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Introduced by M. of A. BUCHWALD, DINOWITZ, BARRON, BARNWELL, MOSLEY, WALLACE, ZEBROWSKI, SIMOTAS, D'URSO, LUPARDO, THIELE, SIMON, McDONALD, GALEF, JAFFEE, GOTTFRIED, ENGLEBRIGHT, BRAUNSTEIN, BRABENEC, RA, GUNTHER, SEAWRIGHT, LAWRENCE -- Multi-Sponsored by -- M. of A. GLICK, JEAN-PIERRE, McDONOUGH -- read once and referred to the Committee on Consumer Affairs and Protection -- recommitted to the Committee on Consumer Affairs and Protection in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported and referred to the Committee on Codes -- advanced to a third reading, passed by Assembly and delivered to the Senate, recalled from the Senate, vote reconsidered, bill amended, ordered reprinted, retaining its place on the order of third reading

AN ACT to amend the general business law, in relation to prohibiting consumer credit reporting agencies from charging a fee for the placement, removal, or temporary lift of a security freeze on a consumer credit report; and to repeal paragraph (g-1) of subdivision 2 of section 65.10 of the penal law relating thereto

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 380-t of the general business law, as amended by
2 chapter 279 of the laws of 2008, subdivisions (b) and (n) as separately
3 amended by chapter 406 of the laws of 2008, and subdivision (g) as
4 amended by section 36 of part A of chapter 62 of the laws of 2011, is
5 amended to read as follows:
6 § 380-t. Security freeze. (a) A consumer may request that a security
7 freeze be placed on his or her consumer credit report by sending a
8 request in writing with confirmation of delivery requested or via tele-
9 phone, secure electronic means, or other methods developed by the
10 consumer credit reporting agency to a consumer credit reporting agency
11 at an address, telephone number or secure website designated by such

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 agency to receive such requests. Consumer credit reporting agencies
2 shall have a secure website and a separately dedicated toll-free number
3 to offer information, to process requests and deliver the services
4 provided for under this section.

5 (b) A consumer credit reporting agency that receives from a consumer a
6 request in accordance with subdivision (a) of this section shall,
7 provided such request is accompanied by proper identification [~~and~~
8 ~~payment of any applicable fee~~], place a security freeze on the consumer
9 credit report of or relating to such consumer no later than four busi-
10 ness days after receiving such request, provided further, however, that
11 for requests received on or after January first, two thousand nine, such
12 consumer credit reporting agency shall place a security freeze on the
13 consumer credit report of or relating to such consumer no later than
14 three business days after receiving such request and for requests
15 received on or after January first, two thousand ten, such consumer
16 credit reporting agency shall place a security freeze on the consumer
17 credit report of or relating to such consumer no later than one business
18 day after receiving such request. Nothing in this subdivision shall be
19 construed to prevent a consumer credit reporting agency from advising a
20 third party that a security freeze is in effect with respect to the
21 consumer credit report of or relating to such consumer. No consumer
22 credit reporting agency shall advise in any manner a third party, of the
23 fact that the consumer requesting the freeze is alleging to be the
24 victim of domestic violence or identity theft, without the written
25 authorization of the consumer.

26 (c) The consumer credit reporting agency shall send a written confir-
27 mation of the placement of a security freeze to the consumer within five
28 business days of placing such freeze. Upon placing the security freeze
29 on the consumer credit report of or relating to such consumer, the
30 consumer credit reporting agency shall provide the consumer with a
31 unique personal identification number or password, or other device which
32 shall only be used by the consumer when providing authorization for the
33 release of his or her consumer credit report for a specific party or
34 specific period of time. The unique personal identification number or
35 password, or other device to be used by the consumer shall not be a
36 social security number or a sequential portion thereof. Any use of the
37 unique personal identification number or password or other device other
38 than provided for in this section is prohibited.

39 (d) If the consumer wishes to allow his or her consumer credit report
40 to be accessed for a specific party or a specific period of time while a
41 freeze is in place, he or she shall contact the consumer credit report-
42 ing agency via mail with confirmation of delivery, telephone, secure
43 electronic means or other method developed by such consumer credit
44 reporting agency pursuant to subdivision (f) of this section using a
45 point of contact designated by such consumer credit reporting agency,
46 request that the freeze be temporarily lifted, and provide the follow-
47 ing:

- 48 (1) proper identification;
- 49 (2) the unique personal identification number or password provided by
50 the consumer credit reporting agency pursuant to subdivision (c) of this
51 section; and
- 52 (3) the proper information regarding the party to which the consumer
53 credit report should be available or the time period for which the
54 consumer credit report shall be available to users of such report[~~, and~~
55 ~~(4) payment of any applicable fee~~].

