

# HOUSE BILL 470

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By: **Delegates Smigiel, Costa, Dumais, Dwyer, Eckardt, Elliott, Elmore, George, and Sossi**

Introduced and read first time: February 6, 2007

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – 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  
6 a security freeze; requiring a consumer reporting agency to place a security  
7 freeze 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.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,  
2 Article – Commercial Law  
3 Section 14–1202(a)  
4 Annotated Code of Maryland  
5 (2005 Replacement Volume and 2006 Supplement)

6 BY adding to  
7 Article – Commercial Law  
8 Section 14–1202.1  
9 Annotated Code of Maryland  
10 (2005 Replacement Volume and 2006 Supplement)

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

13 **Article – Commercial Law**

14 14–1202.

15 (a) Subject to subsection (b) of this section and [§ 14–1205] §§ **14–1202.1**  
16 **AND 14–1205** of this subtitle, a consumer reporting agency may furnish a consumer  
17 report under the following circumstances and no other:

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

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

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

23 (i) Intends to use the information in connection with a credit  
24 transaction involving the consumer on whom the information is to be furnished and  
25 involving the extension of credit to, or review or collection of an account of, the  
26 consumer;

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

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

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

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

7 **14-1202.1.**

8 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
9 MEANINGS INDICATED.

10 (2) "ACCOUNT REVIEW" INCLUDES ACTIVITIES RELATED TO  
11 ACCOUNT MAINTENANCE, ACCOUNT MONITORING, CREDIT LINE INCREASES,  
12 AND ACCOUNT UPGRADES AND ENHANCEMENTS.

13 (3) "SECURITY FREEZE" MEANS A NOTICE PLACED IN A  
14 CONSUMER'S FILE AT THE REQUEST OF THE CONSUMER THAT PROHIBITS A  
15 CONSUMER REPORTING AGENCY FROM RELEASING THE CONSUMER'S  
16 CONSUMER REPORT OR ANY INFORMATION IN THE CONSUMER'S CONSUMER  
17 REPORT WITHOUT THE EXPRESS AUTHORIZATION OF THE CONSUMER.

18 (B) THIS SECTION DOES NOT APPLY TO THE USE OF A CONSUMER'S  
19 CONSUMER REPORT BY:

20 (1) A PERSON, OR A SUBSIDIARY, AFFILIATE, AGENT, OR  
21 ASSIGNEE OF THE PERSON, WITH WHICH THE CONSUMER HAS, OR PRIOR TO  
22 ASSIGNMENT HAD, AN ACCOUNT, CONTRACT, OR DEBTOR-CREDITOR  
23 RELATIONSHIP, FOR THE PURPOSE OF ACCOUNT REVIEW OR COLLECTING THE  
24 FINANCIAL OBLIGATION OWING FOR THE ACCOUNT, CONTRACT, OR DEBT;

25 (2) A SUBSIDIARY, AFFILIATE, AGENT, ASSIGNEE, OR  
26 PROSPECTIVE ASSIGNEE OF A PERSON THAT WAS GIVEN ACCESS TO THE  
27 CONSUMER'S CONSUMER REPORT UNDER SUBSECTION (E) OF THIS SECTION  
28 FOR THE PURPOSE OF FACILITATING AN EXTENSION OF CREDIT TO THE  
29 CONSUMER OR ANOTHER PERMISSIBLE USE;

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

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

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

7           (6) THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION,  
8 THE COMPTROLLER, OR ANY OTHER STATE OR LOCAL TAXING AUTHORITY IN  
9 CONNECTION WITH AN INVESTIGATION CONDUCTED BY THE DEPARTMENT,  
10 COMPTROLLER, OR TAXING AUTHORITY OR THE COLLECTION OF DELINQUENT  
11 TAXES OR UNPAID COURT ORDERS BY THE DEPARTMENT, COMPTROLLER, OR  
12 TAXING AUTHORITY;

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

15           (8) A PERSON PROVIDING THE CONSUMER WITH A COPY OF THE  
16 CONSUMER'S CONSUMER REPORT ON REQUEST OF THE CONSUMER.

17           (c) (1) A CONSUMER MAY ELECT TO PLACE A SECURITY FREEZE ON  
18 THE CONSUMER'S CONSUMER REPORT BY:

19                   (i) WRITTEN REQUEST SENT BY CERTIFIED MAIL;

20                   (ii) TELEPHONE; OR

21                   (iii) ELECTRONIC MAIL IF A SECURE ELECTRONIC MAIL  
22 CONNECTION IS MADE AVAILABLE BY THE CONSUMER REPORTING AGENCY.

23           (2) A CONSUMER REPORTING AGENCY SHALL REQUIRE A  
24 CONSUMER TO PROVIDE PROPER IDENTIFICATION WHEN REQUESTING A  
25 SECURITY FREEZE.

