

SECOND REGULAR SESSION

HOUSE BILL NO. 1591

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE YATES.

Read 1st time January 31, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

3454L.01I

AN ACT

To amend chapter 407, RSMo, by adding thereto five new sections relating to consumer credit reports.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 407, RSMo, is amended by adding thereto five new sections, to be
2 known as sections 407.1500, 407.1503, 407.1506, 407.1509, and 407.1512, to read as follows:

**407.1500. 1. A consumer may elect to place a security alert in his or her consumer
2 credit report by making a request in writing or by telephone to a consumer credit
3 reporting agency. "Security alert" means a notice placed in a consumer's credit report,
4 at the request of the consumer, that notifies a recipient of the credit report that the
5 consumer's identity may have been used without the consumer's consent to fraudulently
6 obtain goods or services in the consumer's name.**

**7 2. A consumer credit reporting agency shall notify each person requesting
8 consumer credit information with respect to a consumer of the existence of a security alert
9 in the credit report of that consumer, regardless of whether a full credit report, credit
10 score, or summary report is requested.**

**11 3. Each consumer credit reporting agency shall maintain a toll-free telephone
12 number to accept security alert requests from consumers twenty-four hours a day, seven
13 days a week.**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

14 **4. The toll-free telephone number shall be included in any written disclosure by a**
15 **consumer credit reporting agency to any consumer and shall be printed in a clear and**
16 **conspicuous manner.**

17 **5. A consumer credit reporting agency shall place a security alert on a consumer's**
18 **credit report no later than five business days after receiving a request from the consumer.**

19 **6. The security alert shall remain in place for at least ninety days and a consumer**
20 **shall have the right to request a renewal of the security alert.**

21 **7. Any person who uses a consumer credit report in connection with the approval**
22 **of credit based on an application for an extension of credit, or with the purchase, lease, or**
23 **rental of goods or noncredit-related services and who receives notification of a security**
24 **alert under subsection 1 of this section shall not lend money, extend credit, or complete the**
25 **purchase, lease, or rental of goods or noncredit-related services without taking reasonable**
26 **steps to verify the consumer's identity to ensure that the application for an extension of**
27 **credit or for the purchase, lease, or rental of goods or noncredit-related services is not the**
28 **result of identity theft. If the consumer has placed a statement with the security alert in**
29 **his or her file requesting that identity be verified by calling a specified telephone number,**
30 **any person who receives that statement with the security alert in a consumer's file under**
31 **subsection 1 of this section shall take reasonable steps to verify the identity of the consumer**
32 **by contacting the consumer using the specified telephone number prior to lending money,**
33 **extending credit, or completing the purchase, lease, or rental of goods or noncredit-related**
34 **services. If a person uses a consumer credit report to facilitate the extension of credit or**
35 **for another permissible purpose on behalf of a subsidiary, affiliate, agent, assignee, or**
36 **prospective assignee, such person may verify a consumer's identity under this section in**
37 **lieu of the subsidiary, affiliate, agent, assignee, or prospective assignee.**

38 **8. For purposes of this section, "extension of credit" does not include an increase**
39 **in the dollar limit of an existing open-end credit plan, as defined in Regulation Z issued by**
40 **the Board of Governors of the Federal Reserve System (12 C.F.R. 226.2), or any change to,**
41 **or review of, an existing credit account.**

42 **9. If reasonable steps are taken to verify the identity of the consumer, such steps**
43 **constitute compliance with the requirements of this section; except that, if a consumer has**
44 **placed a statement including a telephone number with the security alert in his or her file,**
45 **the consumer's identity shall be verified by contacting the consumer using that telephone**
46 **number as specified in subsection 7 of this section.**

47 **10. A consumer credit reporting agency shall notify each consumer who has**
48 **requested that a security alert be placed on his or her consumer credit report of the**
49 **expiration date of the alert.**

50 **11. Any consumer credit reporting agency that recklessly, willfully, or intentionally**
51 **fails to place a security alert under this section shall be liable for a penalty in an amount**
52 **of up to two thousand five hundred dollars and reasonable attorneys' fees.**