(e) (1) A consumer credit reporting agency that receives a request from a consumer to temporarily lift a freeze on a consumer credit report pursuant to subdivision (d) of this section, shall comply with the request: (i) no later than three business days after receiving such request; (ii) as of September first, two thousand nine, a consumer credit reporting agency that receives a request via the use of a telephone or secure electronic method provided by the agency, pursuant to subdivision (d) of this section, shall release a consumer's credit report as requested by the consumer within fifteen minutes after the request is received by the consumer credit reporting agency.

(2) A consumer credit reporting agency is not required to temporarily lift a security freeze within the time provided in subparagraph (ii) of paragraph one of this subdivision if:

(i) the consumer fails to meet the requirements of subdivision (b) of this section; or

(ii) the consumer credit reporting agency's ability to temporarily lift the security freeze within fifteen minutes is prevented by:

(A) an act of God, including fire, earthquakes, hurricanes, storms, or similar natural disaster or phenomena;

(B) unauthorized or illegal acts by a third party, including terrorism, sabotage, riot, vandalism, labor strikes or disputes disrupting operations, or similar occurrence;

(C) operational interruption, including electrical failure, unanticipated delay in equipment or replacement part delivery, computer hardware or software failures inhibiting response time, or similar disruption;

(D) governmental action, including emergency orders or regulations, judicial or law enforcement action, or similar directives;

(E) regularly scheduled maintenance, during other than normal business hours, of, or updates to, the consumer reporting agency's systems; or

(F) commercially reasonable maintenance of, or repair to, the consumer reporting agency's systems that is unexpected or unscheduled.

(f) A consumer credit reporting agency may develop procedures involving other secure methods of communication, including the use of the internet, or other electronic media to receive and process a request from a consumer to temporarily lift a freeze on a consumer credit report pursuant to subdivision (d) of this section in an expedited manner.

(g) The department of state shall monitor the state of technology relating to the means available to process requests for the lifting or removal of a security freeze, and shall report to the legislature when it is determined that the technology to process requests for the lifting or removal of a security freeze in a shorter period of time than that set forth in subdivision (e) of this section is available.

(h) A consumer credit reporting agency shall remove or temporarily lift a freeze placed on the consumer credit report of or relating to a consumer only in the following cases:

(1) upon consumer request, pursuant to subdivision (d) or (k) of this section; or

(2) if the consumer credit report of or relating to such consumer was frozen due to a material misrepresentation of fact by the consumer. If a consumer credit reporting agency intends to remove a freeze upon a consumer credit report pursuant to this paragraph, the consumer credit reporting agency shall notify the consumer in writing, by first class mail, within three business days prior to removing the freeze on such consumer credit report.

1 (i) If a third party requests access to a consumer credit report on
2 which a security freeze is in effect, and this request is in connection
3 with an application for credit or any other use, and the consumer does
4 not allow his or her consumer credit report to be accessed for that
5 period of time, the third party may treat the application as incomplete.

6 (j) If a consumer requests a security freeze, the consumer credit
7 reporting agency shall disclose the process of placing and temporarily
8 lifting a freeze, and the process for allowing access to information
9 from such consumer credit report for a specific party or a period of
10 time while the freeze is in place.

11 (k) (1) A security freeze shall remain in place until the consumer
12 requests, using a point of contact designated by the consumer credit
13 reporting agency, that the security freeze be removed and provides the
14 following:

15 (i) proper identification; and

16 (ii) the unique personal identification number or password or similar
17 device provided by the consumer credit reporting agency pursuant to
18 subdivision (c) of this section[~~, and~~

19 ~~(iii) a fee, if applicable]~~.

20 (2) A consumer credit reporting agency shall remove a security freeze
21 within three business days of receiving a request for removal from the
22 consumer pursuant to paragraph one of this subdivision.

23 (l) A consumer credit reporting agency shall require proper identifi-
24 cation of the person making a request to place or remove a security
25 freeze.

