

REFERENCE TITLE: security freezes; credit reports; minors

State of Arizona
House of Representatives
Fifty-second Legislature
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2015

HB 2278

Introduced by
Representatives Alston: Gonzales

AN ACT

AMENDING SECTION 44-1698, ARIZONA REVISED STATUTES; RELATING TO CONSUMER REPORTING AGENCIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 44-1698, Arizona Revised Statutes, is amended to
3 read:

4 44-1698. Security freeze on credit reports and credit scores:
5 fees; definitions

6 A. A consumer may request in writing or in a form acceptable to the
7 consumer reporting agency that a consumer reporting agency place a security
8 freeze on the consumer's credit report. **A PARENT MAY REQUEST THAT A CONSUMER**
9 **REPORTING AGENCY PLACE A SECURITY FREEZE ON THE CREDIT REPORT OF THE PARENT'S**
10 **MINOR CHILD.** If a security freeze is in place, a consumer reporting agency
11 shall not release a consumer's credit report or consumer's credit score to a
12 third party without the consumer's prior express authorization, **EXCEPT THAT**
13 **THE CONSUMER REPORTING AGENCY MAY RELEASE THE CONSUMER'S CREDIT REPORT OR**
14 **CONSUMER'S CREDIT SCORE TO THE CONSUMER'S PARENT IF THE CONSUMER IS A MINOR.**
15 This subsection does not prevent a consumer reporting agency from advising a
16 specific party that a security freeze is in effect with respect to the
17 consumer's credit report.

18 B. A consumer reporting agency shall place a security freeze on a
19 consumer's credit report not later than ten business days after receiving a
20 written request from the consumer **OR THE PARENT OF A MINOR CONSUMER.**

21 C. The consumer reporting agency shall send a written confirmation of
22 the security freeze to the consumer **OR THE PARENT OF A MINOR CONSUMER IF THE**
23 **PARENT REQUESTED THE FREEZE PURSUANT TO SUBSECTION A OF THIS SECTION** within
24 ten business days after placing the security freeze on the consumer's credit
25 report and shall provide the consumer with a unique personal identification
26 number or password, other than the consumer's social security number, that
27 the consumer **OR THE PARENT** may use to provide authorization for the release
28 of the consumer's credit report for a specific period of time and to remove
29 the security freeze.

30 D. A security freeze remains in effect until the consumer **OR THE**
31 **PARENT OF A MINOR CONSUMER** requests that the security freeze be removed or
32 temporarily lifted as provided in this section. A consumer **OR A PARENT OF A**
33 **MINOR CONSUMER** may request that a security freeze be removed or temporarily
34 lifted by mail, telephone, internet or other electronic contact method in a
35 form acceptable to the consumer reporting agency. A consumer reporting
36 agency shall require proper identification of any person who makes a request
37 to place or remove a security freeze.

38 E. On requesting removal, the consumer **OR THE PARENT OF A MINOR**
39 **CONSUMER** shall provide the following information:

40 1. Proper identification.

41 2. The unique personal identification number or password that the
42 consumer reporting agency provided to the consumer.

43 F. On requesting a temporary lift to allow a credit report to be
44 accessed for a specific period of time, the consumer **OR THE PARENT OF A MINOR**
45 **CONSUMER** shall contact the consumer reporting agency and shall request that

1 the security freeze be temporarily lifted and shall provide the following
2 information:

- 3 1. Proper identification.
- 4 2. The unique personal identification number or password that the
5 consumer reporting agency provided to the consumer.
- 6 3. The proper information regarding the specific time period for which
7 the credit report shall be available to users of the credit report.

8 G. A consumer reporting agency shall remove or temporarily lift a
9 security freeze from a consumer's credit report within:

10 1. Three business days after receiving the consumer's **OR THE MINOR**
11 **CONSUMER'S PARENT'S** request for the removal or temporary lift by mail.

