

ESB 5418 - H COMM AMD

By Committee on Financial Institutions & Insurance

ADOPTED 04/11/2005

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 19.182
4 RCW to read as follows:

5 (1) A victim of identity theft who has submitted a valid police
6 report to a consumer reporting agency may elect to place a security
7 freeze on his or her report by making a request in writing by certified
8 mail to a consumer reporting agency. "Security freeze" means a notice
9 placed in a consumer's credit report, at the request of the consumer
10 and subject to certain exceptions, that prohibits the consumer
11 reporting agency from releasing the consumer's credit report or any
12 information from it without the express authorization of the consumer.
13 If a security freeze is in place, information from a consumer's credit
14 report may not be released to a third party without prior express
15 authorization from the consumer. This subsection does not prevent a
16 consumer reporting agency from advising a third party that a security
17 freeze is in effect with respect to the consumer's credit report.

18 (2) For purposes of this section and sections 2 through 5 of this
19 act, a "victim of identity theft" means:

20 (a) A victim of identity theft as defined in RCW 9.35.020; or

21 (b) A person who has been notified by an agency, person, or
22 business that owns or licenses computerized data of a breach in a
23 computerized data system which has resulted in the acquisition of that
24 person's unencrypted personal information by an unauthorized person or
25 entity.

26 (3) A consumer reporting agency shall place a security freeze on a
27 consumer's credit report no later than five business days
28 after receiving a written request from the consumer.

29 (4) The consumer reporting agency shall send a written confirmation
30 of the security freeze to the consumer within ten business days and

1 shall provide the consumer with a unique personal identification number
2 or password to be used by the consumer when providing authorization for
3 the release of his or her credit report for a specific party or period
4 of time.

5 (5) If the consumer wishes to allow his or her credit report to be
6 accessed for a specific party or period of time while a freeze is in
7 place, he or she shall contact the consumer reporting agency, request
8 that the freeze be temporarily lifted, and provide the following:

9 (a) Proper identification, which means that information generally
10 deemed sufficient to identify a person. Only if the consumer is unable
11 to sufficiently identify himself or herself, may a consumer reporting
12 agency require additional information concerning the consumer's
13 employment and personal or family history in order to verify his or her
14 identity;

15 (b) The unique personal identification number or password provided
16 by the credit reporting agency under subsection (4) of this section;
17 and

18 (c) The proper information regarding the third party who is to
19 receive the credit report or the time period for which the report is
20 available to users of the credit report.

21 (6) A consumer reporting agency that receives a request from a
22 consumer to temporarily lift a freeze on a credit report under
23 subsection (5) of this section, shall comply with the request no later
24 than three business days after receiving the request.

25 (7) A consumer reporting agency may develop procedures involving
26 the use of telephone, fax, the internet, or other electronic media to
27 receive and process a request from a consumer to temporarily lift a
28 freeze on a credit report under subsection (5) of this section in an
29 expedited manner.

30 (8) A consumer reporting agency shall remove or temporarily lift a
31 freeze placed on a consumer's credit report only in the following
32 cases:

33 (a) Upon consumer request, under subsection (5) or (11) of this
34 section; or

35 (b) When the consumer's credit report was frozen due to a material
36 misrepresentation of fact by the consumer. When a consumer reporting
37 agency intends to remove a freeze upon a consumer's credit report under

1 this subsection, the consumer reporting agency shall notify the
2 consumer in writing prior to removing the freeze on the consumer's
3 credit report.

4 (9) When a third party requests access to a consumer credit report
5 on which a security freeze is in effect, and this request is in
6 connection with an application for credit or any other use, and the
7 consumer does not allow his or her credit report to be accessed for
8 that specific party or period of time, the third party may treat the
9 application as incomplete.

10 (10) When a consumer requests a security freeze, the consumer
11 reporting agency shall disclose the process of placing and temporarily
12 lifting a freeze, and the process for allowing access to information
13 from the consumer's credit report for a specific party or period of
14 time while the freeze is in place.

15 (11) A security freeze remains in place until the consumer requests
16 that the security freeze be removed. A consumer reporting agency shall
17 remove a security freeze within three business days of receiving a
18 request for removal from the consumer, who provides both of the
19 following:

20 (a) Proper identification, as defined in subsection (5)(a) of this
21 section; and

22 (b) The unique personal identification number or password provided
23 by the consumer reporting agency under subsection (4) of this section.

