

108TH CONGRESS
1ST SESSION

H. R. 2035

To prevent identity theft, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2003

Ms. HOOLEY of Oregon (for herself, Mr. LATOURETTE, Mr. FRANK of Massachusetts, Ms. WOOLSEY, Mr. BROWN of Ohio, Ms. NORTON, Mr. KENNEDY of Rhode Island, Mr. LARSON of Connecticut, Mr. BAIRD, Mr. FROST, Ms. LOFGREN, Ms. SLAUGHTER, Mr. KANJORSKI, Ms. CARSON of Indiana, Mr. SHERMAN, Ms. SCHAKOWSKY, Mr. WEXLER, Mr. PLATTS, Mr. GILLMOR, Mr. BAKER, Mr. GUTIERREZ, Mr. CLAY, Ms. BERKLEY, Mrs. LOWEY, Mrs. MALONEY, Mr. UDALL of Colorado, Mr. KIND, Ms. LEE, Mr. MOORE, Mr. CAPUANO, Mr. LYNCH, Mr. HASTINGS of Florida, Mr. JONES of North Carolina, Mr. HINCHEY, Mr. EMANUEL, Mr. HOLDEN, Mr. KILDEE, Ms. WATSON, Mr. ACKERMAN, Ms. MILLENDER-MCDONALD, Ms. WATERS, Mr. SOUDER, Mr. TIBERI, and Mr. GONZALEZ) introduced the following bill; which was referred to the Committee on Financial Services

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 and Fi-
5 nancial Privacy Protection Act of 2003”.

1 **SEC. 2. FINDINGS.**

2 Congress finds that—

3 (1) the crime of identity theft has become one
4 of the major law enforcement challenges of the new
5 economy, as vast quantities of sensitive, personal in-
6 formation are now vulnerable to criminal intercep-
7 tion and misuse;

8 (2) according to the Attorney General, “in addi-
9 tion to the credit card and financial fraud crimes
10 often committed, identity theft is a major facilitator
11 of international terrorism”;

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

15 (4) 1,000,000 consumers annually call the
16 Fraud Victim Assistance Department of one national
17 consumer reporting agency, a number that almost
18 doubled from 1997 to 2001;

19 (5) between January and December of 2002,
20 the complaint database operated by the Federal
21 Trade Commission received 380,103 consumer fraud
22 and identity theft complaints, with reported losses
23 from fraud of more than \$343,000,000;

24 (6) allegations of identity theft reported to the
25 fraud hotline of the Social Security Administration

1 increased from 11,058 in fiscal year 1998 to 46,480
2 in fiscal year 2000;

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

8 (8) an integral part of many identity crimes in-
9 volves the interception of personal financial data or
10 the fraudulent acquisition of credit cards and other
11 financial products in another person's name;

12 (9) identity theft is an act that violates the pri-
13 vacy of our citizens and ruins their good names, vic-
14 tims can suffer restricted access to credit and dimin-
15 ished employment opportunities, and may spend
16 years repairing damage to credit histories;

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

21 (11) credit reporting agencies and issuers of
22 credit should have uniform reporting requirements
23 and effective fraud alerts to assist identity theft vic-
24 tims in repairing and protecting their credit.

1 **SEC. 3. IDENTITY THEFT PREVENTION.**

2 (a) CHANGES OF ADDRESS.—

3 (1) DUTY OF ISSUERS OF CREDIT.—Section
4 132 of the Truth in Lending Act (15 U.S.C. 1642)
5 is amended—

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

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

9 “(b) CONFIRMATION OF CHANGES OF ADDRESS.—If
10 a card issuer receives a request for an additional credit
11 card with respect to an existing credit account not later
12 than 30 days after receiving notification of a change of
13 address for that account, the card issuer shall—

14 “(1) notify the cardholder of the request at
15 both the new address and the former address in ac-
16 cordance with reasonable policies and procedures es-
17 tablished by the card issuer pursuant to regulations
18 which the Board shall prescribe; and

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

21 (2) DUTY OF CONSUMER REPORTING AGEN-
22 CIES.—Section 605 of the Fair Credit Reporting Act
23 (15 U.S.C. 1681c) is amended by adding at the end
24 the following:

25 “(g) NOTICE OF POTENTIAL FRAUD.—In any case
26 in which a person has requested a consumer report relat-

1 ing to a consumer, and the request includes an address
2 for the consumer that substantially differs from the most
3 recent address in the file of the consumer, the consumer
4 reporting agency shall—

5 “(1) notify the requester of the discrepancy;
6 and

7 “(2) reconcile or resolve any substantial vari-
8 ation between the most recent address in the file of
9 the consumer at the agency and the address con-
10 tained in the request, in accordance with reasonable
11 policies and procedures established by the consumer
12 reporting agency.”.