12 2. Fifteen minutes after receiving the consumer's **OR THE MINOR**
13 **CONSUMER'S PARENT'S** request through the use of telephone, internet or other
14 electronic contact method in a form acceptable to the consumer reporting
15 agency, during normal business hours. The consumer reporting agency is not
16 required to remove or temporarily lift the security freeze within the fifteen
17 minute time limit if the agency's ability is prevented by any of the
18 following:

19 (a) An act of God, including fire, earthquakes, hurricanes, storms or
20 similar natural disaster or phenomena.

21 (b) Unauthorized or illegal acts by a third party, including
22 terrorism, sabotage, riot, vandalism, labor strikes or disputes disrupting
23 operations or similar occurrence.

24 (c) Operational interruption, including electrical failure,
25 unanticipated delay in equipment or replacement part delivery, computer
26 hardware or software failures inhibiting response time or similar disruption.

27 (d) Governmental action, including emergency orders or regulations,
28 judicial or law enforcement action or similar directives.

29 (e) Regularly scheduled maintenance, during other than normal business
30 hours of, or updates to, the consumer reporting agency's systems.

31 (f) Commercially reasonable maintenance of, or repair to, the consumer
32 reporting agency's systems that is unexpected or unscheduled.

33 (g) Receipt of a removal or temporary lift request outside of normal
34 business hours.

35 H. A consumer reporting agency shall remove or temporarily lift a
36 security freeze placed on a consumer's credit report only in the following
37 cases:

38 1. If the consumer **OR THE MINOR CONSUMER'S PARENT** requests removal
39 pursuant to subsection E **OF THIS SECTION** or a temporary lift pursuant to
40 subsection F **OF THIS SECTION**.

41 2. If the consumer's credit report was frozen as a result of a
42 material misrepresentation of fact. If a consumer reporting agency intends
43 to remove a security freeze on a consumer's credit report pursuant to this
44 paragraph, the consumer reporting agency shall notify ~~by mail, telephone,~~
45 ~~internet or other electronic contact method~~ the consumer **OR THE PARENT OF A**

1 MINOR CONSUMER before removing the security freeze on the consumer's credit
2 report. THE NOTIFICATION MUST BE BY MAIL, TELEPHONE, INTERNET OR OTHER
3 ELECTRONIC METHOD.

4 I. When a consumer OR A PARENT OF A MINOR CONSUMER requests a security
5 freeze, the consumer reporting agency shall disclose the process for placing
6 and for removing or temporarily lifting a freeze and the process for allowing
7 access to information from the consumer's credit report for a specific period
8 of time while the security freeze is in place.

9 J. If a third party requests access to a credit report on which a
10 security freeze is in effect, the request is in connection with an
11 application for credit or any other use and the consumer OR THE PARENT OF A
12 MINOR CONSUMER does not allow the consumer's credit report to be accessed for
13 a specific period of time, the third party may treat the application as
14 incomplete.

15 K. A consumer reporting agency may charge a five dollar fee for each
16 security freeze, removal of the freeze or temporary lift of the freeze for a
17 period of time on the consumer's credit report. A consumer reporting agency
18 shall not charge a fee to a victim of identity theft who submits a valid
19 police report that alleges a violation of section 13-2008, 13-2009 or
20 13-2010.

21 L. A consumer reporting agency may charge a five dollar fee if the
22 consumer fails to retain the original unique personal identification number
23 or password provided by the consumer reporting agency and the consumer
24 reporting agency must reissue the unique personal identification number or
25 password or provide a new unique personal identification number or password
26 to the consumer.

27 M. If a security freeze is in place, a consumer reporting agency shall
28 not change a consumer's name, date of birth, social security number or
29 address in the consumer's credit report without sending a written
30 confirmation of the change to the consumer OR THE PARENT OF A MINOR CONSUMER
31 within thirty days after the change is posted to the consumer's file.
32 Written confirmation is not required for technical modifications of a
33 consumer's official information, including name and street abbreviations,
34 complete spellings or transposition of numbers or letters. For the purposes
35 of address changes, the consumer reporting agency shall send the written
36 confirmation to both the new address and the former address.

