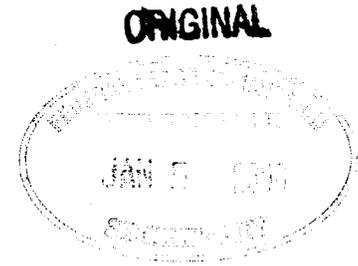


PAUL A. ALLEN
Executive Vice President
General Counsel and Secretary



January 4, 2000



Via Federal Express

Donald S. Clark
Secretary
Federal Trade Commission
Room h-159
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Advisory Committee on Online Access and Security --
Nomination, P004807

Dear Mr. Secretary:

I am Executive Vice President, General Counsel and Secretary of Visa U.S.A. ("Visa").¹ On behalf of Visa, I respectfully request that Russell W. Schrader, Senior Vice President and Assistant General Counsel of Visa, be considered by the Federal Trade Commission (the "Commission") for an appointment to the Commission's newly-established Advisory Committee on Online Access and Security ("Advisory Committee").

The Visa payment system is the largest consumer payment system in the world. Visa plays a pivotal role in advancing new payment products and technologies to benefit its 21,000 member financial institutions and their millions of cardholders worldwide. In fact, there are more than 630 million Visa-branded cards held by consumers globally, which generate over \$1.3 trillion in annual volume worldwide and approximately \$600 billion per year in the U.S. Visa is accepted at more than 15 million worldwide locations, including at over 450,000 automated teller machines in the Visa Global ATM Network. Visa also has more than 70 smart card programs in 33 countries and on the Internet, with 23 million Visa chip cards, including over 8 million Visa cash cards.

Extensive Experience in Consumer Lending and E-Commerce Issues

Russell is responsible for all Visa legal matters in connection with legislative and regulatory issues at both the federal and state level, as well as Visa corporate matters in

¹ Visa U.S.A. is a membership organization comprised of U.S. financial institutions licensed to use the Visa service marks in connection with payment systems.

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the United States. In particular, Russell works with Visa's approximately 6,000 U.S. card issuing financial institution members in understanding the application of consumer banking laws and regulations to credit, debit, and ATM cards and other payments system products. Moreover, as I discuss further below, Russell is Visa's point person in dealing with legal issues, including consumer protection and security issues, relating to Visa's online financial services and payments system products. Russell also teams with Visa's financial institution members to develop innovative new products and standards -- including online banking products and standards -- that meet the evolving needs of American consumers. In addition, Russell coordinates Visa's efforts on behalf of its members to shape policy on legislative and regulatory banking issues, such as by providing comment letters on proposed changes to consumer protection regulations and by testifying before Congress on consumer protection issues.

In addition to his payments system expertise, Russell has significant experience with a broad array of consumer lending issues. Prior to joining Visa in 1996, he spent 12 years with The Chase Manhattan Bank, where he gained valuable experience in issues relating to mortgage lending, home equity loans, student educational loans, and auto loans. Among other things, Russell also was responsible for providing internal legal services to full-service retail banks in Florida and the Eastern Caribbean, where he worked on projects relating to consumer lending as well as insurance issues. Russell also served as New York coordinator for internal legal services and worked on a variety of retail banking issues affecting Chase banks in Central and South America.

Through his work at Visa and Chase, Russell has gained extensive experience with the full spectrum of consumer lending issues -- including online access and security matters -- as well as the Fair Credit Reporting Act and a broad range of privacy issues. With his broad-based experience on such a wide range of e-commerce and financial services issues, Visa believes that Russell would make a valuable contribution to the Advisory Committee as it addresses critical online access and security issues.

Educational Background

Russell received his J.D. from Duke University in 1981. In addition, he holds an M.B.A. in Finance from New York University, and a B.A. in Politics *magna cum laude* from Wake Forest University.

Leadership Role on E-Commerce and Consumer Protection Issues

E-commerce will revolutionize the delivery of financial and other products and services. And no payments system company has, and will continue to have, a greater role

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in the e-commerce revolution than Visa. In fact, over 50% of all consumer to consumer e-commerce transactions today are accomplished using Visa payment products.

