
By: **Delegates Quinter, Bobo, Lee, Moe, and Petzold**

Introduced and read first time: February 9, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Consumer Reporting Agencies - Consumer Reports -**
3 **Security Freezes**

4 FOR the purpose of authorizing a consumer to elect to place a security freeze on all or
5 part of the consumer's consumer report; establishing procedures for requesting a
6 security freeze; requiring a consumer reporting agency to place a security freeze
7 on a consumer's consumer report within a certain number of days after a
8 request is received and to take certain actions within a certain number of
9 business days after placing a security freeze on a consumer's consumer report;
10 providing that while a security freeze is in place, a consumer reporting agency
11 may not provide any information in a consumer's consumer report without
12 certain authorization of the consumer; requiring a consumer reporting agency to
13 give certain notice to a consumer if any person requests access to a consumer's
14 consumer report under certain circumstances; establishing procedures for
15 requesting a security freeze to be lifted temporarily or removed; requiring a
16 consumer reporting agency to temporarily lift or remove a security freeze within
17 a certain number of days after receiving a request from a consumer; prohibiting
18 a consumer reporting agency from charging a consumer for any service relating
19 to a security freeze; providing a certain exception; requiring a consumer
20 reporting agency to give certain notices to a consumer at certain times;
21 authorizing a consumer who is affected by a violation of certain provisions of
22 this Act to bring a certain action; establishing certain penalties; providing for
23 the application of this Act; defining certain terms; making a conforming change;
24 and generally relating to consumer reporting agencies and security freezes on
25 consumer reports.

26 BY repealing and reenacting, with amendments,
27 Article - Commercial Law
28 Section 14-1202(a)
29 Annotated Code of Maryland
30 (2005 Replacement Volume)

31 BY adding to
32 Article - Commercial Law

1 Section 14-1202.1
2 Annotated Code of Maryland
3 (2005 Replacement Volume)

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

6 **Article - Commercial Law**

7 14-1202.

8 (a) Subject to subsection (b) of this section and [§ 14-1205] §§ 14-1202.1 AND
9 14-1205 of this subtitle, a consumer reporting agency may furnish a consumer report
10 under the following circumstances and no other:

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

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

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

16 (i) Intends to use the information in connection with a credit
17 transaction involving the consumer on whom the information is to be furnished and
18 involving the extension of credit to, or review or collection of an account of, the
19 consumer;

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

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

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

27 (v) Otherwise has a legitimate business need for the information in
28 connection with a business transaction involving the consumer.

29 14-1202.1.

30 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
31 INDICATED.

32 (2) "ACCOUNT REVIEW" INCLUDES ACTIVITIES RELATED TO ACCOUNT
33 MAINTENANCE, ACCOUNT MONITORING, CREDIT LINE INCREASES, AND ACCOUNT
34 UPGRADES AND ENHANCEMENTS.

1 (3) "SECURITY FREEZE" MEANS A RESTRICTION PLACED ON A
2 CONSUMER REPORT AT THE REQUEST OF THE CONSUMER THAT PROHIBITS A
3 CONSUMER REPORTING AGENCY FROM RELEASING ALL OR ANY PART OF THE
4 CONSUMER'S CONSUMER REPORT OR ANY INFORMATION DERIVED FROM THE
5 CONSUMER'S CONSUMER REPORT WITHOUT THE EXPRESS AUTHORIZATION OF THE
6 CONSUMER.

