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By: **Delegate Zirkin**

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Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of authorizing a consumer to elect to place a security freeze on the  
5 consumer's credit report; establishing procedures for requesting a security  
6 freeze; requiring a consumer reporting agency to place a security freeze on a  
7 consumer's credit report within a certain number of business days after a  
8 request is made and to take certain actions within a certain number of business  
9 days after placing a security freeze on a consumer's credit report; providing that  
10 while a security freeze is in place, a consumer's credit report and any  
11 information in the consumer's credit report may not be released without certain  
12 authorization of the consumer; establishing procedures for requesting a security  
13 freeze to be lifted temporarily or removed; requiring a consumer reporting  
14 agency to temporarily lift or remove a security freeze within a certain number of  
15 business days after receiving a request from a consumer; authorizing a  
16 consumer reporting agency to charge certain fees; requiring a consumer  
17 reporting agency to give certain notices to a consumer at certain times;  
18 providing certain penalties for a certain violation of a security freeze by a  
19 consumer reporting agency; providing for the application of this Act; defining  
20 certain terms; and generally relating to consumer reporting agencies and  
21 security freezes on consumer credit reports.

22 BY adding to  
23 Article - Commercial Law  
24 Section 14-1202.1  
25 Annotated Code of Maryland  
26 (2005 Replacement Volume)

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

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**Article - Commercial Law**

2 14-1202.1.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
4 INDICATED.

5 (2) "ACCOUNT REVIEW" INCLUDES ACTIVITIES RELATED TO ACCOUNT  
6 MAINTENANCE, ACCOUNT MONITORING, CREDIT LINE INCREASES, AND ACCOUNT  
7 UPGRADES AND ENHANCEMENTS.

8 (3) "SECURITY FREEZE" MEANS A NOTICE PLACED IN A CONSUMER'S  
9 FILE AT THE REQUEST OF THE CONSUMER THAT PROHIBITS A CONSUMER  
10 REPORTING AGENCY FROM RELEASING THE CONSUMER'S CREDIT REPORT OR ANY  
11 INFORMATION IN THE CONSUMER'S CREDIT REPORT WITHOUT THE EXPRESS  
12 AUTHORIZATION OF THE CONSUMER.

13 (B) THIS SECTION DOES NOT APPLY TO THE USE OF A CONSUMER'S CREDIT  
14 REPORT BY:

15 (1) A PERSON, OR A SUBSIDIARY, AFFILIATE, AGENT, OR ASSIGNEE OF  
16 THE PERSON, WITH WHICH THE CONSUMER HAS, OR PRIOR TO ASSIGNMENT HAD, AN  
17 ACCOUNT, CONTRACT, OR DEBTOR-CREDITOR RELATIONSHIP, FOR THE PURPOSE OF  
18 ACCOUNT REVIEW OR COLLECTING THE FINANCIAL OBLIGATION OWING FOR THE  
19 ACCOUNT, CONTRACT, OR DEBT;

20 (2) A SUBSIDIARY, AFFILIATE, AGENT, ASSIGNEE, OR PROSPECTIVE  
21 ASSIGNEE OF A PERSON THAT WAS GIVEN ACCESS TO THE CONSUMER'S CREDIT  
22 REPORT UNDER SUBSECTION (E) OF THIS SECTION FOR THE PURPOSE OF  
23 FACILITATING AN EXTENSION OF CREDIT TO THE CONSUMER OR ANOTHER  
24 PERMISSIBLE USE;

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

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

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

31 (6) THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION, THE  
32 COMPTROLLER, OR ANY OTHER STATE OR LOCAL TAXING AUTHORITY IN  
33 CONNECTION WITH AN INVESTIGATION CONDUCTED BY THE DEPARTMENT,  
34 COMPTROLLER, OR TAXING AUTHORITY OR THE COLLECTION OF DELINQUENT  
35 TAXES OR UNPAID COURT ORDERS BY THE DEPARTMENT, COMPTROLLER, OR TAXING  
36 AUTHORITY;

37 (7) A PERSON ADMINISTERING A CREDIT FILE MONITORING  
38 SUBSCRIPTION SERVICE TO WHICH THE CONSUMER HAS SUBSCRIBED; OR

1 (8) A PERSON PROVIDING THE CONSUMER WITH A COPY OF THE  
2 CONSUMER'S CREDIT REPORT ON REQUEST OF THE CONSUMER.

3 (C) (1) A CONSUMER MAY ELECT TO PLACE A SECURITY FREEZE ON THE  
4 CONSUMER'S CREDIT REPORT BY:

5 (I) WRITTEN REQUEST SENT BY CERTIFIED MAIL;

6 (II) TELEPHONE; OR

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

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

11 (3) A CONSUMER REPORTING AGENCY SHALL PLACE A SECURITY  
12 FREEZE ON A CONSUMER'S CREDIT REPORT:

13 (I) WITHIN 5 BUSINESS DAYS AFTER RECEIVING A WRITTEN OR  
14 TELEPHONE REQUEST; AND

15 (II) WITHIN 3 BUSINESS DAYS AFTER RECEIVING AN ELECTRONIC  
16 MAIL REQUEST.

