

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 5418

Chapter 342, Laws of 2005

59th Legislature
2005 Regular Session

CREDIT REPORTING AGENCIES--SECURITY FREEZE

EFFECTIVE DATE: 7/24/05

Passed by the Senate April 19, 2005
YEAS 47 NAYS 2

BRAD OWEN

President of the Senate

Passed by the House April 11, 2005
YEAS 66 NAYS 30

FRANK CHOPP

Speaker of the House of Representatives

Approved May 9, 2005.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 5418** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

May 9, 2005 - 3:44 p.m.

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 5418

AS AMENDED BY THE HOUSE

Passed Legislature - 2005 Regular Session

State of Washington **59th Legislature** **2005 Regular Session**

By Senators Berkey, Benton, Fairley, Shin, Kastama, Carrell,
McAuliffe, Benson, Prentice, Delvin, Kohl-Welles, Keiser and Kline

Read first time 01/24/2005. Referred to Committee on Financial
Institutions, Housing & Consumer Protection.

1 AN ACT Relating to placing a security freeze on a credit report;
2 and adding new sections to chapter 19.182 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 19.182 RCW
5 to read as follows:

6 (1) A victim of identity theft who has submitted a valid police
7 report to a consumer reporting agency may elect to place a security
8 freeze on his or her report by making a request in writing by certified
9 mail to a consumer reporting agency. "Security freeze" means a notice
10 placed in a consumer's credit report, at the request of the consumer
11 and subject to certain exceptions, that prohibits the consumer
12 reporting agency from releasing the consumer's credit report or any
13 information from it without the express authorization of the consumer.
14 If a security freeze is in place, information from a consumer's credit
15 report may not be released to a third party without prior express
16 authorization from the consumer. This subsection does not prevent a
17 consumer reporting agency from advising a third party that a security
18 freeze is in effect with respect to the consumer's credit report.

1 (2) For purposes of this section and sections 2 through 5 of this
2 act, a "victim of identity theft" means:

3 (a) A victim of identity theft as defined in RCW 9.35.020; or

4 (b) A person who has been notified by an agency, person, or
5 business that owns or licenses computerized data of a breach in a
6 computerized data system which has resulted in the acquisition of that
7 person's unencrypted personal information by an unauthorized person or
8 entity.

9 (3) A consumer reporting agency shall place a security freeze on a
10 consumer's credit report no later than five business days
11 after receiving a written request from the consumer.

12 (4) The consumer reporting agency shall send a written confirmation
13 of the security freeze to the consumer within ten business days and
14 shall provide the consumer with a unique personal identification number
15 or password to be used by the consumer when providing authorization for
16 the release of his or her credit report for a specific party or period
17 of time.

18 (5) If the consumer wishes to allow his or her credit report to be
19 accessed for a specific party or period of time while a freeze is in
20 place, he or she shall contact the consumer reporting agency, request
21 that the freeze be temporarily lifted, and provide the following:

22 (a) Proper identification, which means that information generally
23 deemed sufficient to identify a person. Only if the consumer is unable
24 to sufficiently identify himself or herself, may a consumer reporting
25 agency require additional information concerning the consumer's
26 employment and personal or family history in order to verify his or her
27 identity;

28 (b) The unique personal identification number or password provided
29 by the credit reporting agency under subsection (4) of this section;
30 and

31 (c) The proper information regarding the third party who is to
32 receive the credit report or the time period for which the report is
33 available to users of the credit report.

34 (6) A consumer reporting agency that receives a request from a
35 consumer to temporarily lift a freeze on a credit report under
36 subsection (5) of this section, shall comply with the request no later
37 than three business days after receiving the request.

1 (7) A consumer reporting agency may develop procedures involving
2 the use of telephone, fax, the internet, or other electronic media to
3 receive and process a request from a consumer to temporarily lift a
4 freeze on a credit report under subsection (5) of this section in an
5 expedited manner.

6 (8) A consumer reporting agency shall remove or temporarily lift a
7 freeze placed on a consumer's credit report only in the following
8 cases:

9 (a) Upon consumer request, under subsection (5) or (11) of this
10 section; or

11 (b) When the consumer's credit report was frozen due to a material
12 misrepresentation of fact by the consumer. When a consumer reporting
13 agency intends to remove a freeze upon a consumer's credit report under
14 this subsection, the consumer reporting agency shall notify the
15 consumer in writing prior to removing the freeze on the consumer's
16 credit report.