24 (12) This section does not apply to the use of a consumer credit
25 report by any of the following:

26 (a) A person or entity, or a subsidiary, affiliate, or agent of
27 that person or entity, or an assignee of a financial obligation owing
28 by the consumer to that person or entity, or a prospective assignee of
29 a financial obligation owing by the consumer to that person or entity
30 in conjunction with the proposed purchase of the financial obligation,
31 with which the consumer has or had prior to assignment an account or
32 contract, including a demand deposit account, or to whom the consumer
33 issued a negotiable instrument, for the purposes of reviewing the
34 account or collecting the financial obligation owing for the account,
35 contract, or negotiable instrument. For purposes of this subsection,
36 "reviewing the account" includes activities related to account
37 maintenance, monitoring, credit line increases, and account upgrades
38 and enhancements;

1 (b) A subsidiary, affiliate, agent, assignee, or prospective
2 assignee of a person to whom access has been granted under subsection
3 (5) of this section for purposes of facilitating the extension of
4 credit or other permissible use;

5 (c) Any federal, state, or local entity, including a law
6 enforcement agency, court, or their agents or assigns;

7 (d) A private collection agency acting under a court order,
8 warrant, or subpoena;

9 (e) A child support agency acting under Title IV-D of the social
10 security act (42 U.S.C. et seq.);

11 (f) The department of social and health services acting to fulfill
12 any of its statutory responsibilities;

13 (g) The internal revenue service acting to investigate or collect
14 delinquent taxes or unpaid court orders or to fulfill any of its other
15 statutory responsibilities;

16 (h) The use of credit information for the purposes of prescreening
17 as provided for by the federal fair credit reporting act;

18 (i) Any person or entity administering a credit file monitoring
19 subscription service to which the consumer has subscribed; and

20 (j) Any person or entity for the purpose of providing a consumer
21 with a copy of his or her credit report upon the consumer's request.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 19.182 RCW
23 to read as follows:

24 If a security freeze is in place, a consumer reporting agency may
25 not change any of the following official information in a consumer
26 credit report without sending a written confirmation of the change to
27 the consumer within thirty days of the change being posted to the
28 consumer's file: Name, date of birth, social security number, and
29 address. Written confirmation is not required for technical
30 modifications of a consumer's official information, including name and
31 street abbreviations, complete spellings, or transposition of numbers
32 or letters. In the case of an address change, the written confirmation
33 shall be sent to both the new address and to the former address.

34 NEW SECTION. **Sec. 3.** A new section is added to chapter 19.182 RCW
35 to read as follows:

36 A consumer reporting agency is not required to place a security

1 freeze in a consumer credit report under section 1 of this act if it
2 acts only as a reseller of credit information by assembling and merging
3 information contained in the data base of another consumer reporting
4 agency or multiple consumer reporting agencies, and does not maintain
5 a permanent data base of credit information from which new consumer
6 credit reports are produced. However, a consumer reporting agency must
7 honor any security freeze placed on a consumer credit report by another
8 consumer reporting agency.

9 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.182 RCW
10 to read as follows:

11 The following entities are not required to place a security freeze
12 in a consumer credit report under section 1 of this act:

13 (1) A check services or fraud prevention services company, which
14 issues reports on incidents of fraud or authorizations for the purpose
15 of approving or processing negotiable instruments, electronic funds
16 transfers, or similar methods of payments; and

17 (2) A deposit account information service company, which issues
18 reports regarding account closures due to fraud, substantial
19 overdrafts, ATM abuse, or similar negative information regarding a
20 consumer, to inquiring banks or other financial institutions for use
21 only in reviewing a consumer request for a deposit account at the
22 inquiring bank or financial institution.

23 NEW SECTION. **Sec. 5.** A new section is added to chapter 19.182 RCW
24 to read as follows:

25 A consumer reporting agency may furnish to a governmental agency a
26 consumer's name, address, former address, places of employment, or
27 former places of employment."

28 Correct the title.

EFFECT: Provides that only victims of identity theft, rather than
all consumers, may place a security freeze on their credit reports.
Removes provision which would allow a fee to be charged for placing or
removing a security freeze. Removes section which would allow
consumers, by means of a phone call or a writing, to remove their

names from lists furnished for purposes of credit card solicitation. Changes all references to "consumer credit reporting agency" to "consumer reporting agency", making the references consistent with the definition and terminology already found in Chapter 19.182 RCW.

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