26 (m) The provisions of this section do not apply to the use of a
27 consumer credit report by any of the following:

28 (1) a person or entity, or a subsidiary, affiliate, or agent of that
29 person or entity, or an assignee of a financial obligation owing by the
30 consumer to that person or entity, or a prospective assignee of a finan-
31 cial obligation owing by the consumer to that person or entity in
32 conjunction with the proposed purchase of the financial obligation, with
33 which the consumer has or had prior to assignment an account or
34 contract, including a demand deposit account, or to whom the consumer
35 issued a negotiable instrument, for the purposes of reviewing the
36 account or collecting the financial obligation owing for the account,
37 contract, or negotiable instrument. For purposes of this paragraph,
38 "reviewing the account" includes activities related to account mainte-
39 nance, monitoring, credit line increases, and account upgrades and
40 enhancements;

41 (2) a subsidiary, affiliate, agent, assignee, or prospective assignee
42 of a person to whom access has been granted for purposes of facilitating
43 the extension of credit or other permissible use;

44 (3) any state or local agency, law enforcement agency, court, private
45 collection agency, or person acting pursuant to a court order, warrant,
46 or subpoena;

47 (4) a child support agency acting pursuant to title iv-d of the social
48 security act (42 U.S.C. et seq.);

49 (5) the state or its political subdivisions or its agents or assigns
50 acting to investigate fraud or acting to investigate or collect delin-
51 quent taxes or unpaid court orders or to fulfill any of its other statu-
52 tory responsibilities provided such responsibilities are consistent with
53 a permissible purpose under 15 U.S.C. section 1681b;

54 (6) the use of credit information for the purposes of prescreening as
55 provided for by the federal fair credit reporting act;

(7) any person or entity administering a credit file monitoring subscription or similar service to which the consumer has subscribed; or
(8) any person or entity for the purpose of providing a consumer with a copy of his or her consumer credit report or score upon the request of such consumer.

~~(n) [(1) (i) No consumer credit reporting agency shall charge a fee to a victim of identity theft who submits a copy of a signed federal trade commission ID theft victim's affidavit, or a report of ID theft from a law enforcement agency to such consumer credit reporting agency.~~

~~(ii) No consumer credit reporting agency shall charge a fee to a domestic violence victim who has submitted to such consumer credit reporting agency.~~

~~(A) a valid domestic violence incident report form as such term is defined in subdivision fifteen of section eight hundred thirty-seven of the executive law,~~

~~(B) a valid police report,~~

~~(C) a valid order of protection, or~~

~~(D) a signed affidavit from a licensed medical or mental health care provider, employee of a court acting within the scope of his or her employment, social worker, a rape crisis counselor as defined in section forty-five hundred ten of the civil practice law and rules, or advocate acting on behalf of an agency that assists domestic violence victims.~~

~~For the purposes of this subdivision, the term "domestic violence victim" means an individual who is a victim of a family offense, as described in subdivision one of section 530.11 of the criminal procedure law, or an offense committed by a member of such individual's immediate family, as defined in subdivision four of section 120.40 of the penal law.~~

~~(2) No consumer credit reporting agency shall charge a fee to a consumer requesting the placement of a security freeze when such consumer has not previously requested the placement of a security freeze from such consumer credit reporting agency. Except as provided for in paragraph one of this subdivision, a consumer credit reporting agency may charge a consumer a fee not to exceed five dollars for the placement of a second or subsequent freeze or for the removal of a freeze or the temporary lift of a freeze for a specific party or period of time or for the issuance of a replacement personal identification number or password when the consumer fails to retain the personal identification number or password provided to such consumer by such consumer credit reporting agency pursuant to subdivision (c) of this section.]~~ No consumer credit reporting agency shall charge a fee to any consumer for the placement of any security freeze, the removal of any security freeze, the temporary lift of any security freeze for a specific party or period of time, or the issuance of any replacement personal identification number or password when the consumer fails to retain the personal identification number or password provided to such consumer by such consumer credit reporting agency pursuant to subdivision (c) of this section.

(o) If a security freeze is in place, a consumer credit reporting agency shall not change any of the following official information in a consumer credit report without sending a written confirmation of the change to the consumer within thirty days of the change being posted to the file of or relating to such consumer: name, date of birth, social security number, and address. Written confirmation is not required for technical modifications of the official information of or relating to such consumer, including name and street abbreviations, complete spellings, or transposition of numbers or letters. In the case of an address

1 change, the written confirmation shall be sent to both the new address
2 and to the former address.

