

106TH CONGRESS
2D SESSION

H. R. 4311

To prevent identity fraud in consumer credit transactions and credit reports,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2000

Ms. HOOLEY of Oregon (for herself, Mr. LATOURETTE, Mr. LAFALCE, Mr. BENTSEN, Mr. HILL of Montana, Mr. KANJORSKI, Mrs. MALONEY of New York, Mr. NEY, Mr. METCALF, Mr. SANDLIN, Ms. CARSON, Mr. MOORE, and Mr. ACKERMAN) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To prevent identity fraud in consumer credit transactions
and credit reports, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Identity Theft Preven-
5 tion Act of 2000”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) The crime of identity theft has become one
9 of the major law enforcement challenges of the new

1 economy, as vast quantities of sensitive, personal in-
2 formation are now vulnerable to criminal intercep-
3 tion and misuse.

4 (2) The United States Postal Inspection Service
5 estimates that 50,000 people a year have become
6 victims of identity theft since the mid-1990's.

7 (3) The United States Secret Service inves-
8 tigated identity theft losses to individuals and insti-
9 tutions of \$745,000,000 in 1997, a 75 percent in-
10 crease over the \$442,000,000 lost in 1995.

11 (4) According to TransUnion Corporation, a
12 national credit bureau, the total number of identity
13 theft inquiries to its Fraud Victim Assistance De-
14 partment grew from 35,235 in 1992 to 522,922 in
15 1997.

16 (5) Credit issuers, credit reporting agencies,
17 and other organizations with access to sensitive per-
18 sonal data have an obligation to handle such infor-
19 mation responsibly, and should take affirmative
20 steps to prevent identity criminals from intercepting
21 such information.

22 (6) Identity theft causes extraordinary damage
23 to its victims, jeopardizing their access to needed
24 credit forcing many to spend years trying to restore
25 their good name.

1 (7) The resources available to identity theft vic-
 2 tims are inadequate, and both the private sector and
 3 Federal agencies should provide better and more
 4 sympathetic assistance to such victims.

5 (8) Credit reporting agencies and credit issuers
 6 should have uniform reporting requirements and ef-
 7 fective fraud alerts to assist identity theft victims in
 8 repairing and protecting their credit.

9 (9) Consumers need greater access to informa-
 10 tion that is collected about them so they can quickly
 11 identify fraudulent activity.

12 **SEC. 3. CHANGES OF ADDRESS.**

13 (a) DUTY OF ISSUERS OF CREDIT.—Section 132 of
 14 the Truth in Lending Act (15 U.S.C. 1642) is amended—

15 (1) by striking “No credit” and inserting “(a)
 16 IN GENERAL.—No credit”; and

17 (2) by adding at the end the following new sub-
 18 section:

19 “(b) CONFIRMATION OF CHANGE OF ADDRESS.—

20 “(1) IN GENERAL.—Not later than 10 days
 21 after receiving notification from a cardholder of a
 22 change of address, a card issuer shall send to the
 23 card holder, both to the new address and to the
 24 former address of the cardholder, written confirma-
 25 tion of that change of address.

1 “(2) NOTIFICATION OF REQUEST FOR ADDI-
2 TIONAL CARDS.—If a card issuer receives a request
3 for an additional credit card with respect to an exist-
4 ing credit account not later than 30 days after re-
5 ceiving notification of a change of address for that
6 account, the card issuer shall notify the card holder
7 of the request at both the new address and the
8 former address.”.

9 (b) DUTY OF CONSUMER REPORTING AGENCIES.—
10 Section 605 of the Fair Credit Reporting Act (15 U.S.C.
11 1681c) is amended by adding at the end the following new
12 subsection:

13 “(g) NOTICE OF POTENTIAL FRAUD.—A consumer
14 reporting agency shall notify each user of a consumer re-
15 port that is a creditor (as defined in section 103) if the
16 agency becomes aware that an application to the card
17 issuer to open a new credit card account bears an address
18 for the consumer that is different from the address in the
19 file of the consumer.”.

20 (c) ENFORCEMENT.—

21 (1) FEDERAL TRADE COMMISSION.—Except as
22 provided in paragraph (2), compliance with section
23 132(b) of the Truth in Lending Act (as added by
24 subsection (a)(2) of this section) shall be enforced by
25 the Federal Trade Commission in the same manner

1 and with the same power and authority as the Com-
2 mission has under the Fair Debt Collection Prac-
3 tices Act to enforce compliance with that Act.