407.1503. 1. A consumer may elect to place a security freeze on his or her credit
2 **report by making a request in writing by certified mail to a consumer credit reporting**
3 **agency. "Security freeze" means a notice placed in a consumer's credit report, at the**
4 **request of the consumer and subject to certain exceptions, that prohibits the consumer**
5 **credit reporting agency from releasing the consumer's credit report or any information**
6 **from it without the express authorization of the consumer. If a security freeze is in place,**
7 **information from a consumer's credit report may not be released to a third party without**
8 **prior express authorization from the consumer. Nothing in this subsection shall prevent**
9 **a consumer credit reporting agency from advising a third party that a security freeze is in**
10 **effect with respect to the consumer's credit report.**

11 **2. A consumer credit reporting agency shall place a security freeze on a consumer's**
12 **credit report no later than five business days after receiving a written request from the**
13 **consumer.**

14 **3. The consumer credit reporting agency shall send a written confirmation of the**
15 **security freeze to the consumer within ten business days and shall provide the consumer**
16 **with a unique personal identification number or password to be used by the consumer**
17 **when providing authorization for the release of his or her credit for a specific party or**
18 **period of time.**

19 **4. If the consumer wishes to allow his or her credit report to be accessed for a**
20 **specific party or period of time while a freeze is in place, the consumer shall contact the**
21 **consumer credit reporting agency, request that the freeze be temporarily lifted, and**
22 **provide the following:**

23 **(1) Proper identification;**

24 **(2) The unique personal identification number or password provided by the credit**
25 **reporting agency under subsection 3 of this section; and**

26 **(3) The proper information regarding the third party who is to receive the credit**
27 **report or the time period for which the report shall be available to users of the credit**
28 **report.**

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

32 **6. A consumer credit reporting agency may develop procedures involving the use**
33 **of telephone, facsimile, the Internet, or other electronic media to receive and process a**

34 request from a consumer to temporarily lift a freeze on a credit report under subsection
35 4 of this section in an expedited manner.

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

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

39 (2) If the consumer's credit report was frozen due to a material misrepresentation
40 of fact by the consumer. If a consumer credit reporting agency intends to remove a freeze
41 upon a consumer's credit report under this subdivision, the consumer credit reporting
42 agency shall notify the consumer in writing prior to removing the freeze on the consumer's
43 credit report.

44 8. If a third party requests access to a consumer credit report on which a security
45 freeze is in effect, and such request is in connection with an application for credit or any
46 other use, and the consumer does not allow his or her credit report to be accessed for such
47 specific party or period of time, the third party may treat the application as incomplete.

48 9. If a consumer requests a security freeze, the consumer credit reporting agency
49 shall disclose the process of placing and temporarily lifting a freeze, and the process for
50 allowing access to information from the consumer's credit report for a specific party or
51 period of time while the freeze is in place.

52 10. A security freeze shall remain in place until the consumer requests that the
53 security freeze be removed. A consumer credit reporting agency shall remove a security
54 freeze within three business days of receiving a request for removal from the consumer
55 who provides both of the following:

56 (1) Proper identification; and

57 (2) The unique personal identification number or password provided by the credit
58 reporting agency under subsection 3 of this section.

59 11. A consumer credit reporting agency shall require proper identification of the
60 person making a request to place or remove a security freeze.

61 12. The provisions of this section do not apply to the use of a consumer credit
62 report by any of the following:

63 (1) A person or entity, or a subsidiary, affiliate, or agent of such person or entity,
64 or an assignee of a financial obligation owing by the consumer to such person or entity, or
65 a prospective assignee of a financial obligation owing by the consumer to such person or
66 entity in conjunction with the proposed purchase of the financial obligation with which the
67 consumer has or had prior to assignment an account or contract, including a demand
68 deposit account, or to whom the consumer issued a negotiable instrument for the purposes
69 of reviewing the account or collecting the financial obligation owing for the account,

