is D&B's Internet-based service that allows U.S.-based small businesses and non-publicly traded companies convenient access to D&B's information on their business. Registered users can easily and conveniently view, print, and submit updates to their D&B Business Information Report *free of charge*. By keeping the information current and complete, you can improve your business's credibility with banks, suppliers, and other companies that do business with you.

iUpdate can be accessed* by officers or principals of the business, or by individuals authorized by the company's management to provide information to D&B.

Once in **iUpdate**, you will be able to request changes to non-third-party information. Changes to third-party information, such as business registrations, suits, liens, and judgments must be done through the appropriate legal or government sources. All data editable in **iUpdate** will be displayed in yellow fields. Uneditable third-party data, calculated fields, and reference fields will be displayed in gray and have links explaining why this data cannot be changed or how to update through a third party.

You can also update your financial information by submitting a Financial Statement, or update a Branch Report by signing into the Headquarters credit file.

Updates made through **iUpdate** are reviewed and validated, so please allow 13-15 business days before changes will be reflected in the D&B Business Information

Report. D&B also recommends updating your company's information at least 1-2 times per year (or as circumstances warrant) to ensure that your company's information is kept as current as possible.

Why get a D-U-N-S® Number?

The D&B D-U-N-S® Number is a unique nine-digit identification sequence, which provides a unique identifier of single business entities, while linking corporate family structures together.

D&B links the D-U-N-S Numbers of parents, subsidiaries, headquarters and branches on more than 64 million corporate family members around the world. Used by the world's most influential standards-setting organizations, it is recognized, recommended and/or required by more than 200 global, industry and trade associations, including the United Nations, the U.S. Federal Government, the Australian Government and the European Commission.

In today's global economy, the D&B D-U-N-S Number has become the standard for keeping track of the world's businesses.

Access iUpdate



Log-in to your company's credit information in iUpdate at:
<https://iupdate.dnb.com>

Contact a Credit Specialist at
1.800.234.DUNS (3867)
Mon. – Fri. 8 am – 8 pm EST

* Please note that a D-U-N-S Number is required to create a record on any company and is required to access your company's existing record.

Exhibit B

D&B's Response to Issues Raised at the June 26, 2013 Meeting of the Virginia Small Business Commission

1) Please provide further detail concerning D&B's trade experiences on Virginia businesses.

- In 2012, D&B received many millions of payment experiences on Virginia businesses. Those payment experiences reflected many billions of dollars in credit extended to Virginia businesses.
- Payment experiences are aggregated by D&B and provided in a way that reflects how much credit, on average, has been extended to a specific debtor over the prior 12 months by a specific trade creditor and how that debtor has met its repayment obligations to that creditor. D&B, its trade suppliers and D&B's customers have utilized the following classification system:

Classification	Description of Classification
Anticipates	The debtor generally pays trade invoices before they are due (often to take advantage of discounts for early payment)
Prompt	The debtor generally pays trade invoices within terms
Prompt to Slow XX	The debtor generally pays trade invoices between the time they are due and XX days late
Slow	The debtor generally pays trade invoices late
Slow XX Days	The debtor generally pays trade invoices XX days later than the day they are due
Cash Only	The creditor requires the debtor to pay in cash (<i>i.e.</i> , will not extend credit terms to this debtor)
Placed for Collection	The trade creditor placed invoices due from this debtor with a third party for collection
Bad Debt	The debtor did not pay trade invoices due from this trade creditor and the creditor wrote off the receivable

- D&B, its trade suppliers and D&B's customers consider Anticipates and Prompt payments to be "Favorable," while the rest are considered "Unfavorable."
- Almost 99% of the millions of payment experiences on Virginia business were "Favorable" and approximately 1% were "Unfavorable."
- "Favorable" experiences, as expected, are seldom challenged by trade debtors. "Unfavorable" experiences are more likely to be challenged, but to a very small degree: fewer than 1.5% were challenged by the debtor. (Please see Attachment 1 for more information about D&B's process for responding to these challenges.)
- Of the few thousand challenged trade experiences, D&B conducted a reinvestigation and determined that almost 90% of the experiences were accurate, according to the trade supplier, and were retained in the D&B report on the debtor.

In summary, of the millions of trade experiences on Virginia businesses in 2012, 99.998% were either "Favorable" or, if "Unfavorable" and challenged by the trade debtor, were found to be correct. These data clearly do not support the claim that "incorrect credit information is denying credit and financing to small businesses in Virginia." Rather, macroeconomic factors, such as

the overall state of the economy over the past six years, which have included high numbers of business bankruptcies and significantly tighter lending standards, have made trade credit less available across all industries nationwide.

2) Please describe the procedures used by D&B to handle complaints and disputes that a business may have about the information in a D&B report.

D&B encourages businesses to access and review D&B's information since D&B's reports are only valuable to the extent they are accurate, complete and current.

D&B offers both telephonic and Internet-based means by which a business can access and challenge information in D&B's files. Ultimately, businesses are directed to iUpdate (<http://iupdate.dnb.com>), D&B's Internet-based service that allows business principals to view, print and request updates to their company information. iUpdate also allows business principals to challenge information in D&B's files, which D&B will promptly reinvestigate and correct if necessary. iUpdate is provided to business principals at no charge.

3) Please provide any support for your position that fewer businesses would participate in D&B's voluntary trade reporting program if they knew that their names would be divulged.

- Thousands of companies routinely provide us with trade information on those with whom they do business. Many trade suppliers require us, as a condition to receiving their information, to commit in writing not to divulge their identities to their trade debtors without their permission. As this is a precondition to their participation, we believe that most of our trade suppliers would stop providing us with their information if we disclosed them as a source of that information.
- California is the only state that has enacted laws in this area. California Code - Title 1.6: CONSUMER CREDIT REPORTING AGENCIES ACT [1785.1. - 1785.36.] covers consumer credit reporting agencies. California Code - Title 1.61: COMMERCIAL CREDIT REPORTS [1785.41. - 1785.44.] covers commercial credit reporting agencies. The law specifically notes that commercial credit reports differ significantly from consumer reports and are therefore not subject to the Consumer Credit Reporting Act because "[t]he circumstances, business practices, and reports themselves differ sufficiently to make it impractical to include commercial credit reports under the Consumer Credit Reporting Act." Moreover, the law specifically provides that "[c]ommercial credit reporting agencies may protect the identity of sources of information to be used in commercial credit reports." (Please see Attachment 2 for a copy of California's law.)
- The NACM -- National Association of Credit Management (www.nacm.org) -- was founded in 1896 to promote good laws for sound credit, protect businesses against fraudulent debtors, improve the interchange of credit information, develop better credit practices and methods, and establish a code of ethics. The following 2 paragraphs appeared in an article published on the NACM website on February 15, 2013 entitled, "NACM (National Association of Credit Management) Opposes Virginia Bill That Would Cool Exchange of Commercial Credit Information":

*"HB 2198 was recently forwarded to the Virginia Small Business Commission and would, among other provisions, require commercial credit reporting agencies to identify the source of any negative commercial information. **It is a move that would immediately reduce the amount of information available to commercial trade creditors; information that helps determine a customer's creditworthiness. Open, accurate reporting of trade credit information, without fear of retaliation, is necessary for businesses to offer the financing to other businesses that drives America's business economy.**" [Emphasis added]*

*"Businesses base their decisions to extend trade credit on historical, factual information, which is why this data is so critical to the process," said NACM President Robin Schauseil, CAE. **"This bill would discourage businesses from reporting any information, positive or negative, and damage businesses of all sizes, especially small ones, by shrinking the pool of data available for creditors to use when determining a potential customer's creditworthiness. Rather than base a decision on incomplete or unreliable customer information, companies will instead simply stop extending trade credit to Virginia companies."** [Emphasis added]*

Many of the credit managers from our trade credit providers are members of the NACM and would be sympathetic to these views.

- Finally, at the recent June 26, 2013 meeting of the Small Business Commission, two witnesses spoke to this issue:

Anton Goddard of NACM testified that builders who are buying rebar and renting machines, and their suppliers, use the NACM's National Trade Credit Reports to be able to do their business. He testified that the biggest problem for most businesses is a lack of information.

A General Manager for Titan America, a Virginia-based heavy building materials company, testified that he stands fully behind the information he gives to D&B and NACM. He said that if he reported a company paying 30–60 days slow, it is the truth, but he doesn't want his customers knowing because he would not be able to conduct his business if he was receiving calls from subject companies about these reports. He also said that companies like Titan and their customers who need fast credit need these reports. It is their lifeblood. He was very clear that the free flow of credit information is very important, and that if that information is impeded in any way, it could stop work from getting done. He said that he has not found any issues with commercial credit reporting, and this legislation is, thus, for a non-issue.

4) Please provide the total number of D&B employees and the number involved with re-investigations.