13 (3) ENFORCEMENT.—

14 (A) FEDERAL TRADE COMMISSION.—Ex-
15 cept as provided in subparagraph (B), compli-
16 ance with section 132(b) of the Truth in Lend-
17 ing Act (as added by this subsection) shall be
18 enforced by the Federal Trade Commission in
19 the same manner and with the same power and
20 authority as the Commission has under the
21 Fair Debt Collection Practices Act to enforce
22 compliance with that Act.

23 (B) OTHER AGENCIES IN CERTAIN
24 CASES.—

1 (i) IN GENERAL.—Compliance with
2 section 132(b) of the Truth in Lending Act
3 (as added by this subsection) shall be en-
4 forced under—

5 (I) section 8 of the Federal De-
6 posit Insurance Act, in the case of a
7 card issuer that is—

8 (aa) a national bank or a
9 Federal branch or Federal agen-
10 cy of a foreign bank, by the Of-
11 fice of the Comptroller of the
12 Currency;

13 (bb) a member bank of the
14 Federal Reserve System (other
15 than a national bank), a branch
16 or agency of a foreign bank
17 (other than a Federal branch,
18 Federal agency, or insured State
19 branch of a foreign bank), a com-
20 mercial lending company owned
21 or controlled by a foreign bank,
22 or an organization operating
23 under section 25 or 25A of the
24 Federal Reserve Act, by the

1 Board of Governors of the Fed-
2 eral Reserve System;

3 (cc) a bank insured by the
4 Federal Deposit Insurance Cor-
5 poration (other than a member of
6 the Federal Reserve System or a
7 national nonmember bank) or an
8 insured State branch of a foreign
9 bank, by the Board of Directors
10 of the Federal Deposit Insurance
11 Corporation; and

12 (dd) a savings association,
13 the deposits of which are insured
14 by the Federal Deposit Insurance
15 Corporation, by the Director of
16 the Office of Thrift Supervision;
17 and

18 (II) the Federal Credit Union
19 Act, by the Administrator of the Na-
20 tional Credit Union Administration in
21 the case of a card issuer that is a
22 Federal credit union, as defined in
23 that Act.

24 (C) VIOLATIONS TREATED AS VIOLATIONS
25 OF OTHER LAWS.—For the purpose of the exer-

1 cise by any agency referred to in this paragraph
2 of its powers under any Act referred to in this
3 paragraph, a violation of section 132(b) of the
4 Truth in Lending Act (as added by this sub-
5 section) shall be deemed to be a violation of a
6 requirement imposed under that Act. In addi-
7 tion to its powers under any provision of law
8 specifically referred to in subparagraph (A) or
9 (B), each of the agencies referred to in those
10 subparagraphs may exercise, for the purpose of
11 enforcing compliance with section 132(b) of the
12 Truth in Lending Act (as added by this sub-
13 section), any other authority conferred on such
14 agency by law.

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

18 “(h) FRAUD ALERTS.—

19 “(1) IN GENERAL.—Upon the request of a con-
20 sumer who expresses a suspicion that the consumer
21 has been or is about to become a victim of fraud or
22 related crime, and upon receiving proper identifica-
23 tion, a consumer reporting agency shall include a
24 fraud alert in the file of that consumer.

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

7 “(3) PENALTIES.—Any user of a consumer re-
8 port who issues or extends credit in the name of the
9 consumer to a person other than the consumer with-
10 out attempting to comply with the preauthorization
11 procedures contained in a fraud alert in effect for
12 such consumer shall be in violation of this section.

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

20 “(A) the issuer of such credit first obtains
21 verbal authorization from the consumer at a
22 telephone number designated by the consumer;
23 or

24 “(B) the issuer of such credit utilizes an-
25 other reasonable means of communication to

1 obtain the express preauthorization of the con-
2 sumer.

