

107TH CONGRESS  
1ST SESSION

# S. 1399

To prevent identity theft, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 4, 2001

Mrs. FEINSTEIN (for herself, Mr. SHELBY, Mr. CORZINE, Mr. KYL, and Mr. GRASSLEY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To prevent identity theft, 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 2001”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that—

8               (1) the crime of identity theft has become one  
9       of the major law enforcement challenges of the new  
10      economy, as vast quantities of sensitive, personal in-

1       formation are now vulnerable to criminal intercep-  
2       tion and misuse;

3           (2) a number of indicators reveal that, despite  
4       increased public awareness of the crime, the inci-  
5       dents of identity theft continue to rise;

6           (3) 1,000,000 consumers annually call the  
7       Fraud Victim Assistance Department of one national  
8       consumer reporting agency, a number that almost  
9       doubled from 1997 to 2001;

10          (4) as of March 2001, the Federal Trade Com-  
11       mission Identity Theft Data Clearinghouse was aver-  
12       aging more than 2,000 call-ins a week, a four-fold  
13       increase since the Clearinghouse began operation in  
14       November 1999;

15          (5) allegations of identity theft reported to the  
16       fraud hotline of the Social Security Administration  
17       increased from 11,058 in fiscal year 1998 to 46,480  
18       in fiscal year 2000;

19          (6) in its fiscal year 2000 annual report, the  
20       Postal Inspection Service noted that identity theft is  
21       a growing trend and the agency's investigations of  
22       such crimes has "increased by 67 percent since last  
23       year";

24          (7) an integral part of many identity crimes in-  
25       volves the interception of personal financial data or

1 the fraudulent acquisition of credit cards and other  
 2 financial products in another person's name;

3 (8) identity theft is an act that violates the pri-  
 4 vacy of our citizens and ruins their good names, vic-  
 5 tims can suffer restricted access to credit and dimin-  
 6 ished employment opportunities, and may spend  
 7 years repairing damage to credit histories;

8 (9) the resources available to identity theft vic-  
 9 tims are inadequate, and both private sector and  
 10 Federal agencies should provide better and more  
 11 sympathetic assistance to such victims; and

12 (10) credit reporting agencies and issuers of  
 13 credit should have uniform reporting requirements  
 14 and effective fraud alerts to assist identity theft vic-  
 15 tims in repairing and protecting their credit.

16 **SEC. 3. IDENTITY THEFT PREVENTION.**

17 (a) CHANGES OF ADDRESS.—

18 (1) DUTY OF ISSUERS OF CREDIT.—Section  
 19 132 of the Truth in Lending Act (15 U.S.C. 1642)  
 20 is amended—

21 (A) by inserting “(a) IN GENERAL.—” be-  
 22 fore “No credit”; and

23 (B) by adding at the end the following:

24 “(b) CONFIRMATION OF CHANGES OF ADDRESS.—If  
 25 a card issuer receives a request for an additional credit

1 card with respect to an existing credit account not later  
 2 than 30 days after receiving notification of a change of  
 3 address for that account, the card issuer shall—

4 “(1) not later than 5 days after sending the ad-  
 5 ditional card to the new address, notify the card-  
 6 holder of the request at both the new address and  
 7 the former address; and

8 “(2) provide to the cardholder a means of  
 9 promptly reporting incorrect changes.”.

10 (2) DUTY OF CONSUMER REPORTING AGEN-  
 11 CIES.—Section 605 of the Fair Credit Reporting Act  
 12 (15 U.S.C. 1681c) is amended by adding at the end  
 13 the following:

14 “(g) NOTICE OF POTENTIAL FRAUD.—In any case  
 15 in which a person has requested a consumer report relat-  
 16 ing to a consumer, and the request includes an address  
 17 for the consumer that is a different location from the most  
 18 recent address in the file of the consumer, the consumer  
 19 reporting agency shall notify the requester of the discrep-  
 20 ancy.”.

21 (3) ENFORCEMENT.—

22 (A) FEDERAL TRADE COMMISSION.—Ex-  
 23 cept as provided in subparagraph (B), compli-  
 24 ance with section 132(b) of the Truth in Lend-  
 25 ing Act (as added by this subsection) shall be

1 enforced by the Federal Trade Commission in  
2 the same manner and with the same power and  
3 authority as the Commission has under the  
4 Fair Debt Collection Practices Act to enforce  
5 compliance with that Act.

6 (B) OTHER AGENCIES IN CERTAIN  
7 CASES.—

8 (i) IN GENERAL.—Compliance with  
9 section 132(b) of the Truth in Lending Act  
10 (as added by this subsection) shall be en-  
11 forced under—

12 (I) section 8 of the Federal De-  
13 posit Insurance Act, in the case of a  
14 card issuer that is—

15 (aa) a national bank or a  
16 Federal branch or Federal agen-  
17 cy of a foreign bank, by the Of-  
18 fice of the Comptroller of the  
19 Currency;

20 (bb) a member bank of the  
21 Federal Reserve System (other  
22 than a national bank), a branch  
23 or agency of a foreign bank  
24 (other than a Federal branch,  
25 Federal agency, or insured State

1 branch of a foreign bank), a com-  
2 mercial lending company owned  
3 or controlled by a foreign bank,  
4 or an organization operating  
5 under section 25 or 25A of the  
6 Federal Reserve Act, by the  
7 Board of Governors of the Fed-  
8 eral Reserve System;

9 (cc) a bank insured by the  
10 Federal Deposit Insurance Cor-  
11 poration (other than a member of  
12 the Federal Reserve System or a  
13 national nonmember bank) or an  
14 insured State branch of a foreign  
15 bank, by the Board of Directors  
16 of the Federal Deposit Insurance  
17 Corporation; and

18 (dd) a savings association,  
19 the deposits of which are insured  
20 by the Federal Deposit Insurance  
21 Corporation, by the Director of  
22 the Office of Thrift Supervision;  
23 and

24 (II) the Federal Credit Union  
25 Act, by the Administrator of the Na-

1            tional Credit Union Administration in  
2            the case of a card issuer that is a  
3            Federal credit union, as defined in  
4            that Act.