17 (4) WITHIN 5 BUSINESS DAYS AFTER PLACING A SECURITY FREEZE ON A  
18 CONSUMER'S CREDIT REPORT, THE CONSUMER REPORTING AGENCY SHALL:

19 (I) SEND A WRITTEN CONFIRMATION OF THE SECURITY FREEZE  
20 TO THE CONSUMER;

21 (II) PROVIDE THE CONSUMER WITH A UNIQUE PERSONAL  
22 IDENTIFICATION NUMBER OR PASSWORD TO BE USED BY THE CONSUMER WHEN  
23 AUTHORIZING THE RELEASE OF THE CONSUMER'S CREDIT REPORT TO A SPECIFIC  
24 PERSON OR FOR A SPECIFIC PERIOD OF TIME; AND

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

28 (D) (1) WHILE A SECURITY FREEZE IS IN PLACE, A CONSUMER'S CREDIT  
29 REPORT AND ANY INFORMATION IN THE CONSUMER'S CREDIT REPORT MAY NOT BE  
30 RELEASED TO ANY PERSON WITHOUT THE EXPRESS PRIOR AUTHORIZATION OF THE  
31 CONSUMER.

32 (2) A CONSUMER REPORTING AGENCY MAY ADVISE A PERSON THAT A  
33 SECURITY FREEZE IS IN EFFECT WITH RESPECT TO A CONSUMER'S CREDIT REPORT.

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

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

4 (I) CONTACT THE CONSUMER REPORTING AGENCY BY CERTIFIED  
5 MAIL, TELEPHONE, OR SECURE ELECTRONIC MAIL;

6 (II) REQUEST THAT THE SECURITY FREEZE BE TEMPORARILY  
7 LIFTED; AND

8 (III) PROVIDE THE FOLLOWING TO THE CONSUMER REPORTING  
9 AGENCY:

10 1. PROPER IDENTIFICATION;

11 2. THE UNIQUE PERSONAL IDENTIFICATION NUMBER OR  
12 PASSWORD PROVIDED TO THE CONSUMER UNDER SUBSECTION (C)(4)(II) OF THIS  
13 SECTION; AND

14 3. THE PROPER INFORMATION REGARDING THE PERSON  
15 THAT IS TO RECEIVE THE CREDIT REPORT OR THE TIME PERIOD DURING WHICH THE  
16 CREDIT REPORT IS TO BE AVAILABLE TO USERS OF THE CREDIT REPORT.

17 (2) A CONSUMER REPORTING AGENCY SHALL COMPLY WITH A REQUEST  
18 MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION WITHIN 3 BUSINESS DAYS AFTER  
19 RECEIVING THE REQUEST.

20 (3) A CONSUMER REPORTING AGENCY MAY DEVELOP PROCEDURES  
21 INVOLVING THE USE OF TELEPHONE, FACSIMILE, THE INTERNET, ELECTRONIC  
22 MAIL, OR OTHER ELECTRONIC MEDIA TO RECEIVE AND PROCESS, IN AN EXPEDITED  
23 MANNER, A REQUEST FROM A CONSUMER TO TEMPORARILY LIFT A SECURITY  
24 FREEZE ON THE CONSUMER'S CREDIT REPORT.

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

30 (G) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A  
31 CONSUMER REPORTING AGENCY MAY REMOVE OR TEMPORARILY LIFT A SECURITY  
32 FREEZE PLACED ON A CONSUMER'S CREDIT REPORT ONLY ON REQUEST OF THE  
33 CONSUMER MADE UNDER SUBSECTIONS (E) OR (H) OF THIS SECTION.

34 (2) (I) A CONSUMER REPORTING AGENCY MAY REMOVE A SECURITY  
35 FREEZE PLACED ON A CONSUMER'S CREDIT REPORT IF PLACEMENT OF THE  
36 SECURITY FREEZE WAS BASED ON A MATERIAL MISREPRESENTATION OF FACT BY  
37 THE CONSUMER.

1 (II) IF A CONSUMER REPORTING AGENCY INTENDS TO REMOVE A  
2 SECURITY FREEZE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE CONSUMER  
3 REPORTING AGENCY SHALL NOTIFY THE CONSUMER IN WRITING OF ITS INTENT AT  
4 LEAST 5 BUSINESS DAYS BEFORE REMOVING THE SECURITY FREEZE.

5 (H) (1) SUBJECT TO SUBSECTION (G)(2) OF THIS SECTION, A SECURITY  
6 FREEZE SHALL REMAIN IN PLACE UNTIL THE CONSUMER REQUESTS THAT THE  
7 SECURITY FREEZE BE REMOVED.

8 (2) A CONSUMER REQUESTING THAT A SECURITY FREEZE BE REMOVED  
9 SHALL PROVIDE:

10 (I) PROPER IDENTIFICATION; AND

11 (II) THE UNIQUE PERSONAL IDENTIFICATION NUMBER OR  
12 PASSWORD PROVIDED BY THE CONSUMER REPORTING AGENCY UNDER SUBSECTION  
13 (C)(4)(II) OF THIS SECTION.

