



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

**STATE OF HAWAII**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**PRESENTATION OF THE  
OFFICE OF CONSUMER PROTECTION**

**TO THE SENATE COMMITTEE ON  
CONSUMER PROTECTION & COMMERCE**

**THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2016**

**WEDNESDAY, MARCH 16, 2016  
2:05 P.M.**

TESTIMONY ON SENATE BILL 2681, S.D. 1, RELATING TO CONSUMER CREDIT REPORTING AGENCIES.

TO THE HONORABLE ANGUS L.K. McKELVEY, CHAIR,  
AND TO THE HONORABLE JUSTIN H. WOODSON, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs (“DCCA”), Office of Consumer Protection (“OCP”) supports Senate Bill No. 2681, S.D. 1, Relating to Credit Reporting Agencies. My name is Stephen Levins and I am the Executive Director of the OCP.

The OCP is very concerned about the negative impacts identity theft is causing as it continues to plague our society. Annually millions of people are impacted by this growing threat. Children in particular are most vulnerable. In fact, according to the

Identity Theft Assistance Center, 1 in 40 families with children under 18 had at least one child whose personal information was compromised.

Child identity theft is one of the worst forms of identity theft because it often goes unchecked and unnoticed for years. A criminal who steals a child's social security number can operate for years with impunity. This is because a family probably won't know that their child's identity has been compromised until they try to obtain a credit card and get turned down because of a long history of unpaid bills that they had nothing to do with.

Senate Bill No. 2681, S.D. 1 seeks to safeguard "protected consumers" (minors or the incapacitated) from such injustices by offering them the same protections as everyone else.

The bill seeks to accomplish this goal in 4 significant ways:

1. It permits a representative of a protected consumer to place a security freeze on the credit record or report of a protected consumer;
2. It establishes protocols that credit reporting agencies must follow in relation to a security freeze;
3. It specifies the written notification that credit reporting agencies are required to provide in relation to security freezes; and
4. It applies specified laws pertaining to standard security freezes to protected consumer security freezes.

Testimony on S.B. No. 2681, S.D. 1  
March 16, 2016  
Page 3

At least 22 other states have already passed similar legislation to the one being proposed by this bill. These states include, Arizona, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Michigan, Montana, Nebraska, New York, Oregon, South Carolina, Tennessee, Texas, Utah, Virginia and Wisconsin. Minors and incapacitated persons in Hawaii deserve the same protections afforded to those on the mainland. We respectfully request that the Committee vote to add Hawaii to that list.

Thank you for the opportunity to testify in support of Senate Bill No. 2681, S.D. 1. I am available for any questions that you may have regarding this Bill.



Writer's Direct Dial: 202.408.7407

Writer's email: [cellman@cdiaonline.org](mailto:cellman@cdiaonline.org)

March 13, 2016

The Honorable Angus McKelvey  
Chair, Hawai'i House Committee on Consumer Protection and Commerce  
Hawaii State Capitol

Re: [Senate Bill 2681, S.D.1](#), Relating to Consumer Credit Reporting Agencies

Dear Chair McKelvey:

I write on behalf of the Consumer Data Industry Association (CDIA) to thank the Legislature for the hard work that has been put in thus far to move S.B. 2681, S.D.1 closer to a final product that works for businesses and consumers. I support the intent of S.B. 2681, S.D.1, but respectfully request one amendment regarding the time needed for credit bureaus to remove a freeze for minors. Specifically, we request 30 days rather than the present three business days in the SD1.

CDIA is an international trade association, founded in 1906, of more than 130 corporate members. Its mission is to enable consumers, media, legislators and regulators to understand the benefits of the responsible use of consumer data which creates opportunities for consumers and the economy. CDIA members provide businesses with the data and analytical tools necessary to manage risk. They help ensure fair and safe transactions for consumers, facilitate competition and expand consumers' access to a market which is innovative and focused on their needs. CDIA member products are used in more than nine billion transactions each year.

S.B. 2681, S.D.1 follows the 21 other states that have enacted a minor credit freeze in every respect but one, the time in which a credit bureau must remove a credit freeze for minors. Presently, the bill requires credit bureaus to remove a freeze within three business days (page 6, line 8). The standard established by other states is 30 days. This additional time is necessary so that credit bureaus can make sure that they are

removing the right freeze for the right person for the right reason. The additional time necessary furthers the goal of protecting consumers by making sure the credit bureaus do the right thing under law and practice.

Credit bureaus CRAs want to remove the freeze as quickly as possible; no one is served by any delay. Yet, there are many solid reasons, all in the name of consumer protection, why up to 30-days is necessary to remove a minor freeze. For example:

- There can be years that have passed between the request to place and the request to remove. The placement could have been made when the child was a toddler and then removed 14 years later when the minor turns 16. A lot could have happened in that time: addresses may have changed; custodial parents or guardians may have changed; last names of mothers or step-mothers could have changed; and more. Credit bureaus will need to sort this out and it may take more than three days; in fact it could take as much as 30-days.
- A different parent or guardian may have requested placement than the parent or guardian requesting removal. Credit bureaus will need to sort this out and cannot do it in three days.
- The harm caused by a longer time period for removal is small. A minor may have to wait a bit longer to get a credit card or cell phone, but it is critical that credit bureaus remove the right freeze for the right reasons.
- Credit bureaus have rigorous accuracy obligations under the Fair Credit Reporting Act and a 30-day window is necessary to meet these obligations.
- Credit bureaus are subject to penalties for violating the FCRA. It would be unfair to require credit bureaus to be liable for a process that requires extra care and attention to make sure removal is done correctly.