Moreover, Visa is on the cutting edge in addressing the myriad issues associated with e-commerce. Russell is Visa's point person for analyzing legal issues, including consumer protection issues, that arise in the e-commerce environment. In short, Visa believes that it and Russell are uniquely positioned to assist the Commission and the Advisory Committee as it addresses access and security issues in the context of the e-commerce revolution.

In fact, the Commission selected Visa to participate in the Commission's workshop on U.S. Perspectives on Consumer Protection in the Global Electronic Marketplace, which was held on June 8-9, 1999. On behalf of Visa, Russell participated on several panels at the workshop, discussing, among other things, the role and efficacy of privacy sector initiatives in providing adequate consumer protections in an international e-commerce environment.

Visa believes that Russell's personal knowledge, experience and perspective resulting from his experience at Visa and at Chase, as well as the resources of Visa and its worldwide financial institution members, will provide extremely valuable assistance to the Advisory Committee in discharging its important responsibilities.

Visa's Corporate Commitment to the Advisory Committee

Visa fully supports Russell's nomination to the Advisory Committee, and will commit the necessary resources to ensure his complete and active participation at each Advisory Committee meeting and his fulfillment of other Advisory Committee responsibilities. Simply put, if Russell is selected for the Advisory Committee, his participation would be a top priority. This pledge of support by Visa is part of its strong and enduring commitment to consumer protection, security and e-commerce issues.

Visa's Breadth and Diversity of Views

As a member of the Advisory Committee, Russell would draw not only on Visa's resources, but also on the resources of Visa's 6,000 members in the United States and 21,000 worldwide members. These members include institutions of every size and perspective. Moreover, Visa's members have long been required, by both legal and business considerations, to address consumer access and information security issues. As a membership organization, Visa is the focal point for receiving, assimilating and acting upon input from its financial institution members on such matters, as well as a wide range of consumer-related and other issues. Visa also has access to a wealth of information on

e-commerce and security issues, including emerging trends and consumer concerns related to those issues, as well as access to world-renowned privacy and security experts, upon which Russell would draw as a member of the Advisory Committee.

Visa's Leadership Role on Security Issues

Visa has a proven track record of innovative security initiatives that provide innovative protections to consumers, which we believe would provide a foundation for Russell to make an important contribution to the critical work of the Advisory Committee. Some of Visa's consumer protection and security initiatives include:

- *Debit Card and Credit Card Liability.* In August 1997, Visa and its financial institution members voluntarily adopted operating rules which limit consumers' liability for unauthorized debit card transactions -- binding on each Visa debit card issuer -- that go well beyond the limits on liability currently imposed by the Electronic Fund Transfer Act and Regulation E. Russell testified on this matter before the Subcommittee on Financial Institutions and Consumer Credit of the House Committee on Banking and Financial Services on September 24, 1997. These rules were voluntarily adopted by Visa and its financial institution members to address consumers' concerns regarding the potential under current law for losses from non-PIN signature-based debit card transactions. (These operating rules also apply to credit card liability, and go well beyond the requirements of the Truth in Lending Act in limiting consumers' liability for unauthorized credit card transactions.)
- *Fraud Prevention.* In addition, preventing fraud and protecting personal information involving Visa credit and debit cards have been, and continue to be, top concerns for Visa. Visa has long been a leader in the prevention and detection of financial fraud. To guard against unauthorized access to information in the Visa systems, we have employed the most advanced security procedures, protections and technology available. For instance, Visa developed the Secure Electronic Transactions, or SET, program, which is a standard or protocol for using encryption and digital signature technologies to make Internet transactions secure, convenient and efficient for consumers, merchants and Visa member financial institutions.
- *Identity Theft and Pretext Calling.* Furthermore, as evidence of Visa's leadership role on fraud and identity theft issues, Russell testified on behalf of Visa at a July 28, 1998 hearing held by the House Banking and Financial Services Committee to discuss how to protect consumers and financial institutions from unscrupulous information brokers who fraudulently obtain consumer information

from financial institutions (so-called "pretext calling"). At this hearing, Russell discussed the arsenal of fraud control programs that Visa has developed and its continuous efforts to refine them to stay ahead of fraud perpetrators.