3 “(5) EXCEPTIONS.—

4 “(A) RESELLERS.—

5 “(i) IN GENERAL.—The provisions of
6 this subsection shall not apply to a con-
7 sumer reporting agency that acts as a re-
8 seller of information by assembling and
9 merging information contained in the data-
10 base of another consumer reporting agency
11 or multiple consumer reporting agencies,
12 and does not maintain a permanent data-
13 base of the assembled or merged informa-
14 tion from which new consumer reports are
15 produced.

16 “(ii) LIMITATION.—A reseller of as-
17 sembled or merged information shall pre-
18 serve any fraud alert placed on a consumer
19 report by another consumer reporting
20 agency.

21 “(B) EXEMPT INSTITUTIONS.—The re-
22 quirement under this subsection to place a
23 fraud alert in a consumer file shall not apply
24 to—

1 “(i) a check services company, which
2 issues authorizations for the purpose of ap-
3 proving or processing negotiable instru-
4 ments, electronic funds transfers, or simi-
5 lar methods of payments; or

6 “(ii) a demand deposit account infor-
7 mation service company, which issues re-
8 ports regarding account closures due to
9 fraud, substantial overdrafts, ATM abuse,
10 or similar negative information regarding a
11 consumer, to inquiring banks or other fi-
12 nancial institutions for use only in review-
13 ing a consumer request for a demand de-
14 posit account at the inquiring bank or fi-
15 nancial institution.”.

16 (c) RULES ON COMPLAINT REFERRAL, INVESTIGA-
17 TIONS, AND INQUIRIES.—Not later than 365 days after
18 the date of enactment of this Act, the Federal Trade Com-
19 mission (in this subsection referred to as the “Commis-
20 sion”) shall prescribe rules in accordance with section 553
21 of title 5, United States Code—

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

1 (2) to develop a model form and standard pro-
2 cedures to be used by consumers who are victims of
3 identity fraud for contacting and informing creditors
4 and consumer reporting agencies of the fraud.

5 **SEC. 4. TRUNCATION OF CREDIT CARD AND DEBIT CARD**
6 **ACCOUNT NUMBERS.**

7 (a) IN GENERAL.—Except as provided in this section,
8 no person, firm, partnership, association, corporation, or
9 limited liability company that accepts credit cards or debit
10 cards for the transaction of business shall print more than
11 the last 4 digits of the credit card account number or the
12 expiration date upon any receipt provided to the card-
13 holder at the point of the sale or transaction.

14 (b) LIMITATION.—This section applies only to re-
15 ceipts that are electronically printed, and does not apply
16 to transactions in which the sole means of recording the
17 person’s credit card or debit card account number is by
18 handwriting or by an imprint or copy of the credit card
19 or debit card.

20 (c) DEFINITIONS.—For purposes of this section, the
21 following definitions shall apply:

22 (1) CREDIT CARD.—The term “credit card” has
23 the same meaning as in section 103(k) of the Truth
24 in Lending Act.

1 (2) DEBIT CARD.—The term “debit card”
2 means any card issued by a financial institution to
3 a consumer for use in initiating electronic fund
4 transfers (as defined in section 903(6) of the Elec-
5 tronic Fund Transfer Act) from the account of the
6 consumer at such financial institution for the pur-
7 pose of transferring money between accounts or ob-
8 taining money, property, labor, or services.

9 (d) EFFECTIVE DATE.—This section shall become ef-
10 fective on—

11 (1) January 1, 2007, with respect to any cash
12 register or other machine or device that electroni-
13 cally prints receipts for credit card transactions that
14 is in use before January 1, 2005; and

15 (2) January 1, 2005, with respect to any cash
16 register or other machine or device that electroni-
17 cally prints receipts for credit card transactions that
18 is first put into use on or after such date.

19 **SEC. 5. FREE REPORTS ANNUALLY.**

20 Section 612(c) of the Fair Credit Reporting Act (15
21 U.S.C. 1681j(c)) is amended to read as follows:

22 “(c) FREE ANNUAL DISCLOSURE.—Upon the request
23 of the consumer, a consumer reporting agency shall make

- 1 all disclosures pursuant to section 609 once during any
- 2 12-month period without charge to the consumer.”.

