

**Proposed Substitute
Bill No. 6800**

LCO No. 4479

**AN ACT CONCERNING MORTGAGE CORRESPONDENT LENDERS,
THE SMALL LOAN ACT, VIRTUAL CURRENCIES AND SECURITY
FREEZES ON CONSUMER CREDIT REPORTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-718 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) On and after January 1, 2015, no person shall act as a mortgage
4 servicer, directly or indirectly, without first obtaining a license under
5 section 36a-719 from the commissioner for its main office and each
6 branch office where such business is conducted, unless such person is
7 exempt from licensure pursuant to subsection (b) of this section.

8 (b) The following persons are exempt from mortgage servicer
9 licensing requirements: (1) Any bank, out-of-state bank, Connecticut
10 credit union, federal credit union or out-of-state credit union, provided
11 such bank or credit union is federally insured; (2) any wholly-owned
12 subsidiary of such bank or credit union; (3) any operating subsidiary
13 where each owner of such operating subsidiary is wholly owned by
14 the same such bank or credit union; [and] (4) any person licensed as a
15 mortgage lender in this state while acting as a mortgage servicer from
16 a location licensed as a main office or branch office under sections 36a-
17 485 to 36a-498f, inclusive, 36a-534a and 36a-534b, provided (A) such

18 person meets the supplemental mortgage servicer surety bond, fidelity
19 bond and errors and omissions coverage requirements under section
20 36a-719c, and (B) during any period that the license of the mortgage
21 lender in this state has been suspended, such exemption shall not be
22 effective; and (5) any person licensed as a mortgage correspondent
23 lender in this state while acting as a mortgage servicer with respect to
24 any residential mortgage loan it has made and during the permitted
25 ninety-day holding period for such loan from a location licensed as a
26 main office or branch office under sections 36a-485 to 36a-498f,
27 inclusive, 36a-534a and 36a-534b, provided during any period the
28 license of the mortgage correspondent lender in this state has been
29 suspended, such exemption shall not be effective.

30 (c) The provisions of sections 36a-719e to 36a-719h, inclusive, shall
31 apply to any person, including a person exempt from licensure
32 pursuant to subsection (b) of this section, who acts as a mortgage
33 servicer in this state on or after January 1, 2015.

34 Sec. 2. Subsection (c) of section 36a-719c of the general statutes is
35 repealed and the following is substituted in lieu thereof (*Effective from*
36 *passage*):

37 (c) The fidelity bond and errors and omissions coverage required by
38 subsection (a) of this section shall name the commissioner as an
39 additional loss payee on drafts the surety issues to pay for covered
40 losses directly or indirectly incurred by mortgagors of residential
41 mortgage loans serviced by the mortgage servicer. The fidelity bond
42 shall cover losses arising from dishonest and fraudulent acts,
43 embezzlement, misplacement, forgery and similar events committed
44 by employees of the mortgage servicer. The errors and omissions
45 coverage shall cover losses arising from negligence, errors and
46 omissions by the mortgage servicer with respect to the payment of real
47 estate taxes and special assessments, hazard and flood insurance or the
48 maintenance of mortgage and guaranty insurance. The fidelity bond
49 and errors and omissions coverage shall each be in the following
50 principal amounts based on the mortgage servicer's volume of

51 servicing activity most recently reported to the commissioner:

52 (1) If the amount of the residential mortgage loans serviced is one
53 hundred million dollars or less, the principal amount shall be at least
54 three hundred thousand dollars; or

55 (2) If the amount of such loans exceeds one hundred million dollars,
56 the principal amount shall be at least three hundred thousand dollars
57 plus (A) three-twentieths of one per cent of the amount of residential
58 mortgage loans serviced greater than one hundred million dollars but
59 less than or equal to five hundred million dollars; (B) plus one-eighth
60 of one per cent of the amount of residential mortgage loans serviced
61 greater than five hundred million dollars but less than or equal to one
62 billion dollars; and (C) plus one-tenth of one per cent of the amount of
63 residential mortgage loans serviced greater than one billion dollars.

64 The fidelity bond and errors and omissions coverage may provide
65 for a deductible amount not to exceed the greater of one hundred
66 thousand dollars or five per cent of the [principal amount] face amount
67 of such bond or coverage.