26           (3) A CONSUMER REPORTING AGENCY SHALL PLACE A SECURITY  
27 FREEZE ON A CONSUMER'S CONSUMER REPORT:

1                   (I)     **WITHIN 5 BUSINESS DAYS AFTER RECEIVING A WRITTEN**  
2 **OR TELEPHONE REQUEST; AND**

3                   (II)    **WITHIN 3 BUSINESS DAYS AFTER RECEIVING AN**  
4 **ELECTRONIC MAIL REQUEST.**

5                   (4)     **WITHIN 5 BUSINESS DAYS AFTER PLACING A SECURITY**  
6 **FREEZE ON A CONSUMER'S CONSUMER REPORT, THE CONSUMER REPORTING**  
7 **AGENCY SHALL:**

8                   (I)     **SEND A WRITTEN CONFIRMATION OF THE SECURITY**  
9 **FREEZE TO THE CONSUMER;**

10                  (II)    **PROVIDE THE CONSUMER WITH A UNIQUE PERSONAL**  
11 **IDENTIFICATION NUMBER OR PASSWORD TO BE USED BY THE CONSUMER WHEN**  
12 **AUTHORIZING THE RELEASE OF THE CONSUMER'S CONSUMER REPORT TO A**  
13 **SPECIFIC PERSON OR FOR A SPECIFIC PERIOD OF TIME; AND**

14                  (III)   **PROVIDE THE CONSUMER WITH A WRITTEN STATEMENT**  
15 **OF THE PROCEDURES FOR REQUESTING THE CONSUMER REPORTING AGENCY**  
16 **TO REMOVE OR TEMPORARILY LIFT A SECURITY FREEZE.**

17                  (D)     (1)   **WHILE A SECURITY FREEZE IS IN PLACE, A CONSUMER'S**  
18 **CONSUMER REPORT AND ANY INFORMATION IN THE CONSUMER'S CONSUMER**  
19 **REPORT MAY NOT BE RELEASED TO ANY PERSON WITHOUT THE EXPRESS PRIOR**  
20 **AUTHORIZATION OF THE CONSUMER.**

21                  (2)    **A CONSUMER REPORTING AGENCY MAY ADVISE A PERSON**  
22 **THAT A SECURITY FREEZE IS IN EFFECT WITH RESPECT TO A CONSUMER'S**  
23 **CONSUMER REPORT.**

24                  (3)    **A CONSUMER REPORTING AGENCY MAY NOT STATE OR IMPLY**  
25 **TO ANY PERSON THAT A SECURITY FREEZE ON A CONSUMER'S CONSUMER**  
26 **REPORT REFLECTS A NEGATIVE CREDIT SCORE, CREDIT HISTORY, OR CREDIT**  
27 **RATING.**

28                  (E)     (1)   **IF A CONSUMER ALLOWS THE CONSUMER'S CONSUMER**  
29 **REPORT TO BE ACCESSED BY A SPECIFIC PERSON OR FOR A SPECIFIC PERIOD OF**  
30 **TIME WHILE A SECURITY FREEZE IS IN PLACE, THE CONSUMER SHALL:**

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

3                   (II) REQUEST THAT THE SECURITY FREEZE BE  
4 TEMPORARILY LIFTED; AND

5                   (III) PROVIDE THE FOLLOWING TO THE CONSUMER  
6 REPORTING AGENCY:

7                   1. PROPER IDENTIFICATION;

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

11                   3. THE PROPER INFORMATION REGARDING THE  
12 PERSON THAT IS TO RECEIVE THE CONSUMER REPORT OR THE TIME PERIOD  
13 DURING WHICH THE CONSUMER REPORT IS TO BE AVAILABLE TO USERS OF THE  
14 CONSUMER REPORT.

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

18                   (3) A CONSUMER REPORTING AGENCY MAY DEVELOP  
19 PROCEDURES INVOLVING THE USE OF TELEPHONE OR FACSIMILE, OR, ON  
20 CONSENT OF THE CONSUMER IN THE MANNER REQUIRED BY THE FEDERAL  
21 ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT FOR  
22 LEGALLY REQUIRED NOTICES, THE INTERNET, ELECTRONIC MAIL, OR OTHER  
23 ELECTRONIC MEDIA, TO RECEIVE AND PROCESS, IN AN EXPEDITED MANNER, A  
24 REQUEST FROM A CONSUMER TO TEMPORARILY LIFT A SECURITY FREEZE ON  
25 THE CONSUMER'S CONSUMER REPORT.

26                   (F) (1) IF, IN CONNECTION WITH AN APPLICATION FOR CREDIT OR  
27 FOR ANY OTHER USE, A PERSON REQUESTS ACCESS TO A CONSUMER'S  
28 CONSUMER REPORT WHILE A SECURITY FREEZE IS IN PLACE AND THE  
29 CONSUMER DOES NOT AUTHORIZE ACCESS TO THE CONSUMER'S CONSUMER  
30 REPORT, THE PERSON MAY TREAT THE APPLICATION AS INCOMPLETE.