7 (B) THIS SECTION DOES NOT APPLY TO THE USE OF A CONSUMER REPORT BY:

8 (1) A PERSON, OR A SUBSIDIARY, AFFILIATE, AGENT, OR ASSIGNEE OF
9 THE PERSON, WITH WHICH THE CONSUMER HAS, OR PRIOR TO ASSIGNMENT HAD, AN
10 ACCOUNT, CONTRACT, OR DEBTOR-CREDITOR RELATIONSHIP, FOR THE PURPOSE OF
11 ACCOUNT REVIEW OR COLLECTING THE FINANCIAL OBLIGATION OWING FOR THE
12 ACCOUNT, CONTRACT, OR DEBT;

13 (2) A PERSON THAT WAS GIVEN ACCESS TO THE CONSUMER REPORT
14 UNDER SUBSECTION (E) OF THIS SECTION FOR THE PURPOSE OF FACILITATING AN
15 EXTENSION OF CREDIT TO THE CONSUMER OR ANOTHER PERMISSIBLE USE;

16 (3) A PERSON ACTING IN ACCORDANCE WITH A COURT ORDER,
17 WARRANT, OR SUBPOENA;

18 (4) A UNIT OF STATE OR LOCAL GOVERNMENT THAT ADMINISTERS A
19 PROGRAM FOR ESTABLISHING AND ENFORCING CHILD SUPPORT OBLIGATIONS;

20 (5) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE IN
21 CONNECTION WITH A FRAUD INVESTIGATION CONDUCTED BY THE DEPARTMENT;

22 (6) THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION, THE
23 COMPTROLLER, OR ANY OTHER STATE OR LOCAL TAXING AUTHORITY IN
24 CONNECTION WITH:

25 (I) AN INVESTIGATION CONDUCTED BY THE DEPARTMENT,
26 COMPTROLLER, OR TAXING AUTHORITY;

27 (II) THE COLLECTION OF DELINQUENT TAXES OR UNPAID COURT
28 ORDERS BY THE DEPARTMENT, COMPTROLLER, OR TAXING AUTHORITY; OR

29 (III) THE PERFORMANCE OF ANY OTHER DUTY PROVIDED FOR BY
30 LAW;

31 (7) A PERSON FOR THE PURPOSE OF PRESCREENING, AS DEFINED BY
32 THE FEDERAL FAIR CREDIT REPORTING ACT;

33 (8) A PERSON ADMINISTERING A CREDIT FILE MONITORING
34 SUBSCRIPTION SERVICE TO WHICH THE CONSUMER HAS SUBSCRIBED; OR

35 (9) A PERSON FOR THE PURPOSE OF PROVIDING A CONSUMER WITH A
36 COPY OF THE CONSUMER'S CONSUMER REPORT ON REQUEST OF THE CONSUMER.

1 (C) (1) A CONSUMER MAY ELECT TO PLACE A SECURITY FREEZE ON ALL OR
2 PART OF THE CONSUMER'S CONSUMER REPORT BY:

3 (I) WRITTEN REQUEST SENT BY CERTIFIED MAIL;

4 (II) TELEPHONE; OR

5 (III) ELECTRONIC MAIL IF A SECURE ELECTRONIC MAIL
6 CONNECTION IS MADE AVAILABLE BY THE CONSUMER REPORTING AGENCY.

7 (2) A CONSUMER REPORTING AGENCY SHALL REQUIRE A CONSUMER TO
8 PROVIDE PROPER IDENTIFICATION WHEN REQUESTING A SECURITY FREEZE.

9 (3) A CONSUMER REPORTING AGENCY SHALL PLACE A SECURITY
10 FREEZE ON A CONSUMER'S CONSUMER REPORT WITHIN 5 DAYS AFTER RECEIVING A
11 REQUEST FROM A CONSUMER.

12 (4) WITHIN 3 BUSINESS DAYS AFTER PLACING A SECURITY FREEZE ON A
13 CONSUMER'S CONSUMER REPORT, THE CONSUMER REPORTING AGENCY SHALL:

14 (I) SEND A WRITTEN CONFIRMATION OF THE SECURITY FREEZE
15 TO THE CONSUMER;

16 (II) PROVIDE THE CONSUMER WITH A UNIQUE PERSONAL
17 IDENTIFICATION NUMBER OR PASSWORD TO BE USED BY THE CONSUMER WHEN
18 AUTHORIZING THE RELEASE OF THE CONSUMER'S CONSUMER REPORT TO A
19 SPECIFIC PERSON OR FOR A SPECIFIC PERIOD OF TIME; AND

20 (III) PROVIDE THE CONSUMER WITH A WRITTEN STATEMENT OF
21 THE PROCEDURES FOR REQUESTING THE CONSUMER REPORTING AGENCY TO
22 REMOVE OR TEMPORARILY LIFT A SECURITY FREEZE.

