

CLIENT ALERT

California Supreme Court Holds that Collecting and Recording Zip Codes During Credit Card Transactions Violates California Law

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On February 10, the California Supreme Court held that asking for and recording a customer's zip code during a credit card transaction violates California law. In *Pineda v. Williams-Sonoma Stores, Inc.* (Case No. S178241), the Court held that requesting such information violates section 1747.08 of the Song-Beverly Credit Card Act of 1971 (the "Credit Card Act"), which, among other things, prohibits businesses from requesting and recording "personal identification information" during credit card transactions.

The Credit Card Act provides that a business may not "[r]equest, or require as a condition to accepting the credit card as payment in full or in part for goods or services, the cardholder to provide personal identification information, which the [business] writes, causes to be written, or otherwise records upon the credit card transaction form or otherwise." The Act defines "personal identification information" as "information concerning the cardholder, other than information set forth on the credit card, and including, but not limited to, the cardholder's address and telephone number." The statute contains some exceptions, including for the collection of personal identification information when a credit card is used for a deposit or a cash advance, when the business is required to collect the information under federal law, or when the information is required for a related purpose such as shipping or installation.

In *Pineda*, the California Supreme Court concluded that zip codes were encompassed in the Credit Card Act's definition of "personal identification information," noting that a zip code (1) is part of an address and (2) is like an address or telephone number in that it is unnecessary for the transaction but can be used for the seller's business purposes.

The case is bound to spawn additional lawsuits seeking recovery under the Credit Card Act, which provides for fines of up to \$250 for the first violation and up to \$1000 for each additional violation. Retailers should review their policies regarding collection of zip codes and other information in California.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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