70 contract, or negotiable instrument. For purposes of this subdivision, "reviewing the
71 account" includes activities related to account maintenance, monitoring, credit line
72 increases, and account upgrades and enhancements;

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

76 (3) Any state or local agency, law enforcement agency, court, or private collection
77 agency acting under a court order, warrant, or subpoena;

78 (4) A child support enforcement agency acting under chapter 454, RSMo, or Title
79 IV-D of the Social Security Act (42 U.S.C. et seq.);

80 (5) The attorney general or department of social services, or its agents or assigns,
81 acting to investigate Medicaid fraud;

82 (6) The department of revenue acting to investigate or collect delinquent taxes or
83 to fulfill any of its other statutory responsibilities;

84 (7) The use of credit information for the purposes of prescreening as provided for
85 by the federal Fair Credit Reporting Act;

86 (8) Any person or entity administering a credit file monitoring subscription service
87 to which the consumer has subscribed;

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

90 13. Nothing in this section shall be construed as preventing a consumer credit
91 reporting agency from charging a fee of no more than ten dollars to a consumer for each
92 freeze, removal of the freeze, or temporary lift of the freeze for a period of time, or a fee
93 of no more than twelve dollars for a temporary lift of a freeze for a specific party,
94 regarding access to a consumer credit report.

95 14. As used in this section, "proper identification" means information generally
96 deemed sufficient to identify a person.

407.1506. 1. If a security freeze is in place, a consumer credit reporting agency
2 shall not change any of the following official information in a consumer credit report
3 without sending a written confirmation of the change to the consumer within thirty days
4 of the change being posted to the consumer's file: name, date of birth, Social Security
5 number, and address. Written confirmation shall not be required for technical
6 modifications of a consumer's official information, including name and street
7 abbreviations, complete spellings, or transposition of numbers or letters. In the case of an
8 address change, the written confirmation shall be sent to both the new address and to the
9 former address.

10 **2. If a consumer has placed a security alert, a consumer credit reporting agency**
11 **shall provide the consumer, upon request, with a free copy of his or her credit report at the**
12 **time the ninety-day security alert period expires.**

407.1509. The following entities are not required to place in a credit report either
2 **a security alert under section 407.1500 or a security freeze under section 407.1503:**

3 **(1) A check services or fraud prevention services company which issues reports on**
4 **incidents of fraud or authorizations for the purpose of approving or processing negotiable**
5 **instruments, electronic funds transfers, or similar methods of payments;**

6 **(2) A deposit account information service company which issues reports regarding**
7 **account closures due to fraud, substantial overdrafts, ATM abuse, or similar negative**
8 **information regarding a consumer to inquiring banks or other financial institutions for use**
9 **only in reviewing a consumer request for a deposit account at the inquiring bank or**
10 **financial institution.**

407.1512. 1. In addition to any other rights the consumer may have under sections
2 **407.1500 to 407.1512, every consumer credit reporting agency after being contacted by**
3 **telephone, mail, or in person by any consumer who has reason to believe he or she may be**
4 **a victim of identity theft shall promptly provide to such consumer a statement, written in**
5 **a clear and conspicuous manner, describing the statutory rights of victims of identity theft**
6 **under state and federal law.**

7 **2. Upon the receipt from a victim of identity theft of a police report of identity theft,**
8 **every consumer credit reporting agency shall provide the victim, free of charge and upon**
9 **request, with up to twelve copies of the consumer's file during a consecutive twelve-month**
10 **period, not to exceed one copy per month, following the date of the police report.**
11 **Notwithstanding any other provision of law to the contrary, the maximum number of free**
12 **reports a victim of identity theft is entitled to obtain under this section is twelve per year,**
13 **as provided by this subsection.**

14 **3. Subsection 1 of this section shall not apply to a consumer reporting agency that**
15 **acts only as a reseller of credit information by assembling and merging information**
16 **contained in the database of another consumer reporting agency or agencies and that does**
17 **not maintain a permanent database of credit information from which new credit reports**
18 **are produced.**

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