

Wisconsin Department of Agriculture, Trade and Consumer Protection

Business Impact Analysis

Rule Subject: Credit Report Security Freezes
Adm. Code Reference: ATCP 112
Rules Clearinghouse #: Not yet assigned
DATCP Docket #: 06-R-08

This rule interprets part of a state statute related to consumer credit report “security freezes” (s. 100.54, Stats., created by 2005 Wis. Act 140), and requires a consumer credit reporting agency to implement written compliance procedures. This rule applies only to consumer credit reporting agencies. Currently there are only 3 credit reporting agencies operating in the United States. The statute and rule will therefore apply to a very small number of businesses, none of which are small businesses. This rule:

- Spells out the information that a credit reporting agency may require of a consumer who asks the agency to create a security freeze, in order to verify the consumer’s identity. This information is consistent with requirements under federal credit reporting law pertaining to proper identification.
- Spells out the information that a credit reporting agency may require of a consumer who asks the agency to release or terminate a security freeze, in order to verify the consumer’s identity. The agency may require the same information that it required to create the security freeze and may, in addition, require a password assigned to the consumer when the security freeze was created. This information is consistent with requirements under federal credit reporting law pertaining to proper identification.
- Requires credit reporting agencies to spell out written procedures for complying with this rule and s. 100.54 , Stats.
- Prevents some potential unfair business practice related to the unauthorized collection of personal information from consumers.

Business Impact

This rule will have a generally positive impact on business. This rule will have few, if any, negative impacts on business. Negative impacts, if any, will be limited. This rule only affects the following businesses in the following ways, none of these are “small businesses”:

- **Credit Reporting Agencies.** Currently, there are only 3 credit reporting agencies operating in the United States. This rule will regulate how a credit reporting agency may identify consumers who request security freezes or changes to their security freeze status. It regulates what information a consumer credit reporting agency may

request of an individual in order to confirm the individual's identity for the purposes of creating a security freeze, releasing a security freeze or removing a security freeze. This rule may prevent some potential unfair business practices related to the unauthorized collection of personal information from consumers.

Steps to Assist Small Business

None of the businesses affected by this rule are "small businesses." This rule does not make special exceptions for "small businesses,"

Conclusion

This rule will help protect Wisconsin consumers from becoming victims of identity theft. This rule will help consumer credit reporting agencies understand what information they can request of an individual wanting to place a security freeze on their account, release an existing security freeze or remove a security freeze.

Negative effects, if any, will be few and limited. This rule will not have a significant adverse effect on "small business," and is not subject to the delayed "small business" effective date provided in s. 227.22(2)(e), Stats.

Under 2003 Wis. Act 145, DATCP and other agencies must adopt rules spelling out their rule enforcement policy for small businesses. DATCP has not incorporated a small business enforcement policy in this rule, but will propose a separate rule on that subject. DATCP will, to the maximum extent feasible, seek voluntary compliance with this rule.

Dated this _____ day of _____, 2006

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE,
TRADE AND CONSUMER PROTECTION

By _____
Janet Jenkins, Administrator,
Division of Trade & Consumer Protection