D&B staffs itself to fully and faithfully discharge its responsibilities to its customers and to those on whom it reports to collect and publish information that is accurate, complete and current. The manner in which D&B staffs itself and the number of team members assigned to any particular responsibility is considered proprietary information. Further information about D&B, including our number of employees, can be found in D&B's 10-K, which is accessible on <http://investor.dnb.com>

ATTACHMENT 1

D&B's Trade Recheck Process







Debtors may challenge the accuracy of any payment experience, without charge, using D&B's Internet-based iUpdate system (<http://iupdate.dnb.com>). Upon receipt of a challenge, D&B will contact the creditor to confirm the accuracy of the payment data provided to D&B. There are 4 possible outcomes from a challenge:

- **Correct.** The payment experience is reported correctly, in which case the payment experience remains in the D&B report.
- **Incorrect.** The payment experience is not reported correctly, in which case the payment experience is removed from the D&B report.
- **Unanswered.** The creditor does not respond to D&B's recheck request, in which case the payment experience is removed from the D&B report.
- **Automatic Delete.** The creditor has a standing order for D&B to remove each challenged payment experience, in which case the payment experience is removed from the D&B report.

Some of what's possible in iUpdate

Returning Registrants

Returning registrants with an ID and password can sign in directly and will automatically be taken to their business record(s).

 Start Update Process	Business owners may review, update, change or enhance the information on their company at any time.
 View / Print Company Report	A raw report may be viewed and printed upon request at no charge.
 Submit Financial Statement	New financial statements or payment experiences can be submitted directly in iUpdate.
 Investigate Payment Experience	If a business owner wants to dispute a payment reference or wishes to re-investigate a payment experience, an investigation can be requested.
 Data Update Policies and FAQs	D&B's Data Update Policies and FAQ's with details on data management and iUpdate processes are also provided.
 User Profile	Business owners can review, maintain and update their profile, and access security question information within the User Profile tab.

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Note: please refer back to page 13 for more information on iUpdate

ATTACHMENT 2

California Code - Title 1.61: COMMERCIAL CREDIT REPORTS [1785.41. - 1785.44.]

1785.41. Consumer credit reporting is subject to the regulations of the Consumer Credit Reporting Agencies Act. Commercial credit reports, which differ significantly, are not subject to that act. The circumstances, business practices, and reports themselves differ sufficiently to make it impractical to include commercial credit reports under the Consumer Credit Reporting Agencies Act.

1785.42. (a) "Commercial credit report" means any report provided to a commercial enterprise for a legitimate business purpose, relating to the financial status or payment habits of a commercial enterprise which is the subject of the report. It does not include a report subject to Title 1.6 (commencing with Section 1785.1), Title 1.6A (commencing with Section 1786), or a report prepared for commercial insurance underwriting, claims, or auditing purposes. The term does not include (1) any report containing information related to transactions or experiences between the subject and the person making the report; (2) any authorization or approval of a specific extension of credit directly or indirectly by the issuer of a credit card or similar device; or (3) any report in which a person who has been requested by a third party to make a specific extension of credit directly or indirectly to the subject conveys its decision with respect to that request.

(b) "Commercial credit reporting agency" means any person who, for monetary fees, dues, or on a cooperative nonprofit basis, provides commercial credit reports to third parties.

(c) "Subject" means the commercial enterprise about which a commercial credit report has been compiled.

1785.43. (a) Commercial credit reporting agencies may protect the identity of sources of information to be used in commercial credit reports.

(b) Upon the request of a representative of the subject of a report, the commercial credit reporting agency shall provide one printed copy of the subject's commercial credit report in a format routinely made available to third parties, at a cost no greater than the cost usually charged to third parties.

(c) In the event that the subject of a commercial credit report believes the report contains an inaccurate statement of fact, a representative of the subject of the report may, within 30 days of receipt of the report pursuant to subdivision (b), file with the commercial credit reporting agency a written summary statement of not more than 50 words identifying the particular statement of fact that is disputed, and indicating the nature of the disagreement with the statement in the report. Within 30 days of receipt of a subject's summary statement of disagreement, the commercial credit reporting agency shall either delete the disputed item of information from the report, or include in the report an indication that the subject's summary statement of disagreement will be provided upon request.

1785.44. Any waiver of the provisions of this title is contrary to public policy, and is void and unenforceable.

Exhibit C

Transcript of Delegate Mike Watson call to Dun & Bradstreet (D&B)

Speakers: Delegate Mike Watson, Bella (D&B Customer Service Representative)

Bella: Thank you for calling Dun & Bradstreet my name is Bella how can I help you?

Mike Watson: Hi Bella I was just speaking with another representative and she was trying to help me get into the iUpdate section and she ran into the same problem I did, so I guess she sent me to you. I have a D&B number, it's been a long time since I logged in, so I went to log in and I couldn't really find a place to put in my D&B number so I went through the register again although I have done this in the past and it came up with, and the first thing it said... "search your company name" and what it did was...so it found my company with new addresses, old addresses looks like maybe different accounts for each, maybe not, but I can't get anything further than that. She had me go to the "get started page" and plug in my D&B number and it can't find it and although she was able to find it, so she said I am going to get you some help, so here I am.

BELLA – I understand. I'm sorry for the inconvenience, sir but let me assist you on how you can get to your account. What's the name of the company?

Mike Watson: It's Control Automation Technologies Corporation.

BELLA: And the state where the company is located?

Mike Watson: Well...we're a North Carolina Corporation but we have offices in Virginia and North Carolina

BELLA: Virginia and North Carolina. How many offices do you have? So, you have two right?

Mike Watson: We have two laboratories, that's correct.

BELLA: Ok. What's the DUNS number that you have there?

Mike Watson: My DUNS number that I've have had on file for a long time is: 606727535

Bella: Ok. Do you happen to know the DUNS number for your location in Virginia?

Mike Watson: I would have assumed that it would have been the same thing, but I don't have any other number but the one I gave you.

Bella: I see, ok. So the one that you provided me sir, the 606727535, this is for Control Automation Tech Corp located in Winston Salem, North Carolina. So since you said earlier that you have two different locations or two different offices then you need to have two different DUNS numbers, ok. So I am going to assist you on how you can get access to both DUNS numbers, sir, alright?

Mike Watson: OK

Bella: Are you doing business with the government or applying for federal grant?

Mike Watson: No

Bella: No, ok. What's your first and last name?

Mike Watson: Michael Watson.

Bella: And you're the president or the CEO of the company right?

Mike Watson: I am, yes.

Bella: Ok, let me just add one of your contacts, Mr. Watson, so that whenever you call us we can easily pull up the information.

Bella: Phone number, is it, umm, 336-725-6020?

Mike Watson: That is one of our branch offices, but that is not where I'm at.

Bella: I see, what's your phone number?

Mike Watson: 757-565-4767.

Bella: And what's your email address?

Mike Watson: mwatson@catlab.net.

Bella: .net, alright. Thank you so much for providing all of this information sir. So, uhh, Mr. Watson how many offices do you have in North Carolina? Is it just one...or?

Mike Watson: Just one, yes.

Bella: Just one, ok. Can you give me the address...the physical address, for your office in Virginia?

Mike Watson: Well, our laboratory is at 6540 Emmis Church Road in Providence Forge, Virginia.

Bella: How about 606 Roxbury, umm, Industrial Court?

Mike Watson: That is an old address, that was when we were renting a building, but we don't have that location anymore we moved it to the Providence Forge address... I bought a building.

Bella: Ok, I understand. So the DUNS number that we have here for your location in Virginia has the old address so we need to have it updated as well. So, um, let me see what we need to do for this...one moment. I only see here two different DUNS numbers for your company and they are two valid DUNS numbers, because again you have two different locations sir. So, umm, you said earlier that you were trying to register to the website which is the iUpdate.dnb.com right?

Mike Watson: Um, yes.

Bella: Ok, so um, let's try to register again to the website. I want you to use Internet Explorer as your browser, but I would like to know first what is the error message that you got when you tried to register earlier?

Mike Watson: Oh boy, I don't know if I've still got it up here...I don't have it up here anymore.

Bella: It's ok, so let's and go internet explorer as your browser Sir. Are we now using Internet Explorer?

Mike Watson: I've got Firefox.

Bella: Do you have Internet Explorer on your computer?

Mike Watson: Maybe, let me check, I don't like Internet Explorer so...(long pause) it doesn't appear to...let me check, I've got another computer in front of me, let me check...yes I have it here.

Bella: Alright, so let's go to iUpdate.dnb.com.

Mike Watson: It's popping up.

Mike Watson: Alright then I'm sorry... www.

Bella: Oh, no triple www sir, don't put www. just type iUpdate and then . dnb.com.

Mike Watson: Ok, alright I've done that.

Bella: Ok, so let's go and click on register to use iUpdate and then click on start now. Just answer the question, is it a yes or a no?

Mike Watson: No.

Bella: And then let's search for your company. Let's go first with the one in North Carolina sir, and then later on we're going to add the one in Virginia, ok, so let's just search for the company Control Automation Tech.

