
By: Delegate Kagan

Introduced and read first time: February 7, 1997

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Consumer Reporting Agencies**

3 FOR the purpose of altering the circumstances under which a consumer reporting agency
4 may furnish a consumer report; requiring consumer reporting agencies to maintain
5 certain procedures; specifying the minimum identification that a consumer must
6 provide to a consumer reporting agency to obtain certain information from the
7 consumer reporting agency; providing for the effect of certain provisions of this Act;
8 and generally relating to consumer reporting agencies.

9 BY repealing and reenacting, with amendments,
10 Article - Commercial Law
11 Section 14-1202, 14-1205, and 14-1206
12 Annotated Code of Maryland
13 (1990 Replacement Volume and 1996 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article - Commercial Law
16 Section 14-1207
17 Annotated Code of Maryland
18 (1990 Replacement Volume and 1996 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Commercial Law**

22 14-1202.

23 (a) Subject to subsection [(b)] (D) of this section and § 14-1205 of this subtitle,
24 a consumer reporting agency may furnish a consumer report under the following
25 circumstances and no other:

26 (1) In response to the order of a court having jurisdiction to issue the order;

27 OR

28 (2) TO A PERSON THAT HAS SECURED THE CONSENT OF THE
29 CONSUMER TO WHOM IT RELATES AND THE CONSUMER REPORT IS USED FOR THE
30 PURPOSE CONSENTED TO BY THE CONSUMER.

2

1 [(2) In accordance with the written instructions of the consumer to whom it
2 relates; or

3 (3) To a person which the agency has reason to believe:

4 (i) Intends to use the information in connection with a credit
5 transaction involving the consumer on whom the information is to be furnished and
6 involving the extension of credit to, or review or collection of an account of, the
7 consumer;

8 (ii) Intends to use the information for employment purposes;

9 (iii) Intends to use the information in connection with the underwriting
10 of insurance involving the consumer;

11 (iv) Intends to use the information in connection with a determination
12 of the consumer's eligibility for a license or other benefit granted by a governmental
13 instrumentality required by law to consider an applicant's financial responsibility or
14 status; or

15 (v) Otherwise has a legitimate business need for the information in
16 connection with a business transaction involving the consumer.]

17 (B) CONSUMER REPORTING AGENCIES SHALL MAINTAIN REASONABLE
18 PROCEDURES TO ASSURE MAXIMUM POSSIBLE COMPLIANCE WITH SUBSECTION (A)
19 OF THIS SECTION.

20 (C) THIS SECTION DOES NOT AFFECT:

21 (1) THE ABILITY OF A PERSON THAT HAS SECURED THE CONSENT OF
22 THE CONSUMER UNDER SUBSECTION (A)(2) OF THIS SECTION TO INCLUDE IN THE
23 PERSON'S REQUEST TO THE CONSUMER PERMISSION TO ALSO OBTAIN CREDIT
24 REPORTS, IN CONNECTION WITH THE SAME TRANSACTION OR EXTENSION OF
25 CREDIT, FOR THE PURPOSE OF REVIEWING THE ACCOUNT, INCREASING THE CREDIT
26 LINE ON THE ACCOUNT, TAKING COLLECTION ACTION ON THE ACCOUNT, OR FOR
27 OTHER LEGITIMATE PURPOSES ASSOCIATED WITH THE ACCOUNT; OR

28 (2) THE USE OF CREDIT INFORMATION FOR THE PURPOSE OF
29 PRESCREENING, AS DEFINED AND ALLOWED FROM TIME TO TIME BY THE FEDERAL
30 TRADE COMMISSION.

31 [(b)] (D) If the consumer reporting agency receives written notice from the
32 consumer restricting the sale or other transfer of information in the consumer's file, the
33 consumer reporting agency may not sell, offer to sell, or furnish information in the
34 consumer's file to:

35 (1) A mail-service organization;

36 (2) A marketing firm; or

37 (3) Any other similar organization that obtains information about a
38 consumer for marketing purposes.

3

1 14-1205.

2 (a) (1) A consumer reporting agency shall maintain reasonable procedures
3 designed to avoid violations of § 14-1203 of this subtitle and to limit the furnishing of
4 consumer reports to the purposes [listed under § 14-1202 of this subtitle] CONSENTED
5 TO BY THE CONSUMER.