23 (D) (1) WHILE A SECURITY FREEZE IS IN PLACE, A CONSUMER REPORTING
24 AGENCY MAY NOT PROVIDE ANY INFORMATION IN A CONSUMER'S CONSUMER
25 REPORT WITHOUT THE EXPRESS PRIOR AUTHORIZATION OF THE CONSUMER.

26 (2) A CONSUMER REPORTING AGENCY MAY ADVISE A PERSON THAT A
27 SECURITY FREEZE IS IN EFFECT WITH RESPECT TO A CONSUMER'S CONSUMER
28 REPORT.

29 (3) A CONSUMER REPORTING AGENCY MAY NOT STATE OR IMPLY TO
30 ANY PERSON THAT A SECURITY FREEZE ON A CONSUMER'S CONSUMER REPORT
31 REFLECTS A NEGATIVE CREDIT SCORE, CREDIT HISTORY, OR CREDIT RATING.

32 (4) (I) IF ANY PERSON REQUESTS ACCESS TO A CONSUMER'S
33 CONSUMER REPORT WHILE A SECURITY FREEZE IS IN PLACE FOR A PURPOSE OTHER
34 THAN ACCOUNT REVIEW, THE CONSUMER REPORTING AGENCY SHALL NOTIFY THE
35 CONSUMER THAT AN ATTEMPT HAS BEEN MADE TO ACCESS THE CONSUMER'S
36 CONSUMER REPORT.

1 (II) THE NOTICE SHALL STATE THE IDENTITY OF THE PERSON
2 REQUESTING ACCESS TO THE CONSUMER'S CONSUMER REPORT AND THE PURPOSE
3 OF THE REQUEST.

4 (E) (1) IF A CONSUMER WANTS TO ALLOW THE CONSUMER'S CONSUMER
5 REPORT TO BE ACCESSED BY A SPECIFIC PERSON OR FOR A SPECIFIC PERIOD OF
6 TIME WHILE A SECURITY FREEZE IS IN PLACE, THE CONSUMER SHALL:

7 (I) CONTACT THE CONSUMER REPORTING AGENCY BY CERTIFIED
8 MAIL, TELEPHONE, OR ELECTRONIC MAIL IF A SECURE ELECTRONIC MAIL
9 CONNECTION IS MADE AVAILABLE TO THE CONSUMER BY THE CONSUMER
10 REPORTING AGENCY;

11 (II) REQUEST THAT THE SECURITY FREEZE BE TEMPORARILY
12 LIFTED; AND

13 (III) PROVIDE THE FOLLOWING TO THE CONSUMER REPORTING
14 AGENCY:

15 1. PROPER IDENTIFICATION;

16 2. THE UNIQUE PERSONAL IDENTIFICATION NUMBER OR
17 PASSWORD PROVIDED BY THE CONSUMER REPORTING AGENCY UNDER SUBSECTION
18 (C)(4)(II) OF THIS SECTION; AND

19 3. THE PROPER INFORMATION REGARDING THE PERSON
20 THAT IS TO RECEIVE THE CONSUMER REPORT OR THE TIME PERIOD DURING WHICH
21 THE CONSUMER REPORT IS TO BE AVAILABLE TO USERS OF THE CONSUMER REPORT.

22 (2) A CONSUMER REPORTING AGENCY SHALL COMPLY WITH A REQUEST
23 MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION WITHIN 3 DAYS AFTER
24 RECEIVING THE REQUEST.