3 (p) The following entities are not required to place a security freeze
4 on a consumer credit report:

5 (1) a consumer credit reporting agency that acts only as a reseller of
6 credit information by assembling and merging information contained in
7 the data base of another consumer credit reporting agency or multiple
8 consumer credit reporting agencies, and does not maintain a permanent
9 data base of credit information from which new consumer credit reports
10 are produced. However, a consumer credit reporting agency acting as a
11 reseller shall honor any security freeze placed on a consumer credit
12 report by another consumer credit reporting agency;

13 (2) a check services or fraud prevention services company, which
14 issues reports on incidents of fraud or authorizations for the purpose
15 of approving or processing negotiable instruments, electronic funds
16 transfers, or similar methods of payments; or

17 (3) a deposit account information service company, which issues
18 reports regarding account closures due to fraud, substantial overdrafts,
19 ATM abuse, or similar negative information regarding a consumer, to
20 inquiring banks or other financial institutions for use only in review-
21 ing a consumer request for a deposit account at the inquiring bank or
22 financial institution.

23 (q) (1) Any time a consumer credit reporting agency is required to
24 send a summary of rights required under 15 U.S.C. section 1681g, to a
25 consumer residing in this state the following notice shall be included
26 with such summary of rights:

27 "NEW YORK CONSUMERS HAVE THE RIGHT TO OBTAIN A SECURITY FREEZE.

28 YOU HAVE A RIGHT TO PLACE A "SECURITY FREEZE" ON YOUR CREDIT REPORT,
29 WHICH WILL PROHIBIT A CONSUMER CREDIT REPORTING AGENCY FROM RELEASING
30 INFORMATION IN YOUR CREDIT REPORT WITHOUT YOUR EXPRESS AUTHORIZATION. A

31 CONSUMER CREDIT REPORTING AGENCY IS PROHIBITED FROM CHARGING YOU A FEE
32 FOR THE PLACEMENT, REMOVAL, OR TEMPORARY LIFT OF A SECURITY FREEZE, OR
33 FOR THE ISSUANCE OF A REPLACEMENT PERSONAL IDENTIFICATION NUMBER (PIN) OR
34 OR PASSWORD IN THE EVENT THAT YOU FAIL TO RETAIN THE ORIGINAL PIN OR
35 PASSWORD PROVIDED TO YOU BY SUCH CONSUMER CREDIT REPORTING AGENCY. A

36 SECURITY FREEZE MUST BE REQUESTED IN WRITING DELIVERY CONFIRMATION
37 REQUESTED OR VIA TELEPHONE, SECURE ELECTRONIC MEANS, OR OTHER METHODS
38 DEVELOPED BY THE CONSUMER CREDIT REPORTING AGENCY. THE SECURITY FREEZE
39 IS DESIGNED TO PREVENT CREDIT, LOANS, AND SERVICES FROM BEING APPROVED
40 IN YOUR NAME WITHOUT YOUR CONSENT. HOWEVER, YOU SHOULD BE AWARE THAT
41 USING A SECURITY FREEZE TO TAKE CONTROL OVER WHO GETS ACCESS TO THE
42 PERSONAL AND FINANCIAL INFORMATION IN YOUR CREDIT REPORT MAY DELAY,
43 INTERFERE WITH, OR PROHIBIT THE TIMELY APPROVAL OF ANY SUBSEQUENT
44 REQUEST OR APPLICATION YOU MAKE REGARDING A NEW LOAN, CREDIT, MORTGAGE,
45 GOVERNMENT SERVICES OR PAYMENTS, INSURANCE, RENTAL HOUSING, EMPLOYMENT,
46 INVESTMENT, LICENSE, CELLULAR PHONE, UTILITIES, DIGITAL SIGNATURE,
47 INTERNET CREDIT CARD TRANSACTION, OR OTHER SERVICES, INCLUDING AN EXTEN-
48 SION OF CREDIT AT POINT OF SALE. WHEN YOU PLACE A SECURITY FREEZE ON
49 YOUR CREDIT REPORT, YOU WILL BE PROVIDED A PERSONAL IDENTIFICATION
50 NUMBER OR PASSWORD TO USE IF YOU CHOOSE TO REMOVE THE FREEZE ON YOUR
51 CREDIT REPORT OR AUTHORIZE THE RELEASE OF YOUR CREDIT REPORT TO A
52 SPECIFIC PARTY OR FOR A PERIOD OF TIME AFTER THE FREEZE IS IN PLACE. TO
53 PROVIDE THAT AUTHORIZATION YOU MUST CONTACT THE CONSUMER CREDIT REPORT-
54 ING AGENCY AND PROVIDE ALL OF THE FOLLOWING:

55 (1) THE PERSONAL IDENTIFICATION NUMBER OR PASSWORD;

56 (2) PROPER IDENTIFICATION TO VERIFY YOUR IDENTITY; AND

(3) THE PROPER INFORMATION REGARDING THE PARTY OR PARTIES WHO ARE TO RECEIVE THE CREDIT REPORT OR THE PERIOD OF TIME FOR WHICH THE REPORT SHALL BE AVAILABLE TO USERS OF THE CREDIT REPORT[~~+~~ ~~AND~~ ~~(4) PAYMENT OF ANY APPLICABLE FEE~~].