4 (2) OTHER AGENCIES IN CERTAIN CASES.—
5 Compliance with section 132(b) of the Truth in
6 Lending Act (as added by subsection (a)(2) of this
7 section) shall be enforced under—

8 (A) section 8 of the Federal Deposit Insur-
9 ance Act, in the case of a card issuer that is—

10 (i) a national bank or a Federal
11 branch or Federal agency of a foreign
12 bank, by the Office of the Comptroller of
13 the Currency;

14 (ii) a member bank of the Federal Re-
15 serve System (other than a national bank),
16 a branch or agency of a foreign bank
17 (other than a Federal branch, Federal
18 agency, or insured State branch of a for-
19 eign bank), a commercial lending company
20 owned or controlled by a foreign bank, or
21 an organization operating under section 25
22 or 25A of the Federal Reserve Act, by the
23 Board of Governors of the Federal Reserve
24 System;

(iii) a bank insured by the Federal Deposit Insurance Corporation (other than a member of the Federal Reserve System or a national nonmember bank) or an insured State branch of a foreign bank, by the Board of Directors of the Federal Deposit Insurance Corporation; and

(iv) a savings association, the deposits of which are insured by the Federal Deposit Insurance Corporation, by the Director of the Office of Thrift Supervision; and

(B) the Federal Credit Union Act, by the Administrator of the Nation Credit Union Administration, in the case of a card issuer that is a Federal credit union, as defined in that Act.

(3) VIOLATIONS TREATED AS VIOLATIONS OF
OTHER LAWS.—

(A) IN GENERAL.—For the purpose of the exercise by any agency referred to in this subsection of its powers under any Act referred to in this subsection, a violation of section 132 (b) of the Truth in Lending Act (as added by subsection (a)(2) of this section) shall be deemed

1 to be a violation of a requirement imposed
2 under that Act.

3 (B) POWERS UNDER OTHER LAWS.—In ad-
4 dition to the powers under any provision of law
5 specifically referred to in paragraph (1) or (2),
6 each of the agencies referred to in those para-
7 graphs may exercise, for the purpose of enforce-
8 ing compliance with section 132 (b) of the
9 Truth in Lending Act (as added by subsection
10 (a)(2) of this section), any other authority con-
11 ferred on such agency by law.

12 **SEC. 4. FRAUD ALERTS.**

13 Section 605 of the Fair Credit Reporting Act (15
14 U.S.C. 1681c) is amended by adding at the end the fol-
15 lowing new subsection:

16 “(h) FRAUD ALERTS.—

17 “(1) IN GENERAL.—Upon the request of a con-
18 sumer, a consumer reporting agency shall include a
19 fraud alert in the file of that consumer.

20 “(2) NOTICE TO USERS.—A consumer reporting
21 agency shall notify each person procuring consumer
22 credit information with respect to a consumer of the
23 existence of a fraud alert in the file of that con-
24 sumer regardless of whether a full credit report,
25 credit score, or summary report is requested.

1 “(3) PENALTIES.—Any consumer reporting
2 agency that fails to comply with this subsection, and
3 any user of a consumer report that fails to comply
4 with preauthorization procedures contained in a
5 fraud alert and issues or extends credit in the name
6 of the consumer to a person other than the con-
7 sumer, shall be in violation of this section.

8 “(4) DEFINITION.—For purposes of this sub-
9 section, the term ‘fraud alert’ means a clear and
10 conspicuous statement in the file of a consumer that
11 notifies all prospective users of a consumer report
12 made with respect to that consumer that the con-
13 sumer does not authorize the issuance or extension
14 of credit in the name of the consumer unless—

15 “(A) the issuer of such credit first obtains
16 verbal authorization from the consumer at a
17 telephone number designated by the consumer;
18 or

19 “(B) the issuer complies with such other
20 method of preauthorization by the consumer as
21 is mutually agreed upon by the consumer and
22 the consumer reporting agency.”.

23 **SEC. 5. REGULATIONS ON DUTY TO INVESTIGATE.**

24 Before the end of the 6-month period beginning on
25 the date of the enactment of this Act, the Federal Trade

1 Commission shall prescribe regulations to require each
2 consumer reporting agency (as defined section 603 of the
3 Fair Credit Reporting Act) to investigate discrepancies be-
4 tween personal or identifying information contained in the
5 file maintained by the agency with respect to a consumer
6 and in the personal and identifying information supplied
7 to the agency by the user of the consumer report.

8 **SEC. 6. FREE REPORTS ANNUALLY.**

9 Section 612(c) of the Fair Credit Reporting Act (15
10 U.S.C. 1681j(c)) is amended to read as follows:

11 “(c) FREE ANNUAL DISCLOSURE.—Upon the request
12 of the consumer, a consumer reporting agency shall make
13 all disclosures pursuant to section 609 once during any
14 12-month period without charge to the consumer.”.