Mike Watson: Ok, I hit search.

Bella: How many results did you get?

Mike Watson: Just one.

Bella: Just one...that's the one in 95 Reynolds Boulevard right? So, select that and then click on next.

Mike Watson: Ok.

Bella: Alright, and then just provide us your legal first name. Please, I just want to remind you sir that you need to provide us the correct information if this doesn't ask you with your home address you need to provide us the correct home address and phone number so that we can validate your identity; this personal information will not be used for any marketing purposes this is just entirely for verification or validation purposes.

Long pause

Mike Watson: Ok, I assume hit next now.

Bella: Yes. Are you getting any error message or is it loading now?

Mike Watson: It says please select your title, I guess I select president, I guess, president and probably a business email.

Mike Watson: *Inaudible*

Mike Watson: It's loading, it says it may take a minute to process.

Bella: uh huh.

Long pause

Mike Watson: Alright and now it's wanting to know the last four digits of my social security?

Bella: Ok.

Mike Watson: Alright I've done that. I really don't like putting this much of my personal information on here.

Long pause

Mike Watson: Alright, ok it appears, I don't know how many of these pages I have to go through but uhhh...

Bella: What can you see on your screen right now? Is it asking you now to set up your password and security questions and answers?

Mike Watson: It is.

Bella: Ok, great, that's great so let's just continue that one sir and then later on I am going to assist you on how you can add the other company ok. Let me know once you're done.

Long pause

Mike Watson: Ok, it says “congratulations” registration is complete.

Bella: Ok, great, that’s great, so now...umm...what can you see...go ahead and click on continue.

Mike Watson: Ok.

Bella: Ok, so now...

Mike Watson: *Inaudible*

Bella: Ok can you see now Control Automation Technologies and also the DUNS number 606?

Mike Watson: I do.

Bella: Ok, great. Sir, I want you to click on add company sir...add company.

Mike Watson: Ok

Bella: And then is it asking you to search for something?

Mike Watson: It is.

Bella: Ok great, so you have to search for Automation Technologies, located in, the one in Virginia, hold on...located in Charles City, Virginia, sir.

Mike Watson: Now, when I did this earlier there was two that came up for Charles City and one for Providence Forge, Virginia and Providence Forge is our current address. Now, do you still want me to look for the Charles City one for now?

Bella: Hold on, hold on a second...in Virginia because when I tried to search...the one is in Providence and then the one is in Charles City right? So, hold on...what is the correct address again, the one in 6540? Emmis Church right?

Mike Watson: Emmis Church Road in Providence Forge, yes...that’s my current...

Bella: I see, ok well we need to select the one in Providence Forge sir.

Mike Watson: Ok.

Pause

Bella: Oh, hold on...what did you do now? Did you just select the one in Providence Forge?

Mike Watson: I will, I just searched it and it just popped up I haven’t clicked to select t it yet.

Bella: Ok, don’t select them yet. How many results did you get sir?

Mike Watson: Well this time I just got one because I typed in Providence Forge but when I did some kind of search earlier I found three.

Bella: Ok, how about you try to search it again and do not put Providence Forge, just a hyphen for the city because we need to eliminate the other DUNS numbers

Mike Watson: Ok, there is, umm, well there is a bunch that popped up but there... it appears to be three of them that might be related to my company, maybe four.

Bella: Ok, just select the three addresses. We got the two for 6540 Roxbury Industrial Court right? Select both of them. Am I right sir? Are you seeing the same thing?

Mike Watson: I am, I’m seeing two with Roxbury Industrial Court and one with the Providence Forge.

Bella: Ok, so you have to select those three results that you informed me...alright, and then.

Mike Watson: I did, I hit next.

Bella: Yes, you hit next.

Mike Watson: Ok.

Bella: So, are we now on resolve duplicate issue?

Mike Watson: Yes.

Bella: Ok great, hold on.

Bella: So, on resolve duplicate issue sir you just have to click the one that is, that is located in the correct address. So, click on correct DUNS number for the 966 and I want you to take note of this DUNS number: 966129137 because that will be the DUNS number for your Virginia office or laboratory, ok. So, select correct DUNS number (*inaudible*) for 966129137 DUNS number...are we good?

Mike Watson: So, click both...two checks side by side ok.

Bella: And then, below that, the comment bar or the comment box you just have to inform us that the DUNS number 7852 and also 966129269 are duplicate DUNS numbers because they are for your old address and needs to be deleted and need to be deleted.

Long pause

Bella: Are we done?

Mike Watson: Ok, I just typed that. Now do I need to put my name and address and all down here on the bottom?

Bella: Yes, all those information sir.

Mike Watson: ... and submit.

Bella: Ok, what can you see now?

Mike Watson: We have received your request and you will be notified by email.

Bella: Ok great, that's great. So now, you click on continue, I think.

Mike Watson: Ok.

Bella: Ok. So now we have to search for your business again, Control Automation Technologies. What can you see on your screen sir?

Mike Watson: I see, my DUNS number for the North Carolina address and the name of the company with Winston Salem, North Carolina.

Bella: That's all, go ahead and click on...what do you call this...add company again.

Mike Watson: Ok.

Bella: And then type in Control Automation Technologies, now located in Providence Forge sir.

Long pause

Mike Watson: Ok, try it again maybe I mistyped it, oh, an error.

Bella: Oh, I'm sorry.

Mike Watson: It came up as an error, let me make sure I typed it right.

Bella: Ok.

Mike Watson: Alright, it did come up.

Bella: Ok, just one right?

Mike Watson: That's correct.

Bella: Ok, then select that and click on next.

Mike Watson: Alright done.

Bella: What can you see? What happened?

Mike Watson: It's processing its says.

Bella: Ok.

Mike Watson: Now I have both of them up on top of a screen, both the North Carolina and Virginia address, but one of each.

Bella: Ok great. Alright so now you can go ahead and you will be able to access the same, I mean, two reports for your company sir, ok?

Mike Watson: Ok.

Bella: Alright so you can go ahead and update.

Mike Watson: I can view my company report and update and so forth?

Bella: Anything, yes sir, that's correct...and it's free.

Mike Watson: That's what I needed. Very good, ok.

Bella: Anything else?

Mike Watson: Will it show me my any kind of a score or Paydex or anything like that?

Bella: Oh, those Paydex scores and ratings will not show up there sir. It's only the basic information of your company and also how you pay your suppliers. Those are the things that you can see but for the scores...this is a business information report but it doesn't include scores and ratings. So if you would like to check your scores and rating you need to purchase your company's report, sir. This is the only free report that we can provide you.

Mike Watson: So, if I want to check my scores, then I will have to purchase a report?

Bella: Yes.

Mike Watson: How much does that cost?

Bella: It depends on the type of report that you would like to get sir. We have a report that is, umm will cost you \$121. We also have a report that will cost you \$151. You can visit our website which is creditreports.dnb.com.

Mike Watson: Ok for \$121 or \$151 I can purchase a report and that will be the same exact report that another company would get on me?

Bella: Yes, yes.

Mike Watson: Ok. Now what happens if...obviously I am going to have a lot of old information on here, umm, what happens if I get in there and there is something that I don't agree with on the report? Can I change it there? Or do I need to come back to here or what?

Bella: Here's the thing sir I would advise you to check the basic information of your company first because the scores and rating will be based on the information that we have on our database and the information that you will see on iUpdate....ok? It is being calculated based on the payment experiences, the um your company's financial information, so that's why we are giving you a free copy of your report so that we can... you can modify any information that you want to modify, you can add your financial information if you want to add it and you can investigate payment experiences that you think that are not correct...and I would...

Mike Watson: So I will be able to do all of that for free?

Bella: Yes, you will be able to do it for free using this website iUpdate.dnb.com.

Mike Watson: Ok, well that's what I wanted to see if I've got someone that has reported something bad on a company I wanted to make sure I can change that for free and you say I can do that from here?

Bella: Yes, correct.

Mike Watson: Or challenge it? I'm not saying change it...but I can challenge it for free anyway if I don't agree with what something someone reported on my company.

Bella: Yes, correct.

Mike Watson: Ok, very good, alright, I guess I will figure out how to do that when I do this.

Bella: Anything else Mr. Watson that I can help you with?

Mike Watson: That's it for now.

Bella: Ok, thank you for calling D&B, and you have a great day, good bye.

Mike Watson: You too.

END

Exhibit D

Transcript of Delegate Mike Watson call to Dun & Bradstreet Credibility Corporation (DBCC)

Speakers: Delegate Mike Watson, Christine (DBCC rep), Mike (DBCC supervisor)

Female recorded voice: Thank you for calling Dun & Bradstreet Credibility Corp. Our business hours are Monday through Friday 8:00 AM to 9:00 PM Eastern Standard Time. Your call may be monitored or recorded for quality purposes. Please hold for the next available credit adviser.

