



State of Wisconsin
Jim Doyle, Governor

Department of Agriculture, Trade and Consumer Protection
Rod Nilsestuen, Secretary

DATE: August 10, 2007

TO: Gary Poulson - Revisor of Statutes Office
131 West Wilson Street, Suite 800

FROM: Rodney J. Nilsestuen, Secretary

SUBJECT: **Credit Report Security Freezes; Final Draft Rule for Publication**
(Clearinghouse Rule No.06-130)

The Department of Agriculture, Trade and Consumer Protection (DATCP) hereby submits the following rule for publication:

CLEARINGHOUSE RULE #: **06-130**

SUBJECT: **Credit Report Security Freezes**

ADM. CODE REFERENCE: **ATCP 112**

DATCP DOCKET #: **06-R-05**

We are enclosing a copy of the final draft rule, as adopted by DATCP. We are also providing the following information for publication with the rule, as required by s. 227.114(6), Stats.

Final Regulatory Flexibility Analysis (Summary)

This rule implements s. 100.54, Stats. (created by 2005 Wis. Act 140), related to credit report security freezes. This rule clarifies the information that consumer reporting agencies may request in order to verify the identity of persons requesting credit report security freezes. Consumer reporting agencies must adopt written procedures to comply with s. 100.54, Stats., and this rule.

Section 100.54, Stats., created by 2005 Wisconsin Act 140, regulates access to consumer credit reports. The law permits a consumer to create a "security freeze" on his or her consumer credit report. A security freeze limits the release and distribution of the consumer credit report. At any time after creating a security freeze, the consumer may ask the consumer reporting agency to release the consumer's credit report for a specified period of time, or to terminate the security freeze altogether.

A consumer who asks a consumer reporting agency to create or release a security freeze must provide information to verify the consumer's identity. Under s. 100.54(12), Stats., DATCP must adopt rules to define what constitutes proper identification. Under s. 100.20(2), Stats., DATCP may prohibit unfair business practices (including unfair credit reporting practices) and require fair practices.

This rule does all of the following:

- Spells out the information that a consumer reporting agency may require of a consumer who asks the agency to create a security freeze, in order to verify the consumer's identity.
- Spells out the information that a consumer 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.
- Requires consumer reporting agencies to spell out written procedures for complying with this rule and s. 100.54, Stats.

This rule only affects consumer reporting agencies by regulating how the agency may identify consumers who request security freezes or changes to their security freeze status. The rule has no effect on a business that is not a consumer reporting agency. Currently, there are only 3 major consumer reporting agencies operating in the United States. None of these are small businesses.

Comments from Legislative Committees (Summary)

On April 13, 2007, DATCP transmitted the above rule for legislative review. The rule was assigned to the Senate Committee on Small Business, Emergency Preparedness, Workforce Development, Technical Colleges & Consumer Protection and to the Assembly Committee on Financial Institutions. The Assembly Committee on Financial Institutions held a hearing on June 14, 2007 and sent the rule back to DATCP requesting the department modify the rule to better clarify what constitutes proof of identity to release a credit report or remove a security freeze.

The Department considered this request and has modified the rule by adding a "Note" that clarifies what constitutes proof of identity to release a credit report or remove a security freeze.

The requested modifications were returned to the Assembly Committee on Financial Institutions, as well as the Senate Committee on Small Business, Emergency Preparedness, Workforce Development, Technical Colleges & Consumer Protection, on July 17, 2007. After receiving the rule with the requested modifications, neither the Assembly nor the Senate Committee took further action.