6 (2) The procedures at a minimum shall require that prospective users of the
7 information identify themselves, PRESENT EVIDENCE THAT THE PROSPECTIVE USER
8 HAS OBTAINED THE CONSENT OF THE CONSUMER, certify the purposes for which the
9 information is sought, and certify that the information will be used for no other purpose.

10 (3) A consumer reporting agency shall make a reasonable effort to verify the
11 identity of a new prospective user and the uses certified by the prospective user prior to
12 furnishing the user a consumer report.

13 (4) No consumer reporting agency may furnish a consumer report to any
14 person if it has reasonable grounds for believing that the consumer report will not be used
15 for a purpose [listed in § 14-1202 of this subtitle] CONSENTED TO BY THE CONSUMER.

16 (b) Whenever a consumer reporting agency prepares a consumer report it shall
17 follow reasonable procedures to assure maximum possible accuracy of the information
18 concerning the individual about whom the report relates.

19 (c) Notwithstanding the provisions of § 14-1202, a consumer reporting agency
20 may furnish identifying information respecting any consumer, limited to his name,
21 address, former addresses, places of employment, or former places of employment, to a
22 governmental agency.

23 14-1206.

24 (a) A consumer reporting agency shall, upon request and proper identification of
25 a consumer, provide the consumer:

26 (1) An exact copy of any file on that consumer except any part of the file
27 which contains medical information;

28 (2) A written explanation of codes or trade language used;

29 (3) A description of the rights of the consumer under this subtitle; and

30 (4) The name, address, and telephone number of the Commissioner.

31 (B) PROPER IDENTIFICATION UNDER SUBSECTION (A) OF THIS SECTION AND
32 § 14-1207(B) OF THIS SUBTITLE SHALL INCLUDE AT A MINIMUM:

33 (1) THE FULL NAME OF THE CONSUMER;

34 (2) THE DATE OF BIRTH OF THE CONSUMER;

35 (3) THE ADDRESS OF THE CONSUMER; AND

36 (4) THE SOCIAL SECURITY NUMBER OF THE CONSUMER OR OTHER
37 IDENTIFYING WORD OR NUMBER CHOSEN BY THE CONSUMER.

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1 [(b)] (C) Whenever access to a file or a copy of a file has been furnished to a
2 consumer, the consumer reporting agency may delete the sources of information acquired
3 solely for use in an investigative report and used for no other purpose. If any action is
4 brought by the consumer under this subtitle, the consumer reporting agency shall make
5 such sources available to the plaintiff under appropriate discovery procedures.

6 14-1207.

7 (a) A consumer reporting agency shall make the disclosures required under §
8 14-1206(a) of this subtitle during normal business hours and on reasonable notice.

9 (b) The disclosures required under § 14-1206(a) of this subtitle shall be made to
10 the consumer:

11 (1) In person if he appears in person and furnishes proper identification;

12 (2) By telephone if he has made a written request, with proper
13 identification, for telephone disclosure and the toll charge, if any, for the telephone call
14 is prepaid by or charged directly to the consumer; or

15 (3) In writing if the consumer makes a written request and furnishes proper
16 identification.

17 (c) Any consumer reporting agency shall provide trained personnel to explain to
18 the consumer any information furnished to him pursuant to § 14-1206 of this subtitle.

19 (d) The consumer shall be permitted to be accompanied by one other person of
20 his choosing, who shall furnish reasonable identification. A consumer reporting agency
21 may require the consumer to furnish a written statement granting permission to the
22 consumer reporting agency to discuss the consumer's file in the person's presence.

23 (e) Except as provided in § 14-1213 of this subtitle, no consumer may bring any
24 action or proceeding in the nature of defamation, invasion of privacy, or negligence with
25 respect to the reporting of information against any consumer reporting agency, any user
26 of information, based on information disclosed pursuant to §§ 14-1206, 14-1207, or
27 14-1212 of this subtitle, except as to false information furnished with malice or wilful
28 intent to injure the consumer. Except as provided in § 14-1213 of this subtitle, no
29 consumer may bring any action or proceeding against a person who furnishes information
30 to a consumer reporting agency in the nature of defamation, invasion of privacy, or
31 negligence for unintentional error.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 October 1, 1997.