

AN ACT concerning business.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Consumer Fraud and Deceptive Business Practices Act is amended by changing Section 2MM as follows:

(815 ILCS 505/2MM)

Sec. 2MM. Verification of accuracy of credit reporting information used to extend consumers credit and security freeze on credit report for identity theft victims.

(a) A credit card issuer who mails an offer or solicitation to apply for a credit card and who receives a completed application in response to the offer or solicitation which lists an address that is not substantially the same as the address on the offer or solicitation may not issue a credit card based on that application until reasonable steps have been taken to verify the applicant's change of address.

(b) Any person who uses a consumer credit report in connection with the approval of credit based on the application for an extension of credit, and who has received notification of a police report filed with a consumer reporting agency that the applicant has been a victim of financial identity theft, as defined in Section 16G-15 of the Criminal Code of 1961, may not lend money or extend credit without taking reasonable steps to verify the consumer's identity and confirm that the application for an extension of credit is not the result of financial identity theft.

(c) A consumer who has been the victim of identity theft may place a security freeze on his or her credit report by making a request in writing by certified mail to a consumer credit reporting agency with a valid copy of a police report, investigative report, or complaint that the consumer has filed with a law enforcement agency about unlawful use of his or her

personal information by another person. A credit reporting agency shall not charge a fee for placing, removing, or removing for a specific party or period of time a security freeze on a credit report. A security freeze shall prohibit, subject to the exceptions under subsection (i) of this Section, the credit reporting agency from releasing the consumer's credit report or any information from it without the express authorization of the consumer. When a security freeze is in place, information from a consumer's credit report 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 consumer's credit report.

(d) A credit reporting agency shall place a security freeze on a consumer's credit report no later than 5 business days after receiving a written request from the consumer.

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

(f) If the consumer wishes to allow his or her credit report to be accessed for a specific party or period of time while a freeze is in place, he or she 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 or password 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.

(g) 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 (f) in an expedited manner.

(h) A credit reporting agency that receives a request from a consumer to temporarily lift a freeze on a credit report pursuant to subsection (f), shall comply with the request no later than 3 business days after receiving the request.

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

(1) upon consumer request, pursuant to subsection (f) or subsection (1) of this Section; or

(2) if the consumer's credit report 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's credit report pursuant to this subsection, the consumer credit reporting agency shall notify the consumer in writing prior to removing the freeze on the consumer's credit report.

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

(k) 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 consumer's credit report for a specific party or period of time while the freeze is in place.

(l) 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 3 business days of receiving a request for removal from the

consumer, who provides both of the following:

(1) Proper identification; and

(2) The unique personal identification number or password provided by the credit reporting agency.

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

(n) The provisions of subsections (c) through (m) of this Section do not apply to the use of a consumer credit report by any of the following:

(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 subsection, "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 (f) 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 Department of Revenue 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.

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

(o) 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 30 days of the change being posted to the consumer's file: (i) name, (ii) date of birth, (iii) Social Security number, and (iv) address. Written confirmation is not required for technical modifications of a consumer's official information, 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.

(p) The following entities are not required to place a security freeze in a credit report, provided, however, that 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:

(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, ATM abuse, or similar negative information regarding a consumer to inquiring banks or other financial institutions for use only in reviewing a consumer request for a deposit account at the inquiring bank or financial institution.

(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.

(g) ~~(e)~~ For purposes of this Section: 7

"Extension ~~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.

"Proper identification" means information generally deemed sufficient to identify a person. Only if the consumer is unable to reasonably identify himself or herself with the information described above, may a consumer credit reporting agency require additional information concerning the consumer's employment and personal or family history in order to verify his or her identity.

(r) ~~(d)~~ Any person who violates this Section ~~subsection (a)~~ ~~or subsection (b)~~ commits an unlawful practice within the meaning of this Act.

(Source: P.A. 93-195, eff. 1-1-04.)