

# HB2342 HD1

Measure Title: RELATING TO CONSUMER CREDIT REPORTING AGENCIES.

Report Title: Consumer Credit Reporting Agencies; Security Freeze; Credit Report; Protected Consumers; Fees

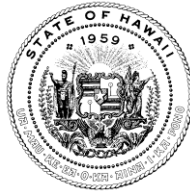
Description: Eliminates the fee charged by a consumer credit reporting agency to place, lift, or remove a security freeze requested by a consumer, protected consumer, or a protected consumer's representative. Allows a consumer to request a security freeze at any time. (HB2342 HD1)

Companion: [SB2769](#)

Package: Governor

Current Referral: CPH

Introducer(s): SAIKI (Introduced by request of another party)



DAVID Y. IGE  
GOVERNOR  
DOUGLAS S. CHIN  
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CATHERINE P. AWAKUNI COLÓN  
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TO THE SENATE COMMITTEE ON  
COMMER, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE  
Regular Session of 2018

Thursday, March 22, 2018  
9:15 a.m.

**TESTIMONY ON HOUSE BILL NO. 2342, H.D. 1, RELATING TO CONSUMER  
CREDIT REPORTING AGENCIES.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 2342, H.D. 1, Relating to Consumer Credit Reporting Agencies. My name is Stephen Levins, and I am the Executive Director of the Department’s Office of Consumer Protection (“OCP”). The Department strongly supports this administration bill and offers the following comments.

This bill allows a consumer reporting agency to place, temporarily lift, or remove a security freeze on the credit report of a consumer, protected consumer, or protected consumer’s representative (collectively, the “consumer”), without requiring the consumer to first meet certain conditions. H.D. 1 amends H.B. 2342 by: (1) removing the provision allowing consumers to request a security freeze through electronic mail; (2) preserving the consumer credit reporting agency’s ability to lift a security freeze when the freeze was executed in reliance of material representation by the consumer; and (3) changing the effective date to July 1, 2050, to promote further discussion.

Recent events involving security breaches of databases containing sensitive identifying information, such as social security numbers and addresses, have shown that repositories of consumers' personal information continue to be at high risk of infiltration by identity thieves. On July 29, 2017, consumer reporting agency Equifax discovered that criminals exploited a website vulnerability to gain access to names, social security numbers, birth dates, addresses, and driver's license numbers. In addition, criminals accessed the credit card numbers of 209,000 U.S. consumers and documents containing personal identifying information of approximately 182,000 U.S. consumers. This single cybersecurity incident potentially impacted 143 million U.S. consumers, of which approximately 449,982 were Hawaii consumers.

Although some consumers have taken steps to protect their personal information, many consumers have not requested that consumer reporting agencies place security freezes on their credit reports due to the associated costs and inconvenience. Currently, a consumer wishing to place a security freeze must send a request and payment of the \$5.00 fee to each major consumer reporting agency: Equifax, Experian, and TransUnion. A security freeze means the consumer's credit file cannot be shared with potential creditors, such as banks or mobile carriers. Therefore, if a consumer wants to open a new credit card account while a security freeze is in place, the consumer must contact and pay \$5.00 to all three consumer reporting agencies to temporarily lift the security freeze. After the creditor has obtained information from the consumer's credit file, the consumer must reinstate the security freeze by repeating the earlier steps. In this scenario, the consumer potentially pays \$45.00 in fees to the credit reporting agencies.

SECTIONS 3 and 4 of this bill amend Hawaii Revised Statutes ("HRS") sections 489P-3 and 489P-3.5 by eliminating: (1) the \$5.00 fee a consumer reporting agency charges a consumer to place, temporarily lift, or remove a security freeze; and (2) the requirement that a consumer send by certified mail proof of identity theft, such as a report from a law enforcement agency, and the security freeze request. This bill also expands the methods by which a consumer can submit the security freeze request, including first-class mail, telephone, and secure website.

