

NEW YORK, Feb. 11 — American Express, which has more than 6 million credit card holders around the world, revealed today that it routinely supplies information about its customers' finances to government agencies and even to private attorneys. Moreover, it declines to notify its card holders who is investigating them.

Executives of the American Express Co. testified today at a hearing on the credit card industry, and related fields, held by the Privacy Protection Study Commission. This body was appointed jointly by the executive and legislative branches in June 1975 to determine whether the provisions of 1974 privacy act should extend to the private sector. The act requires all federal agencies to disclose to the individual concerned what information it may have on him or her and to prevent that information from being used for purposes other than that for which it was collected.

James M. Stetler, vice president for marketing and development of the credit card division, and assistant general counsel Gary Beller declared that American Express receives several hundred subpoenas or court orders a year to furnish information to the Justice Department, the Internal Revenue Service, the Immigration Service, the Drug Enforcement Agency or private attorneys in matrimonial cases. Information provided by American Express details a cardholder's transactions. From this, for example, an interested party could determine if an individual spent the night in a certain hotel or spent a lot of money in a given store on particular merchandise.

The fact of the investigation

is not revealed to cardholder by the company which takes the position that the government agency or other investigator should inform the individual. Some clients, however, apparently do get wind of investigations and demand angrily to know why American Express is releasing such information. When asked by Rep. Edward Koch (D-N.Y.) whether the giving of such information violated the company's fiduciary relations to its customers, the witnesses replied their primary obligation was to obey the law — answer the subpoenas.

Koch pressured further and asked whether the company would be willing to inform customers in advance of such investigations before giving up the evidence. Beller replied, "I can see us getting involved in motions to quash subpoenas. This would add to the cost of our operations."

American Express also requests customers' Social Security numbers, although officials could think of no valid reason for so doing except as proof in fraud cases.

Beller testified that foreign governments — France was the only one he named — have occasionally sought American Express records to discover if their citizens have violated foreign currency regulations.