Christine: Thanks for calling Dun & Bradstreet Credibility Corp. My name is Christine. I am on a recorded line. Can I get your name and title, please?

Mike Watson: Hi, Christine. This is Mike Watson. I'm president of Control Automation Technologies Corporation and I'm recording as well.

Christine: Hi, Mike. Good afternoon. How are you?

Mike Watson: I'm doing fine, thanks.

Christine: Great, great. Let me ask you, Sir, do you happen to have your nine digit DUNS number handy?

Mike Watson: I do. It is 606727535?

Christine: I'll read that back to you just to confirm. 606727535, correct?

Mike Watson: Right.

Christine: Bear with me just one second so I try to find you in my system, okay?

Mike Watson: Okay.

Christine: And as I mentioned before I'm on a recorded line. Just waiting for it to come up. And this is for Control Automation Technology, correct? Based out of Winston-Salem?

Mike Watson: Yes, ma'am. That's one of our branches. I'm not in Winston, I'm in Virginia, but we've got -- I'm pulling up and looking at -- let me back up. I just went through and updated a couple of things. I didn't realize you had D&B numbers for different locations. And I spoke with one of your representatives earlier and she helped walk me through getting all that brought together under one area so that I can go to one website and find them.

Christine: Perfect.

Mike Watson: Anyway doing that I went up and she said you can go in and update information, look at least a partial report anyway. And I did and immediately I found on some payment summary and payment details, I see some red down there. And it looks like multiple slow pays even some that show that there's money still due. And as I go through my QuickBooks and look and that does not reflect real life by a long shot. So I wanted to see --

Christine: Okay.

Mike Watson: -- what we needed to do to fix those.

Christine: I will gladly help you out with that. And permission to call you Mike or do you prefer Mr. Watson?

Mike Watson: Mike is fine.

Christine: Just making sure. Yeah, I just took a look at your payables and I'll be upfront with you, yeah, I see why you definitely -- you did the right thing by calling. First and foremost now looking at your report it is definitely outdated and just to confirm, you did link the other location as branch locations or were they subsidiaries. I just want to have --

Mike Watson: They're branch locations, yeah. And I haven't been online in quite some time to update and I can see some things with addresses and all that that I can go back and change. But the key thing is right now I just wanted to see what this payables report looks like. And it's -- we're in pretty strong financial shape. And I can go back and look through my QuickBooks and can't find anything going back several months that would be seen as overdue. And this would indicate that there's things that are even overdue now.

Christine: If that's the case what needs to happen is a couple things. First and foremost, because I'm looking at the report right now, it is definitely outdated. You've actually had an inquiry. So as of right now -- let me just pop back into the payables. So with all inquiries coming in to the headquarters location for Control Automation, it's good you're taking charge of it.

I just want to confirm there's one, two, three, four, five. There's about eight slow trades that have been reported. So there's a couple different things that can be done, but I'll need to ask you some questions.

Mike Watson: Okay.

Christine: How many -- what's the business itself for Control Automation, what does the company actually do?

Mike Watson: We provide calibration services for precision test equipment.

Christine: Okay. So in this type of a niche market your clientele is strictly commercial, business to business or is it government?

Mike Watson: It would be business to business. Most of my customers are manufacturers.

Christine: Okay. So with this being business to business one thing that is definitely going to be looked at is your payables, because when someone goes to pull your report to do a risk assessment like you mentioned they're going to see exactly not only how well the bills are paid, what terms you've worked with just to make sure you're not a fly-by-night company. Also it does have a very big impact on your scores and ratings with your payables.

So here's what needs to happen. With the payables that I'm showing that reported as slow, you can go onto iUpdate.dnb.com if you haven't already registered and go on there for free to start the investigation of the payment experiences. You're allowed up to five per month. You have a total of eight that I've counted.

So you can go ahead, do the five biggest accounts first, so then Dun & Bradstreet does receive that information. And once it's submitted for request to have it looked into, if the companies or whoever reported it does not respond within a certain window of time, it gets removed off the report. But you're allowed up to five per month. In turn, you want to make sure at this point, Mike, you're adding in positive trade references to substitute what you're taking out.

So on average how many vendors is the company actively working with, say on terms of a monthly basis?

Mike Watson: It varies from month to month, but I would say maybe two dozen. That's just a guess, 'cause we could go one month and be much less. That's maybe a peak.

Christine: I want to say at least your minimum, because I think the thing is I don't want to set you up for something that you're not going to utilize. So we'll just say your absolute bearable minimum that you're working with.

Mike Watson: Maybe 15 is a probably pretty good number at any given month.

Christine: Any given month 15? Are you also including like web hosting, marketing, accounting insurance, those types of things too?

Mike Watson: No, no. If you add those you're probably looking at another eight to ten. So say 20 to 25.

Christine: Twenty to twenty-five?

Mike Watson: Total.

Christine: Okay. Here's what it comes down to, because by you taking out those eight when you do the payment investigation you'll need to add in positive trade references. Out of those 25 you're working with how many of those are your biggest accounts that you're consistently paying, or is it all 25 that are your biggest accounts?

Mike Watson: No, no, it's probably half of them are consistent one -- each month. I mean when we start talking about phone bills and talking about --

Christine: No, I'm not looking at that. No I'm -- nothing involving utilities.

Mike Watson: Oh, just strictly vendors?

Christine: Vendors, suppliers, anything outside of utilities. So say like the insurance, accounting, attorney costs, payroll, more along the lines of say web hosting, marketing, things that are pretty much over-head if you would.

Mike Watson: Yeah. Maybe a dozen.

Christine: Okay. So here's what needs to happen. You've got about eight slow trades so once that's taken out your gonna need to substitute that in with fresh information. So based off of that alone, to get your report where it needs to be you would actually qualify for what's called a Credit Builder Plus. And here's how this is gonna work. Going forward you would actually have your link and set password to have access into your report. That will give you access to your full scores and ratings. So outside of the link to iUpdate which I'll instruct you on how to do. You will go into the report and add in your top 12 references dollar wise because your scores of ratings are weighted by dollar amount.

So when Dun & Bradstreet gets those references, once you submit them, they'll contact the references that go back up to 12 months to get the payment history and for the going forward to showcase your credibility. So that does, in essence -- as long as your references are positive -- build up your scores and ratings. Does that make sense?

Mike Watson: It does. Now as far as, I mean but if I've got somebody -- it looks like it's recently reported like in April and June. And even somebody showing out due now. I mean that's just totally inaccurate. Those so how do I find out who those are?

Christine: There's protocol you're going to go through. So first when I -- I'm going to walk you through all of this, Mike, trust me. I'm going to walk you through all of this.

Mike Watson: Okay.

Christine: So let's address the positive things first before we tackle that, okay?

Mike Watson: Okay.

Christine: Let's do it one at a time. So when you go into the report you're going to add in your top 12 references, because that's going to take a lot longer than going into the payment investigation.

Mike Watson: Okay.

Christine: So when you submit your references, as I mentioned, Dun & Bradstreet will contact them and go back up to 12 months to get the payment history and report it going forward to showcase your credibility. Now also since you've had inquiries on the report and this is the headquarters location, you'll be notified via industry who is pulling your report and what's being checked out.

Also the bonus to this is that whenever something changes with your report you will be alerted. Then that way you could be proactive on your own report. Now will you be the one taking control of this or will someone else be joining you where you'll need a separate logon to access the report?

Mike Watson: There'll be -- well, I'll be the primarily the only one. My wife also is involved in the business and she may want to log in. But she can log in with my information, can't she?

Christine: So you guys don't want a separate one or anything like that? I've worked with husband and wife companies and they need separate ones, so I just want to clarify.

Mike Watson: I think we can do with one.

Christine: Okay. Mike, what's your e-mail address?

Mike Watson: It's MWatson@catlab.net.

Christine: Okay, so cat C-A-T.net?

Mike Watson: Cat lab. L-A-B.

Christine: Thank you, catlab.

Mike Watson: Right.

Christine: Catlab.net, perfect. Alright. So what will happen is that when you go into the report like I said you'll have access to it for 12 months. Now what will happen is when you submit your references as I tell most of my clients, if you can't submit your references all in the same day because in that way when Dun & Bradstreet contacts them at minimum it could take about seven to ten business days for them to reach a reference. The max it could take, it could take up to 30 days.

So the same day you want to make sure you have that information in there, okay?

Mike Watson: Okay.

Christine: Now what will also happen is, for free, you'll be getting the Business Advantage Plus service from LegalZoom that includes a compliance calendar service which will notify you of annual quarterly state and federal filing requirements for the company. In addition to access to legal forms library which will give you downloadable legal documents you can customize for the business or personal use.

I'll be up front with you, Mike, the main concern at this point is adding in your references.

Mike Watson: Yeah, we're talking about a lot more than I was really interested in taking on today.

Christine: I know that's why I said the main focus is adding in your payables. But it's a part of the service. I'll explain it all.