17 (9) When a third party requests access to a consumer credit report
18 on which a security freeze is in effect, and this request is in
19 connection with an application for credit or any other use, and the
20 consumer does not allow his or her credit report to be accessed for
21 that specific party or period of time, the third party may treat the
22 application as incomplete.

23 (10) When a consumer requests a security freeze, the consumer
24 reporting agency shall disclose the process of placing and temporarily
25 lifting a freeze, and the process for allowing access to information
26 from the consumer's credit report for a specific party or period of
27 time while the freeze is in place.

28 (11) A security freeze remains in place until the consumer requests
29 that the security freeze be removed. A consumer reporting agency shall
30 remove a security freeze within three business days of receiving a
31 request for removal from the consumer, who provides both of the
32 following:

33 (a) Proper identification, as defined in subsection (5)(a) of this
34 section; and

35 (b) The unique personal identification number or password provided
36 by the consumer reporting agency under subsection (4) of this section.

37 (12) This section does not apply to the use of a consumer credit
38 report by any of the following:

1 (a) A person or entity, or a subsidiary, affiliate, or agent of
2 that person or entity, or an assignee of a financial obligation owing
3 by the consumer to that person or entity, or a prospective assignee of
4 a financial obligation owing by the consumer to that person or entity
5 in conjunction with the proposed purchase of the financial obligation,
6 with which the consumer has or had prior to assignment an account or
7 contract, including a demand deposit account, or to whom the consumer
8 issued a negotiable instrument, for the purposes of reviewing the
9 account or collecting the financial obligation owing for the account,
10 contract, or negotiable instrument. For purposes of this subsection,
11 "reviewing the account" includes activities related to account
12 maintenance, monitoring, credit line increases, and account upgrades
13 and enhancements;

14 (b) A subsidiary, affiliate, agent, assignee, or prospective
15 assignee of a person to whom access has been granted under subsection
16 (5) of this section for purposes of facilitating the extension of
17 credit or other permissible use;

18 (c) Any federal, state, or local entity, including a law
19 enforcement agency, court, or their agents or assigns;

20 (d) A private collection agency acting under a court order,
21 warrant, or subpoena;

22 (e) A child support agency acting under Title IV-D of the social
23 security act (42 U.S.C. et seq.);

24 (f) The department of social and health services acting to fulfill
25 any of its statutory responsibilities;

26 (g) The internal revenue service acting to investigate or collect
27 delinquent taxes or unpaid court orders or to fulfill any of its other
28 statutory responsibilities;

29 (h) The use of credit information for the purposes of prescreening
30 as provided for by the federal fair credit reporting act;

31 (i) Any person or entity administering a credit file monitoring
32 subscription service to which the consumer has subscribed; and

33 (j) Any person or entity for the purpose of providing a consumer
34 with a copy of his or her credit report upon the consumer's request.

35 NEW SECTION. **Sec. 2.** A new section is added to chapter 19.182 RCW
36 to read as follows:

37 If a security freeze is in place, a consumer reporting agency may

1 not change any of the following official information in a consumer
2 credit report without sending a written confirmation of the change to
3 the consumer within thirty days of the change being posted to the
4 consumer's file: Name, date of birth, social security number, and
5 address. Written confirmation is not required for technical
6 modifications of a consumer's official information, including name and
7 street abbreviations, complete spellings, or transposition of numbers
8 or letters. In the case of an address change, the written confirmation
9 shall be sent to both the new address and to the former address.

10 NEW SECTION. **Sec. 3.** A new section is added to chapter 19.182 RCW
11 to read as follows:

12 A consumer reporting agency is not required to place a security
13 freeze in a consumer credit report under section 1 of this act if it
14 acts only as a reseller of credit information by assembling and merging
15 information contained in the data base of another consumer reporting
16 agency or multiple consumer reporting agencies, and does not maintain
17 a permanent data base of credit information from which new consumer
18 credit reports are produced. However, a consumer reporting agency must
19 honor any security freeze placed on a consumer credit report by another
20 consumer reporting agency.

21 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.182 RCW
22 to read as follows:

23 The following entities are not required to place a security freeze
24 in a consumer credit report under section 1 of this act:

25 (1) A check services or fraud prevention services company, which
26 issues reports on incidents of fraud or authorizations for the purpose
27 of approving or processing negotiable instruments, electronic funds
28 transfers, or similar methods of payments; and

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

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 19.182 RCW
2 to read as follows:

3 A consumer reporting agency may furnish to a governmental agency a
4 consumer's name, address, former address, places of employment, or
5 former places of employment.

 Passed by the Senate April 19, 2005.

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 Approved by the Governor May 9, 2005.

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