
SENATE BILL 5418

State of Washington 59th Legislature 2005 Regular Session

By Senators Berkey, Benton, Fairley, Shin, Kastama, Carrell,
McAuliffe, Benson, Prentice, Delvin, Kohl-Welles, Keiser and Kline

Read first time 01/24/2005. Referred to Committee on Financial
Institutions, Housing & Consumer Protection.

1 AN ACT Relating to placing a security freeze on a credit report;
2 and adding new sections to chapter 19.182 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

6 (1) A consumer may elect to place a security freeze on his or her
7 credit report by making a request in writing by certified mail to a
8 consumer credit 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 credit
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 credit reporting agency from advising a third party that a
17 security freeze is in effect with respect to the consumer's credit
18 report.

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

4 (3) The consumer credit reporting agency shall send a written
5 confirmation of the security freeze to the consumer within ten business
6 days and shall provide the consumer with a unique personal
7 identification number or password to be used by the consumer when
8 providing authorization for the release of his or her credit for a
9 specific party or period of time.

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

15 (a) Proper identification, which means that information generally
16 deemed sufficient to identify a person. Only if the consumer is unable
17 to reasonably identify himself or herself, may a consumer credit
18 reporting agency require additional information concerning the
19 consumer's employment and personal or family history in order to verify
20 his or her identity;

21 (b) The unique personal identification number or password provided
22 by the credit reporting agency under subsection (3) of this section;
23 and

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

27 (5) A consumer credit reporting agency that receives a request from
28 a consumer to temporarily lift a freeze on a credit report under
29 subsection (4) of this section, shall comply with the request no later
30 than three business days after receiving the request.

31 (6) A consumer credit reporting agency may develop procedures
32 involving the use of telephone, fax, the internet, or other electronic
33 media to receive and process a request from a consumer to temporarily
34 lift a freeze on a credit report under subsection (4) of this section
35 in an expedited manner.

36 (7) A consumer credit reporting agency shall remove or temporarily
37 lift a freeze placed on a consumer's credit report only in the
38 following cases:

1 (a) Upon consumer request, under subsection (4) or (10) of this
2 section; and

3 (b) When the consumer's credit report was frozen due to a material
4 misrepresentation of fact by the consumer. When a consumer credit
5 reporting agency intends to remove a freeze upon a consumer's credit
6 report under this subsection, the consumer credit reporting agency
7 shall notify the consumer in writing prior to removing the freeze on
8 the consumer's credit report.

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

15 (9) When a consumer requests a security freeze, the consumer credit
16 reporting agency shall disclose the process of placing and temporarily
17 lifting a freeze, and the process for allowing access to information
18 from the consumer's credit report for a specific party or period of
19 time while the freeze is in place.

20 (10) A security freeze remains in place until the consumer requests
21 that the security freeze be removed. A consumer credit reporting
22 agency shall remove a security freeze within three business days of
23 receiving a request for removal from the consumer, who provides both of
24 the following:

25 (a) Proper identification, as defined in subsection (4)(a) of this
26 section; and

27 (b) The unique personal identification number or password provided
28 by the credit reporting agency under subsection (3) of this section.

29 (11) This section does not apply to the use of a consumer credit
30 report by any of the following:

31 (a) A person or entity, or a subsidiary, affiliate, or agent of
32 that person or entity, or an assignee of a financial obligation owing
33 by the consumer to that person or entity, or a prospective assignee of
34 a financial obligation owing by the consumer to that person or entity
35 in conjunction with the proposed purchase of the financial obligation,
36 with which the consumer has or had prior to assignment an account or
37 contract, including a demand deposit account, or to whom the consumer
38 issued a negotiable instrument, for the purposes of reviewing the

1 account or collecting the financial obligation owing for the account,
2 contract, or negotiable instrument. For purposes of this subsection,
3 "reviewing the account" includes activities related to account
4 maintenance, monitoring, credit line increases, and account upgrades
5 and enhancements;

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

10 (c) Any state or local agency, law enforcement agency, trial court,
11 or private collection agency acting under a court order, warrant, or
12 subpoena;

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

15 (e) The department of social and health services acting to
16 investigate benefits fraud;

17 (f) The internal revenue service acting to investigate or collect
18 delinquent taxes or unpaid court orders or to fulfill any of its other
19 statutory responsibilities;

20 (g) The use of credit information for the purposes of prescreening
21 as provided for by the federal fair credit reporting act;

22 (h) Any person or entity administering a credit file monitoring
23 subscription service to which the consumer has subscribed; and

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

26 (12) This section and sections 2 through 6 of this act, do not
27 prevent a consumer credit reporting agency from charging a fee of no
28 more than ten dollars to a consumer for each freeze, removal of the
29 freeze, or temporary lift of the freeze for a period of time, or a fee
30 of no more than twelve dollars for a temporary lift of a freeze for a
31 specific party, regarding access to a consumer credit report, except
32 that a consumer credit reporting agency may not charge a fee to a
33 victim of identity theft, as defined in RCW 9.35.020, who has submitted
34 a valid police report.

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

37 If a security freeze is in place, a consumer credit reporting

1 agency may not change any of the following official information in a
2 consumer credit report without sending a written confirmation of the
3 change to the consumer within thirty days of the change being posted to
4 the consumer's file: Name, date of birth, social security number, and
5 address. Written confirmation is not required for technical
6 modifications of a consumer's official information, including name and
7 street abbreviations, complete spellings, or transposition of numbers
8 or letters. In the case of an address change, the written confirmation
9 shall be sent to both the new address and to the former address.

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

12 Sections 1 and 2 of this act do not apply to a consumer credit
13 reporting agency that acts only as a reseller of credit information by
14 assembling and merging information contained in the data base of
15 another consumer credit reporting agency or multiple consumer credit
16 reporting agencies, and does not maintain a permanent data base of
17 credit information from which new consumer credit reports are produced.
18 However, a consumer credit reporting agency must honor any security
19 freeze placed on a consumer credit report by another consumer credit
20 reporting agency.

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

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

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

29 (2) A deposit account information service company, which issues
30 reports regarding account closures due to fraud, substantial
31 overdrafts, ATM abuse, or similar negative information regarding a
32 consumer, to inquiring banks or other financial institutions for use
33 only in reviewing a consumer request for a deposit account at the
34 inquiring bank or financial institution.

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

3 A consumer may elect that his or her name be removed from any list
4 that a consumer credit reporting agency furnishes for credit card
5 solicitations, by notifying the consumer credit reporting agency, by
6 telephone or in writing, under the notification system maintained by
7 the consumer credit reporting agency. The election is effective for a
8 minimum of two years, unless otherwise specified by the consumer.

9 NEW SECTION. **Sec. 6.** A new section is added to chapter 19.182 RCW
10 to read as follows:

11 A consumer credit reporting agency may furnish to a governmental
12 agency a consumer's name, address, former address, places of
13 employment, or former places of employment.

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