Mike Watson: Gotcha.

Christine: So what happens that'll do for the full year. Most clients tend to do that once if not twelve every twenty-four months. So if you have questions you'll have all my contact information to reach me, please do so.

Mike Watson: Okay.

Christine: So for the service now do you happen to have a CPA or an accountant on file that you normally work with, or do you do your books in house?

Mike Watson: Well, I've got somebody that I work with.

Christine: Okay, because there is a service fee associated and I want to make sure the e-receipt you're able to print it out and give it to whoever files the books accordingly.

Mike Watson: There's a service fee with what I'm getting ready to do?

Christine: Right, for the Credit Builder Plus, because you're adding in payables, because at Dun & Bradstreet there's a lot of work that goes into it. So when they contact those references, it's not just a matter of just getting the information. What happens at Dun & Bradstreet then reports going forward for the next 12 months.

Mike Watson: All right, just so I'm clear. Just so I'm clear. I mean, obviously my key thing I want to do is if there's -- there's just people on here, someone who said I paid late and I haven't, but in order to do that I understand you're saying the first thing I need to do is update my most current vendors, but that costs money?

Christine: Right, because here's the thing about it. When you go into iUpdate.dnb.com and you start the payment investigation process. Just so you understand, once Dun & Bradstreet receives that information and they do the payment investigation, that's free. To go in and dispute it, that's absolutely free. But when you go in and have that disputed and once that's removed, that's a reference off your report.

So if you go back into where it says your payables, just to give you an example if you go back into it. And I'm just going to pick one for an example.

Mike Watson: Okay.

Christine: Let me see your biggest one that you're [inaudible] right now is slow, that I see it's for \$5,000. So for the one for June of 2013 just to give you an example, you go into iUpdate and you request that to be checked out for whatever reason. It gives you a drop down menu and asks you why you want that investigated. Once Dun & Bradstreet starts the process and once it's removed that's a reference that's deleted.

Mike Watson: Yeah, but it's obviously an inaccurate one, so I'll be glad that it's deleted.

Christine: Right. But I'm just explaining how it's going to work.

Mike Watson: Okay.

Christine: Because again your references showcase your credibility. So as of right now we'll be slow paid just so you understand once they're deleted you want to make sure you're replacing it with positive current information.

Mike Watson: Gotcha. I understand that.

Christine: Does that make better --

Mike Watson: It does, but this one is apparently it's someone that's either wrong or maybe they're reporting the wrong company or something. But how do I find out who it is? So I can know if it's --

Christine: That's the stuff about it. Once you report it for the first time and they do the investigation, then afterwards, if say for example worst case scenario once it's deleted it pops back up for whatever reason just to give you an example. Say it pops back up. Then at that point you could escalate it and request the name release.

Mike Watson: Okay. So --

Christine: [Cross Talk] take steps to even if necessary block the trade tape. But that's something you have to look at down the road.

Mike Watson: All right. But as far as this particular -- well there's eight. And I mean there's -- let me finish. Obviously with those eight, I mean I don't know how many I've got listed down there, but there's probably reasonable chance that one of those eight may be someone that I would turn around and put in and maybe it's just an error on somebody's part.

Christine: Actually here's what you're going to do, because here's the thing about that. When it comes to adding in positive references and it's not uncommon where say you're on terms of net 30 with someone. Just to give you an example. You're on terms of net 30 credit limit \$5,000 to give you an example. Suppose you're a day late just to give you an example and all of a sudden it goes up. So where it says it was slow reported by 30.

Mike Watson: Okay.

Christine: However if it's like a day late or something like that and you put that information in there so it'll come back as being positive. Does that make sense?

Mike Watson: It does, but okay, but -- but I guess what I'm trying to get to right now though, my main thing is I want to clean these up. And I mean I've got my QuickBooks. I could provide the report if you can tell me who it is that says I'm late I can provide it and that'll tell me whether I need to add them in. I may be adding somebody that's already in there and that's reporting bad. So is there any way I can find out who those are right now? Who are --

Christine: Unfortunately it doesn't give the name. That's the only problem. As far as what's right now what you see in regards with your payables that's the way it appears on my end too. There's no way to tell the name of the company unless you go through the process of doing the payment investigation first and once it's deleted and if it comes back then you can request a name release.

Mike Watson: Okay.

Christine: And this process for right now you have to -- it's certain steps you have to get to.

Mike Watson: So I've got to get to -- in order to get there then I need to go in and put these others in first, which may be the same ones. I mean it could say it's ABC Company that reported late right here. And if I go in and update my companies and one of them happens to be ABC then it would be one I put. I guess you're saying that I need to go in and just update whoever current vendors are and that's the most important thing right now you're saying?

Christine: Right.

Mike Watson: But that costs me money?

Christine: Right, because it's a balance, because again when you go in -- just so you understand. When you go in, like I mentioned the payment investigation part, that's free to do. You could absolutely do that, no questions asked.

Mike Watson: But I can't do that until we've already done this other part?

Christine: No, no, no. You can go ahead and dispute those right now. That's not even a question. Just the only thing is once those references are deleted and once you dispute them, again you're going to -- you're eventually going to need to add in those positive references to showcase where you're at up to date to bring in the report up to date. Does that make sense?

Mike Watson: It does. But if my main objective right now is dispute the fact that these aren't accurate, I mean that's -- I don't have a ton of time. And the main thing I want to do is -- I mean I just happen to look at this and just out of curiosity to update today and this report pops up and it's showing eight late pays. And I went through my QuickBooks. I mean you tell me the customer -- I mean the vendor, I can pull it up and tell you what the pay history is on every one of 'em.

And there's nobody we've been late with for months and months if not going well beyond that. So I simply want to dispute those --

Christine: What I can do as a courtesy if you'd like, because you're going to have all of my contact information, what I could do as a courtesy since I know you're pressed for time and the main concern is not only getting you access to the report, but to also address the issue at hand, what I could do as a courtesy is if you know the top five that you want to have submitted for a request for investigation I could submit that on your behalf.

Mike Watson: If I know the top five that I want to request for investigation. You mean on this -- what I'm looking at right now?

Christine: On the slow pays, yes.

Mike Watson: Okay.

Christine: Because again the important thing is that when you do the investigation as far as how the slow pay is removed it's very important to have the positive information go back in place.

Mike Watson: Okay. And I get that. And I get so that in the long run we're working towards making this as accurate as possible and keeping everybody current. I understand that.

Christine: That's why as a courtesy I can definitely do that on my end.

Mike Watson: Alright, so you can do --

Christine: I'm looking at your payables right now.

Mike Watson: So you can do five, but you can't do all eight? How could I get it so you can do all eight? Can I pay a fee and have you do all eight?

Christine: No, this is a service -- here's the thing about it. There is a service that is available that it fast tracks, you could fast track the removal of slow pays and also manage the report on your behalf. But I'll be quite honest with you, if you're more hands on, it's more cost effective to do it this way than the other service that's available. I'm just being very up front with you.

Mike Watson: How much is that service just curious?

Christine: Basically, the other service that would be the concierge service. And what that will do is it'll manage your report. It'll [inaudible] adding your top 25 trade references. You'll get all the premier products. And you will have a dedicated concierge representative actually take care of your report for the full year. So that means be able to basically monitor the report, keep everything up to date with your scores and ratings. And then that way they will manage it on your behalf. Now the cost for the concierge -- now I'm just going to be very up front with you, that would be--that would be for \$9,999.

Mike Watson: Holy -- \$9,900 for my little company? Whoo! Let's skip that one. Alright. Let's get back to doing these -- you said you would do five. Is there just a fee that I can pay to do the eight and get 'em cleared?

Christine: Let me double check with my manager real quick. Give me a moment, okay?

Mike Watson: Okay.

Christine: One moment please.

Mike: Thank you for holding this is Mike on a recorded line. Who am I speaking with?

Mike Watson: This is Mike Watson.

Mike: Hey, Mike. That'll be easy for me to remember. So Christine came on, one of the coaches over here. She came over and said you had some questions about your report. I guess trying to get it in line, is that right?

Mike Watson: Yeah. I had just logged in. I hadn't logged in in a long time. And so I went to log in first of all, I couldn't get logged in under my D&B number, but you had a kind representative that walked me through that. So I got online and one of the first things I saw is it said, "View Your Report Here."

And so I viewed. Obviously it doesn't give me the names of any of the vendors, but it shows that I'm late. It looks like eight of them that would indicate that I've got late pays with. And that's on one screen in front of me. The other screen in front of me is my QuickBooks. And so I went through and I've gone through everything. I don't pay our bills, but I had our accountant, and we pay on time all the time. And as I go through I can't find anything in the last few months that has been late.

As a matter of fact I think it goes much farther than that. Of course this report doesn't tell me who, it just says -- it just gives numbers. It doesn't tell names. So I don't know where to look.

Mike: Right.