Visa's Leadership Role on Consumer Privacy Issues

Visa has played a leading role on behalf of its members with respect to the financial services industry's on-going efforts to protect consumer privacy. For instance, in 1995, Visa was one of the first bank trade organizations to adopt privacy principles -- the Visa Issuer Privacy Principles -- to serve as a blueprint for its member financial institutions to use in developing their own privacy policies.

In addition, Visa is actively participating in numerous efforts to protect consumer privacy on the World Wide Web. For instance, Visa currently is a member of the Board of Directors of the Better Business Bureaus Inc., which has established *BBBOnline*, a third-party enforcement verification program. On behalf of Visa, Russell serves as a member of the *BBBOnline*'s Steering Committee.

Visa's Traditional Products and Services

More generally, Visa's leadership role in the development and implementation of virtually every present, emerging and future consumer payment technology and product distinguishes it from any other company in the world. Visa is a leading provider of consumer payment services in the United States and, indeed, the world. The breadth of Visa's consumer payment experience and expertise is unmatched. As a result, Visa and Russell would bring valuable expertise and perspective to the Advisory Committee as it addresses issues relating to online access and security. Visa's traditional consumer payment products and services include:

- *Visa Credit and Visa Debit Cards.* Visa credit and debit cards are the most widely used credit and debit cards in the United States and the world. Visa members have issued more than 800 million Visa, Interlink and Visa Cash Cards, which are accepted at more than 16 million merchant locations worldwide.
- *Visa Remote Banking and Bill Payment.* Visa operates an interbank clearing and settlement service through which bill payment and other remote banking transactions are electronically executed. Visa also is in the forefront in providing an enhancement to these services that allows merchants to send invoices electronically to consumers, and receive payments electronically from consumers.

- *Visa ATMs.* Visa has a worldwide network of nearly 480,000 automated teller machines, which provides Visa cardholders access to local currencies in nearly every country in the world.
- *Visa Transaction Processing Network.* Visa's electronic transaction processing network, which provides the authorization, clearing and settlement functions for many of the products described above, processed over 8 billion transactions -- with a total value of over \$636 billion in the United States, and over \$1.4 trillion worldwide -- during 1998.
- *Visa Traveler's Cheques.* Visa operates the second-largest traveler's cheque brand in the United States and the world.

Emerging Products and Standards: Creating Innovative and Secure Ways to Pay

In addition, Visa is a leader in the development of other emerging electronic payment products, both in the United States and throughout the world, such as stored-value cards and computer network payment products. For example, Visa and its member financial institutions are involved in a number of cutting-edge initiatives, including those described below.

- *Visa Computer Network Payment Services/Secure Electronic Transaction ("SET") Standards.* Visa and other payment and technology companies have worked together to develop standards enabling confidential and secure bankcard transactions over computer networks, including the Internet.
- *EMV Standards.* Visa was instrumental in the development of so-called "EMV" standards for basic chip card architecture and processing protocols that enable the worldwide compatibility of chip or smart card products.
- *Visa TravelMoney.* Visa TravelMoney is a prepaid stored-value card with personal identification number ("PIN") protection that a consumer uses during travel to withdraw local currency from any of the nearly 480,000 Visa ATMs worldwide.
- *Visa Cash.* Visa Cash is a prepaid stored-value card embedded with a computer chip that stores electronic value data. Consumers use Visa Cash as a substitute for currency or coins, primarily in making small dollar purchases. Visa Cash was introduced in July 1996 by three banks at the Summer Olympic Games. Visa member financial institutions have issued on a worldwide basis more than

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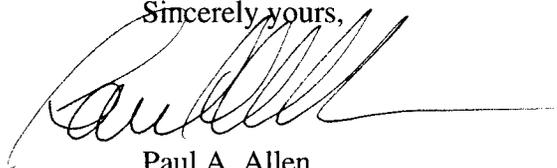
23 million Visa chip cards, including both stored-value cards and multi-function cards.

* * * * *

Please do not hesitate to contact me if you would like additional information to assist your consideration of Russell's nomination to the Advisory Committee. I can be reached by telephone at (650) 432-3410, or by e-mail at Allenp@visa.com.

Thank you for considering this nomination. We hope that Russell, on behalf of Visa, will have the opportunity to work with the Advisory Committee as it undertakes its important mission in the coming months.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Paul A. Allen", with a long horizontal flourish extending to the right.

Paul A. Allen