25 (3) A CONSUMER REPORTING AGENCY SHALL DEVELOP PROCEDURES
26 INVOLVING THE USE OF TELEPHONE OR FACSIMILE OR, ON CONSENT OF THE
27 CONSUMER IN THE MANNER REQUIRED BY THE FEDERAL ELECTRONIC SIGNATURES
28 IN GLOBAL AND NATIONAL COMMERCE ACT FOR LEGALLY REQUIRED NOTICES, THE
29 INTERNET, ELECTRONIC MAIL, OR OTHER ELECTRONIC MEDIA TO RECEIVE AND
30 PROCESS IN AN EXPEDITED MANNER A REQUEST FROM A CONSUMER TO
31 TEMPORARILY LIFT OR REMOVE A SECURITY FREEZE ON THE CONSUMER'S
32 CONSUMER REPORT.

33 (F) IF, IN CONNECTION WITH AN APPLICATION FOR CREDIT OR FOR ANY
34 OTHER USE, A PERSON REQUESTS ACCESS TO A CONSUMER'S CONSUMER REPORT
35 WHILE A SECURITY FREEZE IS IN PLACE AND THE CONSUMER DOES NOT AUTHORIZE
36 ACCESS TO THE CONSUMER'S CONSUMER REPORT, THE PERSON MAY TREAT THE
37 APPLICATION AS INCOMPLETE.

38 (G) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
39 CONSUMER REPORTING AGENCY MAY REMOVE OR TEMPORARILY LIFT A SECURITY

1 CREDIT REPORT WITHOUT YOUR EXPRESS AUTHORIZATION. THE PURPOSE OF A
2 SECURITY FREEZE IS TO PREVENT CREDIT, LOANS, AND SERVICES FROM BEING
3 APPROVED IN YOUR NAME WITHOUT YOUR CONSENT.

4 YOU MAY ELECT TO HAVE A CONSUMER REPORTING AGENCY PLACE A
5 SECURITY FREEZE ON YOUR CREDIT REPORT BY WRITTEN REQUEST SENT BY
6 CERTIFIED MAIL, BY TELEPHONE, OR BY ELECTRONIC MAIL IF THE CONSUMER
7 REPORTING AGENCY HAS A SECURE ELECTRONIC MAIL CONNECTION. THE
8 CONSUMER REPORTING AGENCY MUST PLACE A SECURITY FREEZE ON YOUR CREDIT
9 REPORT WITHIN 5 DAYS AFTER YOUR REQUEST IS RECEIVED. WITHIN 3 BUSINESS
10 DAYS AFTER A SECURITY FREEZE IS PLACED ON YOUR CREDIT REPORT, YOU WILL BE
11 PROVIDED WITH A UNIQUE PERSONAL IDENTIFICATION NUMBER OR PASSWORD TO
12 USE IF YOU WANT TO REMOVE THE SECURITY FREEZE OR TEMPORARILY LIFT THE
13 SECURITY FREEZE TO RELEASE YOUR CREDIT REPORT TO A SPECIFIC PERSON OR
14 FOR A SPECIFIC PERIOD OF TIME. YOU ALSO WILL RECEIVE INFORMATION ON THE
15 PROCEDURES FOR REMOVING OR TEMPORARILY LIFTING A SECURITY FREEZE.

16 IF YOU WANT TO TEMPORARILY LIFT THE SECURITY FREEZE ON YOUR CREDIT
17 REPORT, YOU MUST CONTACT THE CONSUMER REPORTING AGENCY AND PROVIDE
18 ALL OF THE FOLLOWING:

19 (1) THE UNIQUE PERSONAL IDENTIFICATION NUMBER OR PASSWORD
20 PROVIDED BY THE CONSUMER REPORTING AGENCY;

21 (2) PROPER IDENTIFICATION TO VERIFY YOUR IDENTITY; AND

22 (3) THE PROPER INFORMATION REGARDING THE PERSON WHO IS TO
23 RECEIVE THE CREDIT REPORT OR THE PERIOD OF TIME FOR WHICH THE CREDIT
24 REPORT IS TO BE AVAILABLE TO USERS OF THE CREDIT REPORT.