1           **(2) IF, IN CONNECTION WITH A THIRD PARTY REQUEST TO**  
2 **ACCESS THE CONSUMER'S CONSUMER REPORT FOR THE PURPOSE OF**  
3 **RECEIVING, EXTENDING, OR OTHERWISE UTILIZING THE CREDIT AND NOT FOR**  
4 **THE SOLE PURPOSE OF AN ACCOUNT REVIEW, THE CONSUMER REPORTING**  
5 **AGENCY SHALL NOTIFY THE CONSUMER THAT AN ATTEMPT HAS BEEN MADE TO**  
6 **ACCESS THE CONSUMER'S CREDIT.**

7           **(G) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
8 **SUBSECTION, A CONSUMER REPORTING AGENCY MAY REMOVE OR**  
9 **TEMPORARILY LIFT A SECURITY FREEZE PLACED ON A CONSUMER'S CONSUMER**  
10 **REPORT ONLY ON REQUEST OF THE CONSUMER MADE UNDER SUBSECTIONS (E)**  
11 **OR (H) OF THIS SECTION.**

12           **(2) (I) A CONSUMER REPORTING AGENCY MAY REMOVE A**  
13 **SECURITY FREEZE PLACED ON A CONSUMER'S CONSUMER REPORT IF**  
14 **PLACEMENT OF THE SECURITY FREEZE WAS BASED ON A MATERIAL**  
15 **MISREPRESENTATION OF FACT BY THE CONSUMER.**

16           **(II) IF A CONSUMER REPORTING AGENCY INTENDS TO**  
17 **REMOVE A SECURITY FREEZE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,**  
18 **THE CONSUMER REPORTING AGENCY SHALL NOTIFY THE CONSUMER IN**  
19 **WRITING OF ITS INTENT AT LEAST 5 BUSINESS DAYS BEFORE REMOVING THE**  
20 **SECURITY FREEZE.**

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

24           **(2) A CONSUMER REQUESTING THAT A SECURITY FREEZE BE**  
25 **REMOVED SHALL PROVIDE:**

26                   **(I) PROPER IDENTIFICATION; AND**

27                   **(II) THE UNIQUE PERSONAL IDENTIFICATION NUMBER OR**  
28 **PASSWORD PROVIDED BY THE CONSUMER REPORTING AGENCY UNDER**  
29 **SUBSECTION (C)(4)(II) OF THIS SECTION.**





1 NUMBER OF SOURCES, OR JUST FOR A SPECIFIC CREDITOR IF YOU ARE  
2 APPLYING ONLY TO THAT CREDITOR, A FEW DAYS BEFORE ACTUALLY APPLYING  
3 FOR NEW CREDIT.

4 A SECURITY FREEZE DOES NOT APPLY IF YOU HAVE AN EXISTING  
5 ACCOUNT RELATIONSHIP AND A COPY OF YOUR CONSUMER REPORT IS  
6 REQUESTED BY YOUR EXISTING CREDITOR OR ITS AGENTS OR AFFILIATES FOR  
7 CERTAIN TYPES OF ACCOUNT REVIEW, COLLECTION, FRAUD CONTROL, OR  
8 SIMILAR ACTIVITIES.

9 YOU HAVE A RIGHT TO BRING A CIVIL ACTION AGAINST ANY CONSUMER  
10 REPORTING AGENCY OR USER OF YOUR CONSUMER REPORT WHO VIOLATES  
11 YOUR RIGHTS UNDER MARYLAND'S CREDIT REPORTING LAWS.”.

12 (K) IF A CONSUMER REPORTING AGENCY VIOLATES A SECURITY FREEZE  
13 BY RELEASING A CONSUMER'S CONSUMER REPORT OR ANY INFORMATION IN A  
14 CONSUMER'S CONSUMER REPORT, THE CONSUMER REPORTING AGENCY,  
15 WITHIN 5 BUSINESS DAYS AFTER THE RELEASE, SHALL NOTIFY THE CONSUMER  
16 OF:

17 (1) THE SPECIFIC INFORMATION RELEASED; AND

18 (2) THE NAME AND ADDRESS OF THE RECIPIENT OF THE  
19 INFORMATION RELEASED.

20 (L) (1) A CONSUMER REPORTING AGENCY THAT KNOWINGLY  
21 VIOLATES A SECURITY FREEZE BY RELEASING A CONSUMER'S CONSUMER  
22 REPORT OR ANY INFORMATION IN A CONSUMER'S CONSUMER REPORT IS LIABLE  
23 TO THE CONSUMER IN AN AMOUNT EQUAL TO THE SUM OF:

24 (I) A PENALTY NOT EXCEEDING \$10,000 FOR EACH  
25 VIOLATION;

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

28 (III) REASONABLE EXPENSES, COURT COSTS, INVESTIGATIVE  
29 COSTS, AND ATTORNEY'S FEES.

1                   **(2) IN ADDITION TO THE REMEDIES AVAILABLE UNDER**  
2 **PARAGRAPH (1) OF THIS SUBSECTION, A CONSUMER MAY BRING AN ACTION FOR**  
3 **INJUNCTIVE RELIEF TO PREVENT FURTHER VIOLATIONS OF A SECURITY**  
4 **FREEZE.**

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

9                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2007.