OCP and representatives of the Consumer Data Industry Association (“CDIA”) met recently to discuss our differences on this measure and agreed to the amendments in H.D. 1 that remove the provision allowing consumers to request a security freeze by electronic mail and restoring the consumer reporting agency’s ability to lift a security freeze when the freeze was executed due to a material misrepresentation of fact by the consumer. In addition, OCP and CDIA agreed to an effective date of July 1, 2018.

As the number of identity thefts and security breaches continues to rise, consumers should be able to place, temporarily lift, or remove security freezes on their credit reports without being charged fees or needing to provide consumer reporting agencies with proof of identity theft by certified mail to obtain a fee waiver.

Thank you for the opportunity to testify in strong support of this administration bill, and we ask for your favorable consideration.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Ninth Legislature, State of Hawaii  
The Senate  
Committee on Commerce, Consumer Protection, and Health

Testimony by  
Hawaii Government Employees Association

March 22, 2018

H.B. 2342, H.D. 1 – RELATING TO CONSUMER  
CREDIT REPORTING AGENCIES

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the intent of H.B. 2342, H.D. 1 which eliminates the fee charged by a consumer reporting agency to place, lift, or remove a security freeze and allows a consumer to request a security freeze at any time. The passage of this measure is increasingly important, especially in light of the 2017 Equifax breach that exposed over 145 million U.S. social security numbers, driver's license numbers and personal information. Consumers should not be mandated to pay a fee, even a nominal fee, to freeze their credit reports.

Thank you for the opportunity to testify in support of H.B. 2342, H.D. 1.

Respectfully submitted,

Randy Perreira  
Executive Director



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Senate Committee on Commerce, Consumer Protection and Health  
Thursday, March 22, 2018  
9:15 a.m.  
Conference Room 229

To: Senator Rosalyn Baker, Chair  
Re: H.B. No. 2342, H.D. 1., Relating to Consumer Credit Reporting Agencies

Dear Chair Baker, Vice-Chair Tokuda, and Members of the Committee,

My name is Kerry M. Komatsubara and I am the Advocacy Director for AARP Hawai'i. AARP is a membership organization of people age fifty and over with about 150,000 members in Hawai'i. AARP advocates for issues that matter to Hawaii families, including the high cost of long-term care; access to affordable, quality health care for all generations; and serving as a reliable information source on issues critical to people over the age of fifty.

AARP Hawai'i strongly supports H.B. No. 2342, H.D. 1., which prohibits a consumer credit reporting agency from charging a fee for placing, lifting or removing a security freeze on a consumer's credit report or for placing or removing a security freeze on a protected consumer's credit report or records.

AARP Fraud Watch Network Ambassador Frank Abagnale Jr. helped pass the first law eliminating credit freeze fees in his home state of South Carolina. You may know of him because his autobiography was made into the movie *Catch Me if You Can* by director Steven Spielberg. As a teenager, Abagnale was an identity thief who stole millions of dollars from airlines and banks. He's since turned his life around and became a consultant to the FBI on fraud and is a top expert on identity theft. Abagnale came to Hawaii last year to help consumers here fight back against fraud. His visit came just after the credit reporting agency Equifax reported that information on millions of consumers was stolen from their data files.

Abagnale and other fraud experts say that one of the best ways to protect yourself against identity theft is to freeze your credit. A credit freeze enables you to know who wants access to your credit information and to approve the release of your credit report. That gives you a say in who can see your information. It will only be released to companies that you approve. So if you want to apply for a loan, you can unfreeze your credit so the loan officer can see it. But if an identity thief tries to use your credit report to open a credit card in your name, you can stop it. Attached is a copy of Mr. Abagnale's written testimony which he has asked us to submit for your review and consideration.

Hawaii law allows credit reporting agencies to charge \$5 to freeze and unfreeze your credit report. There are five credit reporting agencies so the fees can add up. AARP Hawaii believes that your credit report is your information. Credit reporting agencies already make money selling your information. They shouldn't be able to make more money from you if you want to protect that information.