37 N. This section does not apply to the use of a credit report or credit
38 score by any of the following:

39 1. A person, a subsidiary, affiliate, agent or subcontractor of that
40 person, an assignee of a financial obligation owed by the consumer to that
41 person or a prospective assignee of a financial obligation owed by the
42 consumer to that person in conjunction with the proposed purchase of the
43 financial obligation with which the consumer has or had before assignment an
44 account or contract, including a demand deposit account, or to whom the
45 consumer issued a negotiable instrument, for the purposes of reviewing the

1 account or collecting the financial obligation owed for the account, contract
2 or negotiable instrument. For the purposes of this paragraph, "reviewing the
3 account" includes activities that are related to account maintenance,
4 monitoring, credit line increases and account upgrades and enhancements.

5 2. A subsidiary, affiliate, agent, assignee or prospective assignee of
6 a person to whom access has been granted under this section for the purpose
7 of facilitating the extension of credit or other permissible use.

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

11 4. A child support agency acting pursuant to title 25, chapter 3,
12 article 2 or title IV-D of the social security act.

13 5. The department of health services or its agents or assigns acting
14 to investigate fraud.

15 6. The department of revenue or its agents or assigns acting to
16 investigate or collect delinquent taxes or unpaid court orders or to fulfill
17 any of its other statutory responsibilities.

18 7. The department of transportation or its agents or assigns acting to
19 investigate or collect delinquent taxes or unpaid court orders or to fulfill
20 any of its other statutory responsibilities.

21 8. The administrative office of the courts to conduct audits or
22 investigate fraud or for applicant screening.

23 9. Any agency or entity for the purposes of prescreening or
24 postscreening as provided for by the federal fair credit reporting act (15
25 United States Code section 1681b).

26 10. Any person or entity that administers a credit file monitoring
27 subscription service to which the consumer has subscribed.

28 11. Any person or entity for the purpose of providing a consumer with a
29 copy of the consumer's credit report or consumer's credit score on the
30 consumer's request.

31 12. Except as otherwise provided by law, a person setting or adjusting
32 a rate or claim or underwriting for insurance purposes.

33 13. Any person who uses a consumer reporting agency's database or file
34 that consists entirely of information concerning, and is used solely for, one
35 or more of the following:

36 (a) Criminal record information.

37 (b) Fraud prevention or detection.

38 (c) Tenant screening.

39 (d) Employment screening.

40 14. Any state or federally regulated bank or financial institution for
41 checking, savings and investment accounts.

42 0. The following entities are not required to place a security freeze
43 on a credit report:

44 1. A check services or fraud prevention services company that issues
45 reports on incidents of fraud or authorizations for the purpose of approving

1 or processing negotiable instruments, electronic funds transfers or similar
2 methods of payments.

3 2. A deposit account information service company that issues reports
4 regarding account closures due to fraud, substantial overdrafts, automated
5 teller machine abuse or similar negative information regarding a consumer to
6 inquiring banks or financial institutions for use only in reviewing a
7 consumer request for a deposit account at the inquiring bank or financial
8 institution.

9 3. A consumer reporting agency that acts only as a reseller of credit
10 information by assembling and merging information contained in the database
11 of another consumer reporting agency or multiple consumer reporting agencies
12 and that does not maintain a permanent database of credit information from
13 which new credit reports or credit scores are produced.

14 P. An act or practice in violation of this section is an unlawful
15 practice under section 44-1522 and is subject to enforcement through a
16 private action and by the attorney general. Injunctive relief may be sought
17 to prevent future violations of this section. The remedies provided in this
18 section are not intended to be the exclusive remedies available to a
19 consumer. This subsection does not apply to subsection G, paragraph 2 of
20 this section.

21 Q. For the purposes of this section:

22 1. "Proper identification" means information that is generally deemed
23 to be sufficient to identify a person under the circumstances.

24 2. "Security freeze" means a notice that is placed in a consumer's
25 credit report at the request of the consumer OR THE PARENT OF A MINOR
26 CONSUMER and that prohibits the consumer reporting agency from releasing the
27 consumer's credit report without the express authorization of the consumer OR
28 THE PARENT.