5            (C) VIOLATIONS TREATED AS VIOLATIONS  
6            OF OTHER LAWS.—For the purpose of the exer-  
7            cise by any agency referred to in this paragraph  
8            of its powers under any Act referred to in this  
9            paragraph, a violation of section 132(b) of the  
10          Truth in Lending Act (as added by this sub-  
11          section) shall be deemed to be a violation of a  
12          requirement imposed under that Act. In addi-  
13          tion to its powers under any provision of law  
14          specifically referred to in subparagraph (A) or  
15          (B), each of the agencies referred to in those  
16          subparagraphs may exercise, for the purpose of  
17          enforcing compliance with section 132(b) of the  
18          Truth in Lending Act (as added by this sub-  
19          section), any other authority conferred on such  
20          agency by law.

21          (b) FRAUD ALERTS.—Section 605 of the Fair Credit  
22          Reporting Act (15 U.S.C. 1681c) is amended by adding  
23          at the end the following:

24          “(h) FRAUD ALERTS.—

1           “(1) IN GENERAL.—Upon the request of a con-  
2           sumer and upon receiving proper identification, a  
3           consumer reporting agency shall include a fraud  
4           alert in the file of that consumer.

5           “(2) NOTICE TO USERS.—A consumer reporting  
6           agency shall notify each person procuring consumer  
7           credit information with respect to a consumer of the  
8           existence of a fraud alert in the file of that con-  
9           sumer, regardless of whether a full credit report,  
10          credit score, or summary report is requested.

11          “(3) PENALTIES.—Any user of a consumer re-  
12          port that fails to comply with preauthorization pro-  
13          cedures contained in a fraud alert and issues or ex-  
14          tends credit in the name of the consumer to a per-  
15          son other than the consumer, shall be in violation of  
16          this section.

17          “(4) DEFINITION.—In this subsection, the term  
18          ‘fraud alert’ means a clear and conspicuous state-  
19          ment in the file of a consumer that notifies all pro-  
20          spective users of a consumer report made with re-  
21          spect to that consumer that the consumer does not  
22          authorize the issuance or extension of credit in the  
23          name of the consumer unless—

24                 “(A) the issuer of such credit first obtains  
25                 verbal authorization from the consumer at a



1 telephone number designated by the consumer;  
2 or

3 “(B) the issuer complies with such other  
4 method of preauthorization by the consumer as  
5 is mutually agreed upon by the consumer and  
6 the consumer reporting agency.”.

7 (c) RULES ON COMPLAINT REFERRAL, INVESTIGA-  
8 TIONS, AND INQUIRIES.—Not later than 270 days after  
9 the date of enactment of this Act, the Federal Trade Com-  
10 mission (in this subsection referred to as the “Commis-  
11 sion”) shall promulgate rules in accordance with section  
12 553 of title 5, United States Code—

13 (1) to require each consumer reporting agency  
14 (as defined in section 603 of the Fair Credit Report-  
15 ing Act) to investigate discrepancies between per-  
16 sonal or identifying information contained in the file  
17 maintained by the agency with respect to a con-  
18 sumer and in the personal and identifying informa-  
19 tion supplied to the agency by the user of the con-  
20 sumer report; and

21 (2) to develop procedures for referral of con-  
22 sumer complaints about identity theft and fraud  
23 alerts between and among the consumer reporting  
24 agencies and the Commission.

1 **SEC. 4. TRUNCATION OF CREDIT CARD ACCOUNT NUM-**  
2 **BERS.**

3 (a) IN GENERAL.—Except as provided in this section,  
4 no person, firm, partnership, association, corporation, or  
5 limited liability company that accepts credit cards for the  
6 transaction of business shall print more than the last 5  
7 digits of the credit card account number or the expiration  
8 date upon any receipt provided to the cardholder.

9 (b) LIMITATION.—This section applies only to re-  
10 cepts that are electronically printed, and does not apply  
11 to transactions in which the sole means of recording the  
12 person's credit card account number is by handwriting or  
13 by an imprint or copy of the credit card.

14 (c) EFFECTIVE DATE.—This section shall become ef-  
15 fective on—

16 (1) January 1, 2006, with respect to any cash  
17 register or other machine or device that electroni-  
18 cally prints receipts for credit card transactions that  
19 is in use before January 1, 2003; and

20 (2) January 1, 2003, with respect to any cash  
21 register or other machine or device that electroni-  
22 cally prints receipts for credit card transactions that  
23 is first put into use on or after January 1, 2003.

24 (d) EFFECT ON STATE LAW.—Nothing in this sec-  
25 tion prevents a State from imposing requirements that are  
26 the same or substantially similar to the requirements of

- 1 this section at any time before the effective date of this
- 2 section.