Mike Watson: So I called you guys back to say, how could I find out who this is so I can get it resolved? And the representative is very kind, but wanted me to go through and go ahead and add in new vendors and that's fine, but I really don't have time for that today. I can come back and do that, but in the meantime I wanted to get these cleared. And she was kind enough to offer to clear -- well not clear, but investigate five of them. But there's eight on here.

Mike: Right. Okay. So let me ask you something. What's causing you to get involved with your Dun's report? I mean there's something that's causing you to get in there and start trying to clean up...

Mike Watson: There is these radio commercials constantly reminding. And I happened to just to say, yep, actually I was on my web page and I had it saved as a favorite place probably from five years ago. And I clicked on it and tried logging in and that kind of started it from there.

Mike: Okay. So you've got folks that are requesting to look at your report already, so whatever you're doing, good job. You want people pulling your report. However, the way your scores and rating are sitting right now, based off the information in your file they are beneath the industry's standards.

Now have you ever done anything to manage and maintain the account to make sure it's accurate or you or anybody in your company?

Mike Watson: Not recently, but yeah, I have in the past. I even had a service a while back, but my company is very financially strong. And we're just not late. And haven't been, so that's what's alarming with this. This makes several look like, I mean it looks like there's somebody out there \$750 that's been due for months. And there's nothing in my QuickBooks that indicates that.

So obviously that's going to have a bad -- I know I can't see what my score is, but that's got to have a bad impact on my score.

Mike: Yeah, your Paydex score is like well in the 70's currently right now. Which the Paydex is like the FICA score [inaudible] tells how well you do or do not pay your bills. It goes from 1 to 100. You're currently sitting in the 70's. Well, actually low end of the 70's right now, which obviously is the other side of the chart where you want to be at. And there's four other major D&B scores and ratings. Those things -- they're kind of reflecting the same type stuff.

So the picture that's being painted for any and all of it, pull your reports is basically you guys might be falling into financial stress. Now it's due to two different things. For one, neglect. With Dun's reports, your business credit, your vendors and suppliers that you do business with on a regular basis, it's your responsibility to get those uploaded into the account. Whether you hire us to do it for you or you do it yourself, but it's something that you need to do at least at the minimum of every other year. But during the time that you actually have service, something that I've changed internally is we allow you to actually see who is pulling the report by industry and what information they're requesting, as well as when your scores and ratings fluctuate and change.

Now the obstacle that you're up against right now is you've got these eight slow pays on there. And not all your vendors and suppliers are there. So starting with your original question of removing the bad payables on there, in theory, like on personal credit if you were to remove the bad experiences your score would come up. Commercial credit it doesn't work that way, because your scores and ratings are dollar weighted scale. So you can get assistance to remove those payment experiences, however you're going to definitely want to flood it back with good experiences so as those bad come out you can try to push your scores up versus potentially going down. Does that make sense?

Mike Watson: It does.

Mike: Okay. So you've got one of two options here. Option A is to do it yourself program. Do it yourself is you get live links into the account and you can submit up to five -- only five disputes at one time. But it would allow you to add up to your top 25 payables into the account and having full access to it for the next 12 months.

Disputes can take a month, give or take, you know, plus or less depending on how easy or hard it is for that team to investigate that, potentially longer than that. If you hire us to do it for you, we have a concierge program. It's a V.I.P. treatment. And it's actually you get a one dedicated rep to get in there and actually maintain your files for you. They add all your payables, all at one shot. They dispute everything at one shot and they actually have more information on what information is being said in or out of the account. So that's one really good piece there.

And then in addition to that, they build up all your scores and ratings and then if something happens you just call them, okay, what's going on here? I'm trying to do this. They do it for you. And if you have a question about something you just call. If they don't answer they call you back within 24 hours. Does that make sense?

Mike Watson: It does, but I think this is the one the young lady was describing earlier and that was close to \$10,000.

Mike: Yeah, it's ten grand for that. If you took their one. I might be able to get you a courtesy discount like maybe getting ten percent off of that.

Mike Watson: Well, that's way out of anything that I'd want to, I mean -- so far.

Mike: Like I said, I'm one of the coaches here. And I can tell you how to do this yourself. It is real easy. You don't have to start adding in payables today, because obviously it's Friday and you probably got a full plate.

Mike Watson: Well, that's what I'm -- I actually was planning to get off at 4:00 today. So the main thing I'm looking for first and foremost eight on here and I've got -- again look at my QuickBooks there's nothing and shouldn't be anything that's shown anytime this year. So what do I have to do to have those eight challenged? I mean is there a fee I can pay for the extra three or something, or what?

Mike: Well, no. And that's the thing. It's a do it yourself. You can go through the iUpdate site and pick the top five and dispute those at no cost. That's a free service, however you are -- I'm going to strongly, strongly recommend you and tell you to actually allow me to get you an active service so you or your bookkeeper whoever Monday or Wednesday of next week whenever, sometime next week can just start plucking in a couple extra experiences into the report. So this way your scores don't plummet any further than they already have. And that's the key to this. Now that side of it, it's only \$1,748. So \$1,748, a lot less expensive. And I can send you personally directions on how to add in payables and also dispute things for you. And we can get in there. And even if you want, what I can do for you is if you allow for me to set you up for your services today, I'll actually go in there and submit the top five to start the dispute processes for you. I have no issue doing that for you.

Mike Watson: Well let me ask, the \$1,748 is to set up this service, and with that you could dispute those five, but if I wanted to dispute them myself, just if I didn't want to spend the \$1,748 today, uh...

Mike: You can do it yourself. It's a free service, absolutely.

Mike Watson: Okay.

Mike: You can go through the iUpdate site you can -- like the free services are offered. Like you can change basic demographic information and just use things of that nature. But you'll never see what your scores and ratings are doing. So without the actual active service -- so let's say all eight just disappear for example. Okay -- if your scores just drop through the floor because those have been removed you'll have no way of knowing that. And then anybody that has purchased a copy of your report within the past 12 months, if they're paying for the full report, they're gonna get an update an alert automatically as you would if you had the active service set up letting them know that your scores have just tanked.

So there's a plus and a disadvantage. In your scenario, here if you had more payables in the account than what you actually do right now, by all means, I would say yeah, just go ahead and do the free service. However looking at your scores and ratings the way your report is actually set up right now, you're gonna want to add in payables. You really, really honestly are, because moving them will help, but it's also could potentially go the other way.

Mike Watson: Okay. Alright.

Mike: I'm going to be straightforward with you. I mean obviously you're a man that cares about your business and the standings of it.

Mike Watson: Well, I do, I just don't want to spend unnecessary money. So if I can put this in myself I'd prefer to do that.

Mike: Right, no, no, no. Like I said you can just dispute things, but putting in the payables that's something that you have to pay for and that's up to your top 25 payables. Do you have 25 that you would want to put in there or would you want to do less than 25?

Mike Watson: Twenty-five would be on the top end, but okay.

Mike: Why don't I do this for you? Why don't I get your top twelve in there. Instead of you doing the top twenty-five why don't we do just the top twelve and instead of almost \$1800, why don't I do that for \$1248, a thousand two hundred forty eight dollars. And that will still give you full access in there. Like I said I'll still make good on my commitment for up to top five experiences that are negative *[Cross talk]* submit the disputes for you there *[Cross talk]* and then get you the access..

Mike Watson: *[Cross Talk]*. Well, let me just ask this. And I may very well do this. I may very well come back and once we get this clear and get it managed around get it good. But for right now if I simply want to address these eight that I want off my record ASAP, because they aren't accurate. And obviously, I mean I don't know who they are and the young lady I spoke to earlier she really couldn't tell who they were that reported that either.

Mike: Correct.

Mike Watson: So I don't know exactly how I'd challenge that, but if I want to challenge those eight for right now to get it clear, because I provide -- if somebody tells me who it is I'll print out my report for that vendor.

Mike: Okay.

Mike Watson: For going back years if you want to.

Mike: For this dispute, do you have a pen handy.

Mike Watson: I do right in front of me.

Mike: Okay, write this down. Do not put in your web browser WWW, don't put that in there. You just want to type in the letter I and the word update. U-P-D-A-T-E.com, iUpdate.com.

Mike Watson: Okay.

Mike: That's gonna take you to a screen, it should be like a white and orange or white orange and blue screen that says Welcome to iUpdate. In like mid-page left hand side it should say Register to Use, then it's going to ask you a couple of questions, like are you doing business with the U.S. government or not.

Mike Watson: Yeah.

Mike: Obviously you're not.

Mike Watson: I'm actually logged into that, because that's what I logged into to see this report.

Mike: Oh. Okay, perfect. Then this should be a slot in there that says My Experiences, I believe is what it says. Something about My Experiences or My Payments or something like that.

Mike Watson: Let's go back to home on this one... Hang on. At Company. My Experiences with that. Investigate Payment Experience, is that it?

Mike: That's the one you want to be.