14 (3) A CONSUMER REPORTING AGENCY SHALL REMOVE A SECURITY  
15 FREEZE WITHIN 3 BUSINESS DAYS AFTER RECEIVING A REQUEST FOR REMOVAL.

16 (I) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A  
17 CONSUMER MAY NOT BE CHARGED FOR ANY SERVICE RELATING TO A SECURITY  
18 FREEZE.

19 (2) A CONSUMER REPORTING AGENCY MAY CHARGE A FEE NOT  
20 EXCEEDING:

21 (I) \$10 FOR INITIALLY PLACING A SECURITY FREEZE ON THE  
22 CONSUMER'S CREDIT REPORT; AND

23 (II) \$8 FOR EACH REQUEST BY THE CONSUMER TO TEMPORARILY  
24 LIFT A SECURITY FREEZE PLACED ON THE CONSUMER'S CREDIT REPORT.

25 (J) AT ANY TIME A CONSUMER IS ENTITLED TO RECEIVE A SUMMARY OF  
26 RIGHTS UNDER § 609 OF THE FEDERAL FAIR CREDIT REPORTING ACT OR THIS  
27 SUBTITLE, THE FOLLOWING NOTICE SHALL BE INCLUDED:

28 "NOTICE

29 YOU HAVE A RIGHT, UNDER § 14-1202.1 OF THE COMMERCIAL LAW ARTICLE OF  
30 THE ANNOTATED CODE OF MARYLAND, TO PLACE A SECURITY FREEZE ON YOUR  
31 CREDIT REPORT. THE SECURITY FREEZE WILL PROHIBIT A CONSUMER REPORTING  
32 AGENCY FROM RELEASING ANY INFORMATION IN YOUR CREDIT REPORT WITHOUT  
33 YOUR EXPRESS AUTHORIZATION. THE PURPOSE OF A SECURITY FREEZE IS TO  
34 PREVENT CREDIT, LOANS, AND SERVICES FROM BEING APPROVED WITHOUT YOUR  
35 CONSENT.

36 YOU MAY ELECT TO HAVE A CONSUMER REPORTING AGENCY PLACE A  
37 SECURITY FREEZE ON YOUR CREDIT REPORT BY WRITTEN REQUEST SENT BY

1 CERTIFIED MAIL, BY TELEPHONE, OR BY ELECTRONIC MAIL IF THE CONSUMER  
2 REPORTING AGENCY HAS A SECURE ELECTRONIC MAIL CONNECTION. WITHIN 5  
3 BUSINESS DAYS AFTER YOU PLACE A SECURITY FREEZE ON YOUR CREDIT REPORT,  
4 YOU WILL BE PROVIDED WITH A UNIQUE PERSONAL IDENTIFICATION NUMBER OR  
5 PASSWORD TO USE IF YOU WANT TO REMOVE THE SECURITY FREEZE OR  
6 TEMPORARILY LIFT THE SECURITY FREEZE TO RELEASE YOUR CREDIT REPORT TO A  
7 SPECIFIC PERSON OR FOR A SPECIFIC PERIOD OF TIME. YOU ALSO WILL RECEIVE  
8 INFORMATION ON THE PROCEDURES FOR REMOVING OR TEMPORARILY LIFTING A  
9 SECURITY FREEZE.

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

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

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

23 (K) IF A CONSUMER REPORTING AGENCY VIOLATES A SECURITY FREEZE BY  
24 RELEASING A CONSUMER'S CREDIT REPORT OR ANY INFORMATION IN A CONSUMER'S  
25 CREDIT REPORT, THE CONSUMER REPORTING AGENCY, WITHIN 5 BUSINESS DAYS  
26 AFTER THE RELEASE, SHALL NOTIFY THE CONSUMER OF:

27 (1) THE SPECIFIC INFORMATION RELEASED; AND

28 (2) THE NAME AND ADDRESS OF THE RECIPIENT OF THE INFORMATION  
29 RELEASED.

30 (L) (1) A CONSUMER REPORTING AGENCY THAT KNOWINGLY VIOLATES A  
31 SECURITY FREEZE BY RELEASING A CONSUMER'S CREDIT REPORT OR ANY  
32 INFORMATION IN A CONSUMER'S CREDIT REPORT IS LIABLE TO THE CONSUMER IN  
33 AN AMOUNT EQUAL TO THE SUM OF:

34 (I) A PENALTY NOT EXCEEDING \$1,000 FOR EACH VIOLATION;

35 (II) ANY ACTUAL DAMAGES SUSTAINED BY THE CONSUMER AS A  
36 RESULT OF THE VIOLATION; AND

37 (III) REASONABLE EXPENSES, COURT COSTS, INVESTIGATIVE  
38 COSTS, AND ATTORNEY'S FEES.

1           (2)       FOR PURPOSES OF IMPOSING PENALTIES UNDER PARAGRAPH (1) OF  
2 THIS SUBSECTION, EACH RELEASE BY A CONSUMER REPORTING AGENCY OF A  
3 CONSUMER'S CREDIT REPORT OR ANY INFORMATION IN A CONSUMER'S CREDIT  
4 REPORT IS A SEPARATE VIOLATION.

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