Lawsuit Seeks Disclosure of Bank Report

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By Morton Mintz

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Consumers Union sued the government yesterday in an effort to force release of a study showing that many national banks have violated the federal truth-in-lending law.

The Comptroller of the Currency made the study in the six New England states and disclosed its existence May 3 at a meeting of the comptroller's national advisory committee.

Associate deputy comptroller Thomas W. Taylor told the meeting that the study revealed "an alarming degree of substantial compliance" with the law, which lays down rules for disclosure of credit terms to consumers.

"I would like to retract the word 'alarming' and substitute 'substantial' or something like that," Taylor said in a phone interview yesterday.

CU, a nonprofit consumer testing organization and publisher of Consumer Reports, said the suit is the first in the history of the Freedom of Information Act of 1966 to test the scope of an exemption in the FOI law for certain records of bank examinations.

Peter H. Schuck, director of CU's Washington office, who filed the suit in U.S. District Court here, said the refusal of the comptroller to release the study violates CU's freedon of information rights. The suit asks the court to make the study available to his organization and the public.

In testimony on July 28, Schuck, a member of the comptroller's advisory committee, told the Senate Banking, Housing and Urban Affairs Committee that the Comptroller, rather than disclosing findings of bank examinations to the public, negotiates secretly with non-complying banks.

This "is not law enforcement at all, but is likely to have the effect of weakening the deterrents to violations of the law by protecting banks from the consequences of their violations," Schuck protested.

In refusing to make the study public, the comptroller invoked four exemptions from disclosure under the FOI act, including designation of the study as an investigatory file, the study's inclusion of purported trade secrets, and a purported threat in disclosure to personal privacy.

Taylor said the study revealed such abuses in unnamed New England banks as inacccurate calculation of the true rate of interest being charged consumers.