Mike Watson: Okay. Alright. And it lists some terms and conditions. Alright. On the following screen *[inaudible]* five okay. I see that.

Mike: As you're investigating each payment experience, it should give you a drop down menu like Not My Experience, Paid Within Terms or a couple different ones. You can select which ever you like. You're not going to get dinged either way, you know. But that's basically just giving the team the investigation team to go in there and start to attempt to remove those for you. Now I believe I'm not sure if they change this or not, because that's on the D&B side of things. But I believe there might be a box during that step process there that you can select for a main release.

Mike Watson: Well, there is. If I click on it and then it says Select Reason and it lists the reasons, but the problem with that is I don't have a clue who it is. So I mean it says I paid -- I'm to dispute because I paid it in terms or it's incorrect high credit. But if I don't know who it is how do I put that in, if I don't know who to pay?

Mike: That's the kicker to that. So obviously you have your QuickBooks in front of you. So based off the information that you have shared with me if I was you I would actually select paid within terms is what I would do. Because you know your books are right, obviously. So then when that team goes to investigate that experience for you then they're going to be able to look at that and then move forward. During the dispute process how it works is the team actually reaches out and tries to attempt to contact 'em. Once there's an initial contact made they have like five or seven business days or something like that. I'm not exactly sure of the dates. But it's something short like that to return and get back to that team member about that experience. In the event that they do not respond in the time that D&B gives them, then what happens is they just go into the account and remove the experience. So it's not like a really long drawn out process unless they're battling back and forth trying to figure out information.

So, if they come back and say no it's a legit claim. I believe they're going to be in contact with you probably via e-mail, I believe is how it works, letting you know that, no, this is what they found. And then if your books are different than what they have then obviously that dispute goes on a little bit further from there.

Mike Watson: So the company that reported this will contact me?

Mike: No, so D&B's team members that's doing the dispute for you, they are going to actually reach out to whatever vendor or supplier that you're disputing the payment experience with and they're going to have a conversation with them. And then if they feel that that is actually correct then they're going to talk to that team member. And that team member will then -- which in turn will be in contact with you.

Mike Watson: Okay.

Mike: You're going to be dealing with a D&B representative at that point for the dispute side of it.

Mike Watson: Well, I'm kind of going through it as we speak now. And my only concern, and I'll do it, but you mentioned just put down paid in terms. But I don't even know if these are actual legitimate vendors. Because for me to put paid in terms, I'm putting that kind of blindly, because I don't know who that I'm saying I paid in terms. All I know is I go through every account that I've got on my QuickBooks. There's nothing that shows -- I mean I can show a little graph on here and shows payment dates.

Mike: Right.

Mike Watson: As a matter of fact most of mine are paid a week early. We pay them every Wednesday. If we got something that's due the next week we pay it on the Wednesday before. So that's why this was so...

Mike: That's something that you need to take advantage of, because just looking at your file here I can see that folks are requesting copies of your report. If you could upload those type of vendors into your profile -- I'm not sure if you're aware of it or not but it'll actually show within your profile that you paid, you know -- even early on there. Then you can start using that as a leverage to try to negotiate better rates and terms for your business because now it's actually recorded.

Everything that you're doing right now it's being recorded between you and that vendor, but no one else can see that. So you don't have like extra leverage to try to get better rates and terms, vendors and suppliers or even better potential premiums with your insurance company. For like a \$1200 investment could turn around and save your company thousands of dollars simply by having this information inputted, because then you're gaining the credit that's deserved.

Mike Watson: Oh, I don't argue at all that it's -- I mean this is -- especially in today's time this is critical to make sure your credit is good, because it's hard to get anything with credit anyway. But alright, well, let me go back to here. I've gone to each one of these that showed late pay, but there's eight. And you say I can only do five. But it let me click on eight. Does that mean you guys are just going to just do only five of them?

Mike: Yeah, it's only going to do five. And see that's what's frustrated about iUpdate that I've always had an issue with is that it'll make you think that you're doing more than what you actually are. And then you'll get like an error message or something didn't go through right. So that's what I'm telling you, select just the top five. You don't want to push it to make sure that that actually goes through okay. Select just the top five.

Mike Watson: And then when I can do next month I can do another five. Of course there's only three left.

Mike: Whenever you get an e-mail back saying that that experience has been satisfied or settled or however they word it, basically saying that they finished working on it, then you can start doing the other ones.

Mike Watson: So it could be a month or so before I could do another one?

Mike: Exactly. Exactly. Now when you're adding payment experiences, so like I said if those drop off and your scores plummet again worse than they already have, then when you're adding in payables once again that can take a month give or take. That's why if you're going to start this process now at least allow me to get you the link so that you or your bookkeeper whoever does your actual booking for you can start inputting this information so they're going hand in hand. So you don't drop any further. I mean your financial stress class right now just to be up front with you, Mike. On a scale of one to five one is low risk, five is high risk, you are currently right now sitting on a four based on the information.

Mike Watson: That is absolutely silly.

Mike: And I believe you a hundred percent. Don't shoot the messenger, but that's just where I'm at. And that's --

Mike Watson: Well, that kind of makes me think that this is a useless service if it's that inaccurate.

Mike: Well, that's the thing it's like you buy a five speed car, if you only drive to third gear, it's not the car's fault it doesn't get the right gas mileage.

Mike Watson: But I got to pay to put these in though.

Mike: Correct, because it's different than personal. Personal credit is there because you and I with tax dollars pay for our personal credit. However businesses on the other hand no one ever asked us to go into business for ourself. So on that note, you can do some things for free. The report has been designed. It's sitting there. It didn't cost you a dime nor will it ever unless you choose to maintain it, because if you want to make sure that your image is proper and set up and obviously you want to invest into just like your personal credit, if you wanted to monitor it to make sure like your mortgage company to make sure you're getting the right credit. There's a fee for that. And that's where our fees come into play. But this fee not only just allows you to input the proper information that should be there so our team can reach out to them. Gather your proper payment experiences, have those uploaded, because they'll take the last 12 months and have that uploaded then for each supplier that is uploaded, they stay there on average up to like 18 to 24 months. So you're actually capturing three years of experience with one [inaudible]. A total of three years in a sense.

And then from there every time your report is pulled you'll be notified. I'll let you know the industry that pulled it, what information requesting, and same thing with your scores and ratings. So if they're going down or up or whatever the case may be, anytime there's an adjustment you get an e-mail saying, "Hey, check me out. This is what's going on". And if you need to fix it, then fix it.

Mike Watson: Now is that the \$1748?

Mike: I'll do it for \$1248 for you. You know \$1248 and then I'll do this for you. I'll give you 25 payables at the premium service, but instead of charging you \$1748 I'll do it for \$1248. So you're getting the same service that would best fit your company but I'm doing it for a lot less.

Mike Watson: Okay. Alright. Well let me do this?

Mike: What e-mail do you want me to use for that?

Mike Watson: Use MWatson, M-W-A-T-S-O-N@catlab C-A-T-L-A-B dot net.

Mike: Okay, perfect. Let me get this tossed in here real quick for you. Give me one second, boss. And then at least I'll get you the link. So this way you can get into the report, because iUpdate honestly it's useful but you're not seeing the full picture right now. And you really -- you're putting yourself in a handicap right now, so I want to get this out to you so you can see all this information if you choose to within just a couple hours. So give me one second... [Inaudible].

Mike Watson: Well, just to be fair, what I probably intend to do first is I want to go ahead and click on these and dispute these which is free. Because I want to do what is free first. And then --

Mike: So you want me to get you these links?

Mike Watson: Oh, well absolutely get those to me. Yeah, get them to me, so I can look at it, but before I pay anything or do I have to pay before I can get the links?

Mike: Yeah, the link has to be satisfied before with payment before I can actually --

Mike Watson: Well, let's don't do that yet then, because what I want to do first is -- I want to do everything I can for free first. And you're saying I can dispute I guess at least five of these. I would like to be able to dispute all eight, but I can at least dispute five and then my credit report should go up from those and then as soon as those clear then I can do the next three.

Mike: No, no, no. And that's what I was trying to share with you. And the reason why it could go the other way is that your scores and ratings in your Dun's Report the way commercial credit works is it's a dollar weighted scale. So what that means is more experiences in your report is healthier which can bring up your scores and ratings. That's the whole idea of this.

So when you remove experiences, I've seen it more times that I wanted to. That when a client like you removes an experience their scores actually decreased because there was less experience in the report to actually be able to view.

Mike Watson: Well, I've got like this looks like 27 different folks that are reporting this year anyway. And so if we ended up yanking eight of them I'll still have right many. And frankly these eight can't be accurate.

Mike: Right. Now at the same time the dollar amounts and things that are in there though that's my concern, because I can tell you right now those aren't your big hitters. So why don't I do this, Mike? Once I give you a little bit of time to fool with that, your scores and ratings are still eligible so that I can send you out a paper bill in the mail. So what I can do since I've got the link, I just sent you a temporary password and log-in information to get into the actual report.

