

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE BILL 607  
PROPOSED COMMITTEE SUBSTITUTE H607-PCS20349-MD-6

Short Title: Allow Protected Consumer Security Freezes.

(Public)

Sponsors:

Referred to:

April 13, 2015

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE PLACEMENT OF A PROTECTED CONSUMER  
3 SECURITY FREEZE ON A PROTECTED CONSUMER'S CREDIT REPORT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 75-61 reads as rewritten:

6 "**§ 75-61. Definitions.**

7 The following definitions apply in this Article:

8 ...

9 (11a) "Protected consumer". – An individual (i) who is under the age of 16 at the  
10 time a request for the placement of a security freeze is made pursuant to  
11 G.S. 75-63.1 or (ii) who is incapacitated or for whom a guardian or guardian  
12 ad litem has been appointed.

13 (11b) "Protected consumer security freeze". – A security freeze placed on a  
14 protected consumer's credit report or on a protected consumer's file pursuant  
15 to G.S. 75-63.1.

16 (11c) "Protected consumer's file". – A record that (i) identifies a protected  
17 consumer; (ii) is created by a consumer reporting agency solely for the  
18 purpose of complying with the requirements of G.S. 75-63.1; and (iii) may  
19 not be created or used to consider the protected consumer's credit  
20 worthiness, credit standing, credit capacity, character, general reputation,  
21 personal characteristics, or mode of living.

22 ...

23 (13a) "Representative". – A person who provides to a consumer reporting agency  
24 sufficient proof of authority to act on behalf of a protected consumer.

25 ...

26 (16) "Sufficient proof of authority". – Either of the following:

27 a. A certified or official copy of the protected consumer's birth  
28 certificate, if the representative is a parent of the protected consumer.

29 b. Documentation that shows that a representative has authority to act  
30 on behalf of a protected consumer, including:

31 1. An order issued by a court of law.

32 2. A valid power of attorney.

33 3. A written, notarized statement signed by the person that  
34 expressly describes the authority of the representative to act  
35 on behalf of a protected consumer.



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- 1           (17) "Sufficient proof of identification". – Information or documentation that  
2 identifies a protected consumer or representative, including:  
3           a.     A Social Security number or a copy of a Social Security card issued  
4 by the Social Security Administration.  
5           b.     A certified or official copy of a birth certificate issued by the entity  
6 authorized to issue the birth certificate.  
7           c.     A copy of a drivers license, an identification card issued by the  
8 Division of Motor Vehicles, or any other government-issued  
9 identification.  
10          d.     A copy of a bill, including a bill for telephone, sewer, septic tank,  
11 water, electric, oil, or natural gas services, that shows a name and  
12 home address."

13           **SECTION 2.** Article 2A of Chapter 75 of the General Statutes is amended by  
14 adding a new section to read:

15 **"§ 75-63.1. Security freeze for protected consumers.**

16           (a)     Obligation to Place Security Freeze. – A consumer reporting agency shall place a  
17 protected consumer security freeze on the protected consumer's credit report or on the protected  
18 consumer's file in accordance with subsection (b) of this section within 30 days of all of the  
19 following conditions being satisfied:

- 20           (1)     The consumer reporting agency receives a request under this section from  
21 the protected consumer's representative for the placement of the protected  
22 consumer security freeze by any of the following methods:  
23           a.     First-class mail.  
24           b.     Telephone call.  
25           c.     Secure Web site or secure electronic mail connection.  
26           (2)     The protected consumer's representative does all of the following:  
27           a.     Submits the request to the consumer reporting agency at the address  
28 or other point of contact and in the manner specified by the consumer  
29 reporting agency.  
30           b.     Provides to the consumer reporting agency sufficient proof of  
31 identification for both the protected consumer and the representative.  
32           c.     Provides to the consumer reporting agency sufficient proof of  
33 authority to act on behalf of the protected consumer.  
34           d.     Pays to the consumer reporting agency a fee as provided in  
35 subsection (d) of this section.

36           (b)     Action Required. – If the placement of a protected consumer security freeze is  
37 required under subsection (a) of this section, a consumer reporting agency shall do one of the  
38 following, as applicable:

- 39           (1)     If no consumer report exists. – If the consumer reporting agency does not  
40 have a consumer report pertaining to the protected consumer, the consumer  
41 reporting agency shall create a protected consumer's file and place a  
42 restriction in the protected consumer's file that prohibits the release of the  
43 protected consumer's file, any consumer report subsequently created for the  
44 consumer, and any information contained in either document except as  
45 provided in this section.  
46           (2)     If a consumer report exists. – If the consumer reporting agency has a  
47 consumer report pertaining to the protected consumer, the consumer  
48 reporting agency shall place a restriction on the report that prohibits the  
49 release of the consumer report and any information contained in the report  
50 except as provided in this section.

1       (c)    Duration of Freeze. – A protected consumer security freeze shall remain in effect  
2 until one of the following occurs, in which case the protected consumer security freeze shall be  
3 removed within 30 days:

4           (1)    The protected consumer or the protected consumer's representative requests  
5 the consumer reporting agency to remove the protected consumer security  
6 freeze by doing all of the following:

7           a.    Submitting a request for the removal of the protected consumer  
8 security freeze to the consumer reporting agency at the address or  
9 other point of contact and in the manner specified by the consumer  
10 reporting agency.