Thank you for the opportunity to testify in support of H.B. No. 2342, H.D. 1.

AARP  
Real Possibilities



**SanHi**

GOVERNMENT STRATEGIES  
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 21, 2018

TO: Senator Rosalyn H. Baker  
Chair, Committee on Commerce, Consumer Protection, and Health  
*Submitted Via Capitol Website*

RE: **H.B. 2342, H.D.1 - Relating to Consumer Credit Reporting Agencies**  
**Hearing Date: Thursday, March 22, 2018 at 9:15 a.m.**  
**Conference Room: 229**

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Dear Chair Baker and Members of the Committee on Commerce, Consumer Protection, and Health:

We offer this testimony on behalf of the Consumer Data Industry Association (CDIA). Founded in 1906, CDIA is the international trade association that represents more than 100 data companies. CDIA members represent the nation's leading institutions in credit reporting, mortgage reporting, fraud prevention, risk management, employment screening, tenant screening and collection services.

CDIA submits **comments** regarding H.B. 2342, H.D.1 which eliminates the fee charged by a consumer reporting agency to place, lift, or remove a security freeze requested by a consumer, protected consumer, or a protected consumer's representative, and allows a consumer to request a security freeze at any time.

With the amendments made in the H.D.1 version of this bill, we remain neutral regarding the requirements proposed in the bill. CDIA appreciates the amendments made in the H.D.1, which eliminated the use of encrypted e-mail for the purpose of implementing a security freeze, and restored the ability to remove a freeze in the event of fraud. Although we have concerns about eliminating the fees for security freezes, we do not take a position regarding the proposal in this bill to make security freezes free.

We would note that, provided that the bill remains in its current form we would request an effective date of July 1, 2018, pursuant to our discussions with the Office of Consumer Protection.

Thank you for the opportunity to submit testimony on this measure.

**HB-2342-HD-1**

Submitted on: 3/16/2018 9:10:26 PM

Testimony for CPH on 3/22/2018 9:15:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Patrick Karjala     | Individual          | Support                   | No                        |

Comments:

Dear Honorable Senators Baker, Chang, and members of the Senate Committee on Commerce, Consumer Protection, and Health,

I am writing today in SUPPORT of HB2342 HD1, and ask that you AMEND the bill to have an effective date of July 1st, 2018, as per prior testimony from the DCCA and the Consumer Data Industry Association ("CDIA") given on February 21st, 2018.

Since the Equifax security breach in Fall of 2017, it is imperative that we give residents of Hawaii an opportunity to protect their credit free of charge, and place a credit freeze with no fee from the Credit Reporting Agencies.

This is the last committee that this bill must clear; please make the correct decision to SUPPORT this bill.

Sincerely,

Patrick Karjala  
Honolulu, HI



**HB-2342-HD-1**

Submitted on: 3/19/2018 7:40:51 AM

Testimony for CPH on 3/22/2018 9:15:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Frank O. Hay        | Individual          | Support                   | No                        |

Comments:

I strongly support House Bill 2342 in its current draft. This bill will create a simple and fair mechanism to correct a credit records.

Me ke aloha,

Frank O. Hay

**HB-2342-HD-1**

Submitted on: 3/19/2018 3:08:27 PM

Testimony for CPH on 3/22/2018 9:15:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Andrew Lum          | Individual          | Support                   | No                        |

Comments:

**HB-2342-HD-1**

Submitted on: 3/19/2018 9:27:45 PM

Testimony for CPH on 3/22/2018 9:15:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| lynne matusow       | Individual          | Support                   | No                        |

Comments:

**HB-2342-HD-1**

Submitted on: 3/20/2018 12:02:27 PM

Testimony for CPH on 3/22/2018 9:15:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Taurie Kinoshita    | Individual          | Support                   | No                        |

Comments:

I support HB2342. People who are victims of crimes should not have to pay more to have protection. This bill is crucial for protecting us. Thank you for your consideration.