We respectfully encourage your committee to change “three business days” to “30 days”. This additional time will help credit bureaus take care in protecting consumers by removing the right freeze for the right person for the right reason.

Sincerely,

A handwritten signature in blue ink, appearing to read 'E. Ellman', with a long horizontal flourish extending to the right.

Eric J. Ellman  
Senior Vice President, Public Policy & Legal Affairs



Experian  
900 17<sup>th</sup> Street NW, Suite 1050  
Washington, DC 20006  
202 682 4610 T  
www.experian.com

March 14, 2016

The Honorable Angus McKelvey  
Chair, Hawai'i House Committee on Consumer Protection and Commerce  
Hawaii State Capitol

Re: [Senate Bill 2681, S.D.1](#), Relating to Consumer Credit Reporting Agencies

Dear Chair McKelvey:

On behalf of Experian, I write to support the intent of S.B. 2681, S.D. 1 and respectfully request an amendment to ensure the final legislation allows sufficient flexibility to provide robust consumer protection. Specifically, we request the legislation to allow for 30 days to remove a minor credit freeze, rather than the current three business days in the SD1.

As credit reporting companies do not maintain credit reports on minors, the development of minor credit freeze laws across the country have been established separately from the obligations of an adult freeze. While both share the name "credit freeze," the creation and protection mechanisms are very different. For example, the files that are credited for adults are established from lenders, while the creation of records for children must be established by the credit reporting bureau. As such, credit bureaus must construct enhanced authentication requirements to ensure against fraud and documents to authenticate the parent, child, and their relationship must be hand-reviewed.

It is Experian's intention to service consumer requests and remove a minor freeze as quickly as possible. However, there are circumstances which require additional time to ensure a high level of consumer protection. Such as when one parent request the child's security freeze and another requests the removal, which may occur for minors in foster care. Further, the types of documents submitted for placement and removal may be different and require an enhanced review.

Fraud against family members, especially children, is one of the most difficult forms of identity theft to resolve. To that end, we are thankful for the changes to the legislation to ensure Hawaii has equal consumer protections in place and we respectfully encourage the legislature to extend the time frame for removing a minor credit freeze to 30 days.

Sincerely,

A handwritten signature in blue ink that reads "Jeremy Hancock".

Jeremy Hancock  
Director, Government Affairs



March 15, 2016

The Honorable Angus McKelvey  
Chair, Hawaii House Committee on Consumer Protection and Commerce  
Hawaii State Capitol

Re: Senate Bill 2681, S.D.1, Relating to Consumer Credit Reporting Agencies

Dear Chair McKelvey:

On behalf of Equifax, I am writing to you in regards to S.B. 2681, S.D.1. Thank you for your hard work and leadership on such an important issue. While we do not object to the intentions of S.B. 2681, which is to protect consumers and prevent identity theft, there is one requirement that we believe could have an unintended, negative impact on consumers and our business. I respectfully request that you consider amending the time needed for credit reporting agencies to remove a credit freeze for minors from the present three business days in the S.D.1 to 30 days.

Since Equifax does not knowingly create credit files for minors, unless requested by their guardian or representative, the process of setting and removing a credit freeze is detailed and highly manual. To place a freeze, Equifax must certify that the consumer exists via original documents (birth certificate, social security card or court document), validate whether or not the representative has the proper authority to act on behalf of the minor consumer, and finally, cross reference their records to assure that the information matches up. When it comes to removal of a freeze, it is Equifax's policy to remove the freeze as quickly as possible, but in order to do so we must manually verify the identity of the individual making the request, a process that is in place solely to protect the consumer.

There are a number of valid reasons why a 30-day timeframe for removal is necessary. For example, one parent may request the placement of the freeze and another may request the removal. In this case, the same authentication that is performed when placing the freeze would have to occur for the removal to be processed. It is reasons like this that we would encourage you to consider allowing more flexibility as it relates to the removal of a minor freeze.

To date, 21 states have enacted minor freeze laws and the standard for removal established by these states is 30 days. This extra time is necessary for credit reporting agencies to make sure we are removing the right freeze for the right person for the right reason. Allowing for the additional time necessary to process the removal furthers the goal of protecting consumers by making sure we do the right thing under law and practice. With an increasing rate of identity theft amongst minors, we appreciate your hard work on this important legislation and we respectfully encourage your committee to amend the three day removal timeframe to 30 days.

Sincerely,

Nick Stowell  
Senior Director, Government Relations