

House Bill 38
Testimony Before House Financial Institutions Committee

May 14, 2019

Good evening Chairman Jordan, Vice Chair Hillyer, Ranking Member Crossman, and members of the committee and thank you for the opportunity to testify as a proponent of House Bill 38.

My name is Kausar Kabealo and I am the founder and CEO of Development Consultants Incorporated. Development Consultants, Inc. is an Ohio-based small business incorporated in 2001 which provides national defense and homeland security IT services to the federal government. Our main offices are located just up the road in Dublin. As a prime contractor to the Federal Government, we are required by the Federal Government to obtain a free DUNS number from Dun and Bradstreet. The DUNS number is commonly used as a unique identifier for each business, similar to the way a Social Security Number is used to uniquely identify an individual.

Dun & Bradstreet recently began associating a "Paydex" credit rating with my business' DUNS number. Paydex is a Dun & Bradstreet generated, numerical credit score assigned to businesses similar to the way a FICO credit score is associated with an individual's Social Security Number. The score determines your business's creditworthiness, such as how promptly you repay your vendors and suppliers. D&B promotes that this score helps other businesses decide "whether or not to do business with your company; influence and set credit terms that more accurately reflect the level of financial risk your business represents; set insurance premiums for your business, or help a landlord decide if they want to take you on as a tenant." In essence, this score is a reflection of my business's commercial credit reputation.

Recently, I learned that Dun & Bradstreet's account lists my business's credit score as "Poor." The representation that my business has poor credit is untrue and the publication of such a misleading statement could have a catastrophic effect on my business – potentially destroying my business's reputation, deterring new clients from wanting to do business with me, limiting my access to credit, and driving up the cost of access to credit.

DCI has a history of excellent credit, going back decades, that can easily be verified with creditors like Amazon, Chase, Verizon, and many others. I thought the poor credit rating must have been a mistake that I could easily correct. When I informed Dun & Bradstreet that my business's credit report was inaccurate, they responded that they report "poor" when they have insufficient credit data. They claim that they have insufficient credit data because:

- "less than 5% of companies, nationwide, that voluntarily provide trade to D & B automatically"
- "there are millions of companies that do not report automatically and that is why we have to offer services to get your trade verified verbally and bridge the gaps"

Dun & Bradstreet then offered a service in which they would view and correct DCI's credit report. The only catch was that DCI had to pay for their services. I got the distinct impression that this was no mistake, it seems more like a sales tactic based on defamation and extortion. A quick internet search produced several judgements against Dun & Bradstreet for defamation based on inaccurate credit reporting and also led me to Ohio House Bill 38.

That's why I am here today to support House Bill 38. Commercial credit reporting agencies should be required to provide credit reports to businesses and establish a procedure to dispute statements on the report, free of charge. Ohio businesses should be permitted to know who is reporting negatively on their credit reports and be able to communicate directly with these vendors to address incorrect reporting. Instead, commercial credit reporting agencies keep this information secret; forcing businesses to buy a credit monitoring product from D&B or other companies, at substantial cost, in order to protect their credit reputation. I believe its high time that there is transparency in commercial credit reporting in order to protect Ohio businesses from the predatory conduct of commercial credit reporting agencies. Small businesses should be afforded the same protections as individual consumers when it comes to credit reporting, which do not currently exist and which HB 38 will help to correct.

Members of the committee, thank you for the opportunity to testify as a proponent of HB 38 on behalf of small businesses across the State of Ohio.