If you like, because I know you like to pay your bills on Wednesdays, is I can send you out a paper bill in the mail. And this way I've already got the discounts applied. It'll be for \$1248. I can send it to the P.O. Box that we have on file here and you'll receive it in about seven to ten business days. And then at that point you'll already be messing with the iUpdate site, receiving the invoice will just be due upon receipt, call back in or send back a check, which ever you want to do. And then once that's paid then you'll have access to get into the account. Because obviously you know you're going to need to do it.

Mike Watson: Well, you can e-mail me the bill. I just don't know that I'm going to take advantage of it, until I see what's going to happen. Again my whole reason for calling was to get these eight clear. And then I want to see what that does to my report. As long as my report shows that I don't have anything that's late paid then my credit score should be good.

Mike: And Mike, I got to repeat that again. That's not necessarily the case, because right now you can't even -- you don't even have the access to see your scores and ratings. All you can see is that there's some red there on top of the black. That's the only thing you can see. You can't see what these other folks are paying to view your company's information right now. So there's other companies that know more about you and are getting updates about your company's information without you even knowing.

Mike Watson: Oh, so this isn't what they're seeing then. So if I get these --

Mike: They're seeing a full report. They're actually seeing that you have these vendors and these industries, these are the high lines of credit. These are the slow pays that are there. And they're seeing all this information already. And then they're also seeing your scores and ratings.

Mike: So, like your financial stress score that I told you on a scale of one to five one is low and five is high risk. They are seeing that number four sitting there.

Mike Watson: Alright. So if I were to do this \$1200 thing you're talking about or \$1248 would I then at least be able to see what they are seeing?

Mike: 100 percent. It's full access, Mike. I mean anything and everything that you and I have been talking about you're going to see right now including whatever everyone else is viewing about you, you are now going to have not only the access to see it, but the ability to fix it. And like I said, I'll have Christine send you directions on how to add in your payables and your secretary can start on that on Monday. It's a super simple process. And I'll give you step by step, play by play.

Mike Watson: And I can add those in once I pay the fee and get a link to this thing you're saying?

Mike: Yeah. Exactly.

Mike Watson: Well do me a favor?

Mike: By credit card or invoice.

Mike Watson: Well, let me right now just look at what my options are. I mean I think I've got a pretty good idea. Just to recap. I can go through right now while I'm online with it and I've already selected eight. So I'll go back down and only select five so it's not doing something different. And dispute those. But in doing so you're saying that I need to -- I really need to go in and add additional vendors and I can do that if -- and you'll give me a break from service, so it'll be \$1248. And if I decide to move forward with that -- is that -- how long does that last for? Is that for the whole year?

Mike: Yeah, that's a full -- it's 12 months from today. It's not a calendar year, it's from today.

Mike Watson: Okay.

Mike: So you have a full year access.

Mike Watson: Alright. So if I want to see -- *[Cross Talk]*?

Mike: *[Cross Talk]*.

Mike Watson: Hang on. If I -- you can shoot me an invoice if you want to, but I'm going to look at it more before I decide if I'm going to do it or not. But my main thing is if I want to see what other people are seeing about me and I want to actually put in some new names to make this thing report, I got to pay the fee.

Mike: Yeah.

Mike Watson: Okay, that's what I wanted to know. But the first thing I'm going to do is just dispute these other items.

Mike: Okay.

Mike Watson: And then --

Mike: I just want to --

Mike Watson: I'm sorry, go ahead.

Mike: I was just going to say now corporate does limit me on what discounts I can and cannot hand out. And right now we're about mid-month. And I've handed out several of these this month. So that's why I was trying to get -- at least send you out the invoice, because I lock in that price point. But if by doing so I do need a commitment from you that whenever you receive that from within seven to ten business days it is due upon receipt. So I can't hold it on a maybe. It's -- you're either in or out.

Mike Watson: Well, the last thing I want is a due upon receipt. And then being late on something. So I would say don't send it to me yet then. Is there a name or extension for you that I can get to take advantage of it if I decide to do that sale on Monday?

Mike: Yeah, I mean obviously you can call Christine back at any time. Do you still have a pen handy?

Mike Watson: I do.

Mike: It's 866-257-4284.

Mike Watson: That's Christine?

Mike: When the recording comes on, yeah. Last name is Gray, G-R-A-Y. And her extension -- well like when the recording comes on push option one and then you can enter the extension which is 3269.

Mike Watson: Okay.

Mike: Yep.

Mike Watson: Alright. Well, let me go ahead and do first this dispute these. And then I'll do some looking. And then I'll talk to my wife about possibly the yearlong thing.

Mike: Well, that's the best option for you to be honest, because just like I said, I'm sitting here looking at a live report on you. And where your scores and ratings are at there are already folks inquiring about your business, be it viewing either research for the business directory or actually purchasing copies of your report. But on the same note you could really benefit from it especially from the industry that you are in. And then it's only a win/win for you.

Mike Watson: Okay. Alright. Just to be sure -- you guys have got like two companies. You've got Dun & Bradstreet and then there's the radio advertisement is different, isn't it? Isn't that --

Mike: Dun & Bradstreet, yeah. So that's a great question. I'm glad you brought that up. So this is how it works. Dun & Bradstreet has been around for 100 plus years. Several years back, it was like three years or three and a half years something like that ago, they split the company. So there's D&B Dun & Bradstreet and then there's Dun & Bradstreet Credibility Corp. Dun & Bradstreet Credibility Corp. is who you're speaking with right now.

So D&B holds all the data. They own all the information. And then uh, then my side of the company is what gives you the solutions on how to fix things. You need both of us in order to make everything work properly, but that's how it's split up. So like the radio ads like on Siri and CNN and all that stuff I believe is where they're being advertised at right now is us, but that's to give you the solutions to actually fix your report access into the view of what's going on. Or if you wanted to actually start pulling these reports on other companies like what people are doing on you right now that's my side of the fence that actually sets it up for you.

Mike Watson: Okay. Although I just went to the regular D&B website. And that's where I got the phone number from. It still took it to you. OK.

Mike: That's exactly it, because like I said D&B owns the data we own the rights to set you up with a service and solutions and things.

Mike Watson: Well, let me ask this and I know you guys need to make your commission, but can I not go just directly to D&B and get this taken care of?

Mike: No. See D&B is your iUpdate site is where you're going to be disputing your slow pays and things. D&B is going to handle that side of it. Now to do anything else, adding in your payables, seeing your report, things like that you got to go through me. And if you go like to the website or anything like that, you're going to get stuck with retail prices all over the place. There's no discount codes or anything like that. Those are passed out through supervisors like myself.

Mike Watson: You mean if I went straight to D&B that's what I would get is just retail stuff?

Mike: Yeah.

Mike Watson: Okay.

Mike: Once again D&B just owns the data. They don't own any type of service rights into solutions to actually go and repair and maintain your report. That side of it is my side of the company.

Mike Watson: Okay. You understand why I'm confused?

Mike: Yeah, Credibility Corp. is the place where you're going to get like the access to links to get into the account. D&B just holds your information. That's all they are, is just the data. That's it.

Mike Watson: Okay. So I don't actually -- if I wanted to dispute something I got to dispute it with you not through them?

Mike: Well, backwards. So the disputes like on the iUpdate site are going to D&B. D&B actually handles the disputes. They hold the data, but the dispute side of it, because it's their data your disputing is going through D&B. But the service to actually add in your payables and have your report monitored and maintained and giving you full access and having a live representative like myself assist you with questions and concerns is the Credibility Corp. side of it.

Mike Watson: Wow. Okay. But --

Mike: So you just had it backwards.

Mike Watson: Okay, very good. Well, but you're a separate company or the same company?

Mike: Technically speaking we're separate companies, but we work hand in hand. You need both to make anything work right.

Mike Watson: Gotcha. Okay. That's not that big a deal, I just was curious, because I knew there was two different ones, but I didn't know how they work with each other. Okay.

Mike: And that confusion got put into place about three years ago when the company actually like split apart, because we were at one point altogether all under the same roof, and then they just changed the name. So D&B kept their name and we kept the D&B Credibility Corp. We added that to it.

Mike Watson: So you're doing the same thing you're just doing it as two separate entities now?

Mike: In a sense.

Mike Watson: Okay. Fair enough. Well, let me take all this in. First thing I want to do while I've got this site up, I want to dispute these things and then I'll take a look at this other and decide if I want to move forward with the subscription or not.

Mike: We're in Tucson so we're normally here about 7:00 to 3:30ish Monday through Friday.

Mike Watson: Okay. Well, I won't do it tonight, but maybe on Monday.

Mike: Okay. Sounds good.

Mike Watson: Thank you. Good-bye.

Mike: Alright, have a good weekend.

Mike Watson: You too. Bye.

Mike: Bye.

[End of Audio]