

---

By: **Delegates Kagan and Minnick**  
Introduced and read first time: February 12, 1999  
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  
4 agency may furnish a consumer report; requiring consumer reporting agencies  
5 to maintain certain procedures; providing for the effect of certain provisions of  
6 this Act; and generally relating to consumer reporting agencies.

7 BY repealing and reenacting, with amendments,  
8 Article - Commercial Law  
9 Section 14-1202 and 14-1205  
10 Annotated Code of Maryland  
11 (1990 Replacement Volume and 1998 Supplement)

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

14 **Article - Commercial Law**

15 14-1202.

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

19 (1) In response to the order of a court having jurisdiction to issue the  
20 order; OR

21 (2) TO A PERSON THAT HAS SECURED THE WRITTEN CONSENT OF THE  
22 CONSUMER TO WHOM IT RELATES AND THE CONSUMER REPORT IS USED FOR THE  
23 PURPOSE CONSENTED TO BY THE CONSUMER.

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

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

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

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

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

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

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

14 (B) CONSUMER REPORTING AGENCIES SHALL MAINTAIN REASONABLE  
15 PROCEDURES TO ASSURE MAXIMUM POSSIBLE COMPLIANCE WITH SUBSECTION (A)  
16 OF THIS SECTION.

17 (C) THIS SECTION DOES NOT AFFECT:

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

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

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

32 (1) A mail-service organization;

33 (2) A marketing firm; or

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

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]  
5 CONSENTED TO BY THE CONSUMER.

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

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

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

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

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 October 1, 1999.