11          b.    If the request is being made by the protected consumer, providing to  
12 the consumer reporting agency (i) proof that the sufficient proof of  
13 authority for the protected consumer's representative is no longer  
14 valid and (ii) sufficient proof of identification for the protected  
15 consumer.

16          c.    If the request is being made by the representative of a protected  
17 consumer, providing to the consumer reporting agency (i) sufficient  
18 proof of identification of the protected consumer and the  
19 representative and (ii) sufficient proof of authority to act on behalf of  
20 the protected consumer.

21          d.    Providing to the consumer reporting agency a fee as provided in  
22 subsection (d) of this section.

23          (2)    The consumer reporting agency determines that the protected consumer  
24 security freeze was placed based on a material misrepresentation of fact by  
25 the protected consumer or the protected consumer's representative.

26       (d)    Fees. – A consumer reporting agency may charge a reasonable fee for each  
27 placement or removal of a protected consumer security freeze in accordance with the following:

28          (1)    Fee allowed in certain cases. – Except as provided in subdivision (2) of this  
29 subsection, a consumer reporting agency may charge a fee to a consumer not  
30 to exceed five dollars (\$5.00) for placement or removal of a protected  
31 consumer security freeze.

32          (2)    No fee allowed in certain cases. – A fee may not be charged for the  
33 placement or removal of a protected consumer security freeze under this  
34 section if any of the following conditions are satisfied:

35          a.    The protected consumer's representative has obtained a report of  
36 alleged identity theft or identity fraud against the protected consumer  
37 and provides a copy of the report to the consumer reporting agency.

38          b.    A request for placement or removal of a protected consumer security  
39 freeze is for a protected consumer who is under the age of 16 at the  
40 time of the request and the consumer reporting agency has a  
41 consumer report pertaining to the protected consumer.

42          c.    The protected consumer is over the age of 62.

43          (3)    No other fees allowed. – No fee other than those authorized under this  
44 subsection may be charged for placement or removal of a protected  
45 consumer security freeze.

46       (e)    Exceptions. – Notwithstanding subsection (b) of this section, the placement of a  
47 protected consumer security freeze shall not prohibit the release of a protected consumer's  
48 consumer report, protected consumer's file, or any information contained in these documents to  
49 any of the following:

50          (1)    The protected consumer when the protected consumer has subscribed to a  
51 credit reporting service, as that term is defined in G.S. 75-134.

- 1           (2) A representative of the protected consumer when the representative has  
2 subscribed on behalf of the consumer to a credit reporting service, as that  
3 term is defined in G.S. 75-134.
- 4           (3) A person providing the protected consumer or the protected consumer's  
5 representative with a copy of the protected consumer's consumer report or  
6 protected consumer's file at the request of the protected consumer or the  
7 protected consumer's representative.
- 8           (4) A person, or the person's subsidiary, affiliate, agent, subcontractor, or  
9 assignee with whom the protected consumer has, or prior to assignment had,  
10 an account, contract, or debtor-creditor relationship for the purposes of  
11 reviewing the active account or collecting the financial obligation owing for  
12 the account, contract, or debt.
- 13           (5) Any person acting pursuant to a court order, warrant, or subpoena.
- 14           (6) A state or local agency, or its agents or assigns, which administers a program  
15 for establishing and enforcing child support obligations.
- 16           (7) A state or local agency, or its agents or assigns, acting to investigate fraud,  
17 including Medicaid fraud, or acting to investigate or collect delinquent taxes  
18 or assessments, including interest and penalties, unpaid court orders, or to  
19 fulfill any of its other statutory responsibilities.
- 20           (8) A federal, state, or local governmental entity, including law enforcement  
21 agency, court, or their agent or assigns.
- 22           (9) A person for the purposes of prescreening as defined by the Fair Credit  
23 Reporting Act, 15 U.S.C. § 1681, et seq.
- 24           (10) Any depository financial institution for checking, savings, and investment  
25 accounts.
- 26           (11) Any property and casualty insurance company for use in setting or adjusting  
27 a rate, adjusting a claim, or underwriting for property and casualty insurance  
28 purposes.
- 29           (12) A person for the purpose of furnishing or using credit reports for  
30 employment purposes pursuant to 15 U.S.C. § 1681b(b) or tenant screening  
31 pursuant to 15 U.S.C. § 1681b(a)(3)(F).
- 32           (13) A person for the purpose of criminal background record information.

33           (f) Violation. – A violation of this section is a violation of G.S. 75-1.1."

34           **SECTION 3.** G.S. 130A-101 is amended by adding a new subsection to read:

35           "(h) When a birth occurs, the person responsible for preparing the birth certificate under  
36 this section shall provide the mother with information about how to request a protected  
37 consumer security freeze for the child under G.S. 75-63.1 and the potential benefits of doing  
38 so."

39           **SECTION 4.** This act becomes effective January 1, 2016.  
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