

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

HOUSE BILL 3033

By: Blackburn

AS INTRODUCED

An Act relating to debtor and creditor; providing for placement of a security freeze on credit reports; specifying procedure for security freeze on credit report; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 149 of Title 24, unless there is created a duplication in numbering, reads as follows:

A. A consumer may place a security freeze on the credit report of the consumer by making a request in writing by certified mail to a consumer credit-reporting agency. A security freeze, subject to the exceptions under subsection F of this section, shall prohibit the credit-reporting agency from releasing the credit report of the consumer or any information from it without the express authorization of the consumer. When a security freeze is in place, information from the credit report of a consumer shall not be released to a third party without prior express authorization from the consumer. This subsection does not prevent a credit-reporting agency from advising a third party that a security freeze is in effect with respect to the credit report of the consumer.

B. A credit-reporting agency shall place a security freeze on the credit report of a consumer no later than five (5) business days after receiving a written request from the consumer.

C. The credit-reporting agency shall send a written confirmation of the security freeze to the consumer within ten (10) business days and shall provide the consumer with a unique personal identification number, other than the Social Security number of the consumer, to be used by the consumer when providing authorization for the release of credit information for a specific party or period of time.

D. If the consumer wishes to allow the credit report of the consumer to be accessed for a specific party or period of time while a freeze is in place, the consumer shall contact the consumer credit-reporting agency, request that the freeze be temporarily lifted, and provide the following:

1. Proper identification;

2. The unique personal identification number provided by the credit-reporting agency; and

3. The proper information regarding the third party or time period for which the report shall be available to users of the credit report.

E. A credit-reporting agency may develop procedures involving the use of telephone, fax, the Internet, or other electronic media to receive and process a request from a consumer to temporarily lift a freeze on a credit report pursuant to subsection D of this section, and shall comply with the request no later than three (3) business days after receiving the request.

F. A credit-reporting agency shall remove or temporarily lift a freeze placed on a credit report of a consumer only upon consumer request, pursuant to subsection D of this section or subsection I of this section.

G. If a third party requests access to a credit report on which a security freeze is in effect, and the request is in connection with an application for credit or any other use, and the consumer does not allow the credit report to be accessed for that specific

party or period of time, the third party may treat the application as incomplete.

H. If a consumer requests a security freeze, the credit-reporting agency shall disclose to the consumer the process of placing and temporarily lifting a security freeze, and the process for allowing access to information from the credit report of the consumer for a specific party or period of time while the freeze is in place.

I. A security freeze shall remain in place until the consumer requests that the security freeze be removed. A credit-reporting agency shall remove a security freeze within three (3) business days of receiving a request for removal from the consumer, which request provides the following:

1. Proper identification; and
2. The unique personal identification number provided by the credit-reporting agency.

J. A consumer credit-reporting agency shall require proper identification of the person making a request to place or remove a security freeze.

K. The provisions of subsections A through J of this section do not apply to the use of a consumer credit report by:

1. A person or entity, or a subsidiary, affiliate, or agent of that person or entity, or an assignee of a financial obligation owing by the consumer to that person or entity, or a prospective assignee of a financial obligation owing by the consumer to that person or entity in conjunction with the proposed purchase of the financial obligation, with which the consumer has or had prior to assignment an account or contract, including a demand deposit account, or to whom the consumer issued a negotiable instrument, for the purposes of reviewing the account or collecting the financial obligation owing for the account, contract, or negotiable instrument. For purposes of this paragraph, "reviewing the account"

includes activities related to account maintenance, monitoring, credit line increases, and account upgrades and enhancements;

2. A subsidiary, affiliate, agent, assignee, or prospective assignee of a person to whom access has been granted under subsection D of this section for purposes of facilitating the extension of credit or other permissible use;

3. Any state or local agency, law enforcement agency, trial court, or private collection agency acting pursuant to a court order, warrant, or subpoena;

4. A child support agency acting pursuant to Title IV-D of the Social Security Act;

5. The relevant state agency or its agents or assigns acting to investigate Medicaid fraud;

6. The Oklahoma Tax Commission or its agents or assigns acting to investigate or collect delinquent taxes or unpaid court orders or to fulfill any of its other statutory responsibilities;

7. The use of credit information for the purposes of prescreening as provided for by the federal Fair Credit Reporting Act;

8. Any person or entity administering a credit file monitoring subscription service to which the consumer has subscribed; and

9. Any person or entity for the purpose of providing a consumer with a copy of the credit report of the consumer upon the request of the consumer.

L. If a security freeze is in place, a credit-reporting agency shall not change any of the following official information in a credit report without sending a written confirmation of the change to the consumer within thirty (30) days of the change being posted to the file of the consumer:

1. Name;
2. Date of birth;
3. Social Security number; and

4. Address.

Written confirmation is not required for technical modifications of official information of a consumer, including name and street abbreviations, complete spellings, or transposition of numbers or letters. In the case of an address change, the written confirmation shall be sent to both the new address and to the former address.

M. The following entities are not required to place a security freeze in a credit report:

1. A check services or fraud prevention services company, which issues reports on incidents of fraud or authorizations for the purpose of approving or processing negotiable instruments, electronic funds transfers, or similar methods of payment;

2. A deposit account information service company, which issues reports regarding account closures due to fraud, substantial overdrafts, automatic teller machine (ATM) abuse, or similar negative information regarding a consumer to inquiring banks or other financial institutions for the use only in reviewing a consumer request for a deposit account at the inquiring bank or financial institution; or

3. A credit-reporting agency that:

- a. acts only to resell credit information by assembling and merging information contained in a database of one or more credit-reporting agencies, and
- b. does not maintain a permanent database of credit information from which new credit reports are produced.

Any person that is not required to place a security freeze on a credit report under paragraph 3 of this subsection shall be subject to any security freeze placed on a credit report by another credit-reporting agency from which it obtains information.

N. For purposes of this section:

1. "Extension of credit" does not include an increase in an existing open-end credit plan, as defined in Regulation Z of the Federal Reserve System (12 C.F.R. 226.2), or any change to or review of an existing credit account; and

2. "Proper identification" means information generally deemed sufficient to identify a person. Only if consumers are unable to reasonably identify themselves with the information described above, may a consumer credit-reporting agency require additional information concerning the employment and personal or family history of the consumer in order to verify identity.

SECTION 2. This act shall become effective November 1, 2006.

50-2-9096          SAB          01/18/06