25 A CONSUMER REPORTING AGENCY MUST COMPLY WITH A REQUEST TO
26 TEMPORARILY LIFT A SECURITY FREEZE ON A CREDIT REPORT WITHIN 3 DAYS
27 AFTER THE REQUEST IS RECEIVED.

28 IF YOU ARE ACTIVELY SEEKING CREDIT, YOU SHOULD BE AWARE THAT THE
29 PROCEDURES INVOLVED IN LIFTING A SECURITY FREEZE MAY SLOW YOUR OWN
30 APPLICATIONS FOR CREDIT. YOU SHOULD PLAN AHEAD AND LIFT A SECURITY
31 FREEZE, EITHER COMPLETELY IF YOU ARE SEEKING CREDIT FROM A NUMBER OF
32 SOURCES, OR JUST FOR A SPECIFIC CREDITOR IF YOU ARE APPLYING ONLY TO THAT
33 CREDITOR, A FEW DAYS BEFORE ACTUALLY APPLYING FOR NEW CREDIT.

34 A SECURITY FREEZE DOES NOT APPLY IF YOU HAVE AN EXISTING ACCOUNT
35 RELATIONSHIP AND A COPY OF YOUR CREDIT REPORT IS REQUESTED BY YOUR
36 EXISTING CREDITOR OR ITS AGENTS OR AFFILIATES FOR CERTAIN TYPES OF
37 ACCOUNT REVIEW, COLLECTION, FRAUD CONTROL, OR SIMILAR ACTIVITIES.

38 YOU HAVE A RIGHT TO BRING A CIVIL ACTION AGAINST ANY CONSUMER
39 REPORTING AGENCY OR USER OF YOUR CREDIT REPORT WHO VIOLATES YOUR
40 RIGHTS UNDER MARYLAND'S CREDIT REPORTING LAWS."

1 (K) IF A CONSUMER REPORTING AGENCY VIOLATES A SECURITY FREEZE BY
2 RELEASING A CONSUMER'S CONSUMER REPORT OR ANY INFORMATION IN A
3 CONSUMER'S CONSUMER REPORT, THE CONSUMER REPORTING AGENCY, WITHIN 5
4 BUSINESS DAYS AFTER THE RELEASE, SHALL NOTIFY THE CONSUMER OF:

5 (1) THE SPECIFIC INFORMATION RELEASED; AND

6 (2) THE NAME AND ADDRESS OF THE RECIPIENT OF THE INFORMATION
7 RELEASED.

8 (L) (1) IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE
9 UNDER THIS SUBTITLE, A CONSUMER WHO IS AFFECTED BY A VIOLATION OF THIS
10 SECTION MAY BRING AN ACTION AGAINST THE PERSON THAT COMMITTED THE
11 VIOLATION.

12 (2) IN AN ACTION BROUGHT UNDER PARAGRAPH (1) OF THIS
13 SUBSECTION, A CONSUMER MAY RECOVER:

14 (I) DAMAGES IN THE AMOUNT OF THE GREATER OF:

15 1. \$500 FOR EACH VIOLATION; OR

16 2. ACTUAL DAMAGES SUSTAINED AS A RESULT OF THE
17 VIOLATION; AND

18 (II) REASONABLE ATTORNEY'S FEES.

19 (3) FOR PURPOSES OF IMPOSING PENALTIES UNDER PARAGRAPH (2) OF
20 THIS SUBSECTION, EACH INSTANCE OF A VIOLATION OF THIS SECTION IS A
21 SEPARATE VIOLATION.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2006.