A CONSUMER CREDIT REPORTING AGENCY MUST AUTHORIZE THE RELEASE OF YOUR CREDIT REPORT NO LATER THAN THREE BUSINESS DAYS AFTER RECEIVING THE ABOVE INFORMATION. EFFECTIVE SEPTEMBER FIRST, TWO THOUSAND NINE, A CONSUMER CREDIT REPORTING AGENCY THAT RECEIVES A REQUEST VIA TELEPHONE OR SECURE ELECTRONIC METHOD SHALL RELEASE A CONSUMER'S CREDIT REPORT WITHIN FIFTEEN MINUTES WHEN THE REQUEST IS RECEIVED.

A SECURITY FREEZE DOES NOT APPLY TO CIRCUMSTANCES IN WHICH YOU HAVE AN EXISTING ACCOUNT RELATIONSHIP AND A COPY OF YOUR REPORT IS REQUESTED BY YOUR EXISTING CREDITOR OR ITS AGENTS OR AFFILIATES FOR CERTAIN TYPES OF ACCOUNT REVIEW, COLLECTION, FRAUD CONTROL OR SIMILAR ACTIVITIES.

IF YOU ARE ACTIVELY SEEKING CREDIT, YOU SHOULD UNDERSTAND THAT THE PROCEDURES INVOLVED IN LIFTING A SECURITY FREEZE MAY SLOW YOUR APPLICATION FOR CREDIT. YOU SHOULD PLAN AHEAD AND LIFT A FREEZE, EITHER COMPLETELY IF YOU ARE SHOPPING AROUND, OR SPECIFICALLY FOR A CERTAIN CREDITOR, BEFORE APPLYING FOR NEW CREDIT. WHEN SEEKING CREDIT OR PURSUING ANOTHER TRANSACTION REQUIRING ACCESS TO YOUR CREDIT REPORT, IT IS NOT NECESSARY TO RELINQUISH YOUR PIN OR PASSWORD TO THE CREDITOR OR BUSINESS; YOU CAN CONTACT THE CONSUMER CREDIT REPORTING AGENCY DIRECTLY. IF YOU CHOOSE TO GIVE OUT YOUR PIN OR PASSWORD TO THE CREDITOR OR BUSINESS, IT IS RECOMMENDED THAT YOU OBTAIN A NEW PIN OR PASSWORD FROM THE CONSUMER CREDIT REPORTING AGENCY."

(2) If a consumer requests information about a security freeze, such consumer shall be provided with the notice set forth in paragraph one of this subdivision and with any other information necessary to place, temporarily lift or permanently lift a security freeze, including but not limited to the address, telephone number or point of contact at which the consumer credit reporting agency receives such requests.

(r) When a consumer credit reporting agency erroneously releases a consumer credit report subject to a security freeze or any information contained in such consumer credit report, the consumer credit reporting agency shall send written notification to the affected consumer within three business days following discovery or notification of such erroneous release. Such notification shall also inform the consumer of the nature of the information released and identify and provide contact information for the recipient of such information or consumer credit report.

(s) Whenever there shall be a violation of this section, application may be made by the attorney general in the name of the people of the state of New York to a court or justice having jurisdiction by a special proceeding to issue an injunction, and upon notice to the defendant of not less than five days, to enjoin and restrain the continuance of such violations; and if it shall appear to the satisfaction of the court or justice that the defendant has, in fact, violated this section, an injunction may be issued by such court or justice, enjoining and restraining any further violation, without requiring proof that any person has, in fact, been injured or damaged thereby. In any such proceeding, the court may make allowances to the attorney general as provided in paragraph six of subdivision (a) of section eighty-three hundred three of the civil practice law and rules, and direct restitution. Whenever the court shall determine that a violation of this section has occurred, the court may impose a civil penalty of not more than five thousand dollars for each violation. In connection with any

1 such proposed application, the attorney general is authorized to take
2 proof and make a determination of the relevant facts and to issue
3 subpoenas in accordance with the civil practice law and rules.

4 § 2. Paragraph (g-1) of subdivision 2 of section 65.10 of the penal
5 law is REPEALED.

6 § 3. This act shall take effect on the one hundred eightieth day after
7 it shall have become a law.