15 **SEC. 7. IDENTIFYING INFORMATION.**

16 (a) LIMITATION.—The Fair Credit Reporting Act (15
17 U.S.C 1601 et seq.) is amended—

18 (1) by redesignating section 624 with the head-
19 ing “Relation to State laws” (15 U.S.C. 1681t, as
20 so designated by section 2413 of Public Law 104–
21 208) as section 626 and moving that section and in-
22 serting it after section 625 (as so designated by
23 paragraph (2) of this section);

24 (2) by redesignating section 624 with the head-
25 ing “Disclosures to FBI for counterintelligence pur-

1 poses” (15 U.S.C. 1618u, as added by section 601
2 of Public Law 104–93) as section 625; and

3 (3) by inserting after section 623 the following
4 new section:

5 **“SEC. 624. OTHER IDENTIFYING INFORMATION.**

6 “Except as provided in section 608, a consumer re-
7 porting agency may furnish consumer identifying informa-
8 tion, other than the name, generational designation, and
9 current address of the consumer, only in a consumer re-
10 port.”.

11 (b) DISCLOSURES TO GOVERNMENTAL AGENCIES.—
12 Section 608 of the Fair Credit Reporting Act (15 U.S.C.
13 1618f) is amended by striking “section 604” and inserting
14 “sections 604 and 623”.

15 (c) PERMISSIBLE PURPOSES.—Section 604(a) of the
16 Fair Credit Reporting Act (15 U.S.C.1681b(a)) is amend-
17 ed in the matter proceeding paragraph (1) by inserting
18 “or any identifying information (other than the name,
19 generational designation, or current address of the con-
20 sumer)” after “a consumer report”.

21 **SEC. 8. INDIVIDUAL REFERENCE SERVICES.**

22 (a) IN GENERAL.—An individual reference services
23 provider shall, upon request and proper identification of
24 a consumer—

1 (1) clearly and accurately disclose to the con-
2 sumer the nature, content, and substance of all in-
3 formation in the file maintained by the provider with
4 respect to the consumer at the time of the request
5 that is obtainable based upon the identifying infor-
6 mation supplied by the consumer when making such
7 request; and

8 (2) if the consumer has made a written request,
9 deliver a written copy or photocopy of all informa-
10 tion described in paragraph (1), together with a
11 clear, simple, and plain meaning explanation of the
12 information provided under this subsection, in a
13 readable format and type, which shall in no case be
14 smaller than 10 point type.

15 (b) INDIVIDUAL REFERENCE SERVICES PROVIDER
16 DEFINED.—

17 (1) IN GENERAL.—For purposes of this section,
18 the term “individual reference services provider”—

19 (A) means any person who, for monetary
20 fees, dues, or on a cooperative nonprofit basis
21 regularly engages in the practice of creating,
22 assembling, evaluating, or providing informa-
23 tion, either directly or as a supplier to others,
24 with respect to any person regarding any 2 or

1 more items of information described in para-
2 graph (2); and

3 (B) does not include the Federal Govern-
4 ment or any State government or political divi-
5 sion thereof.

6 (2) TYPES OF INFORMATION.—The items of in-
7 formation described in this paragraph are as follows:

8 (A) Social Security number or other social
9 security information.

10 (B) Mother's maiden name.

11 (C) Prior address.

12 (D) Birth date.

13 (E) Criminal history.

14 (F) History of civil actions.

15 (G) Driving records.

16 (H) Vehicle information.

17 (I) Past employment history.

18 (J) Income level.

19 (K) Tax records.

20 (L) History of voter registration.

21 (M) Other similar information, as deter-
22 mined by the Federal Trade Commission.

23 **SEC. 9. MODEL FORMS.**

24 (a) IN GENERAL.—Before the end of the 6-month pe-
25 riod beginning on the date of the enactment of this Act,

1 the Federal Trade Commission shall develop a model form
2 and standard procedures to be used by consumers that
3 are victims of identity fraud in contacting and informing
4 creditors and credit reporting agencies of such fraud, if
5 the Commission determines, at that time, that issuers of
6 credit and credit reporting agencies have failed to jointly
7 develop such a model form and standard procedures.

8 (b) CONTENTS.—A model form developed under sub-
9 section (a) (by the Commission or any other person re-
10 ferred to in subsection (a)) shall require information nec-
11 essary to demonstrate the fraudulent activity done in the
12 name of the consumer to whom the form relates, includ-
13 ing, if applicable—

14 (1) a notarized affidavit or police report relat-
15 ing to the activity;

16 (2) a notarized handwriting sample; and

17 (3) any other relevant documentation.

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