68 Sec. 3. Section 36a-719d of the general statutes is repealed and the
69 following is substituted in lieu thereof (*Effective from passage*):

70 (a) Each mortgage servicer licensee and person exempt from
71 licensure pursuant to subdivision (4) or (5) of subsection (b) of section
72 36a-718, as amended by this act, shall maintain adequate records of
73 each residential mortgage loan transaction at the office named in the
74 mortgage servicer or mortgage lender license, or, if requested by the
75 [Banking Commissioner] commissioner, shall make such records
76 available at such office or send such records to the commissioner by
77 registered or certified mail, return receipt requested, or by any express
78 delivery carrier that provides a dated delivery receipt, not later than
79 five business days after requested by the commissioner to do so. Upon
80 request, the commissioner may grant a licensee additional time to
81 make such records available or send them to the commissioner. Such
82 records shall provide the following information: (1) A loan history for

83 residential mortgage loans upon which payments are received or made
84 by the mortgage servicer, itemizing the amount and date of each
85 payment and the unpaid balance at all times; (2) the original or an
86 exact copy of the note, residential mortgage or other evidence of
87 indebtedness and mortgage deed; (3) the name and address of the
88 mortgage lender, mortgage correspondent lender and mortgage
89 broker, if any, involved in the residential mortgage loan transaction;
90 (4) copies of any disclosures or notifications provided to the mortgagor
91 required by state or federal law; (5) a copy of any bankruptcy plan
92 approved in a proceeding filed by the mortgagor or a co-owner of the
93 property subject to the residential mortgage loan; (6) a
94 communications log that documents all verbal communications with
95 the mortgagor or the mortgagor's representative; and (7) a copy of all
96 notices sent to the mortgagor related to any foreclosure proceeding
97 filed against the encumbered property.

98 (b) Every mortgage servicer licensee and person exempt from
99 licensure pursuant to subdivision (4) or (5) of subsection (b) of section
100 36a-718, as amended by this act, shall retain the records of each
101 residential mortgage loan serviced for not less than two years
102 following the final payment on such residential mortgage loan, or the
103 assignment of such residential mortgage loan, whichever occurs first,
104 or such longer period as may be required by any other provision of
105 law. Every mortgage servicer licensee and person exempt from
106 licensure pursuant to subdivision (4) or (5) of subsection (b) of section
107 36a-718, as amended by this act, shall keep and use in its business
108 books, accounts and records that will enable the commissioner to
109 determine whether such mortgage servicer is complying with the
110 provisions of sections 36a-715 to 36a-719l, inclusive, and with any
111 regulations adopted pursuant thereto.

112 Sec. 4. Section 36a-573 of the general statutes is repealed and the
113 following is substituted in lieu thereof (*Effective from passage*):

114 (a) No person, except as authorized by the provisions of sections
115 36a-555 to 36a-573, inclusive, shall, directly or indirectly, charge,

116 contract for or receive any interest, charge or consideration greater
117 than twelve per cent per annum upon the loan, use or forbearance of
118 money or credit of the amount or value of (1) five thousand dollars or
119 less for any such transaction entered into before October 1, 1997, and
120 (2) fifteen thousand dollars or less for any such transaction entered
121 into on and after October 1, 1997. The provisions of this section shall
122 apply to any person who, as security for any such loan, use or
123 forbearance of money or credit, makes a pretended purchase of
124 property from any person and permits the owner or pledgor to retain
125 the possession thereof, or who, by any device or pretense of charging
126 for the person's services or otherwise, seeks to obtain a greater
127 compensation than twelve per cent per annum. No loan for which a
128 greater rate of interest or charge than is allowed by the provisions of
129 sections 36a-555 to 36a-573, inclusive, has been contracted for or
130 received, wherever made, shall be enforced in this state, and any
131 person in any way participating therein in this state shall be subject to
132 the provisions of said sections, provided, a loan lawfully made after
133 June 5, 1986, in compliance with a validly enacted licensed loan law of
134 another state to a borrower who was not, at the time of the making of
135 such loan, a resident of Connecticut but who has become a resident of
136 Connecticut, may be acquired by a licensee and its interest provision
137 shall be enforced in accordance with its terms.

138 (b) The provisions of subsection (a) of this section shall apply to any
139 loan made or renewed in this state if the loan is made to a borrower
140 who resides in or maintains a domicile in this state and such borrower
141 (1) negotiates or agrees to the terms of the loan in person, by mail, by
142 telephone or via the Internet while physically present in this state; (2)
143 enters into or executes a loan agreement with the lender in person, by
144 mail, by telephone or via the Internet while physically present in this
145 state; or (3) makes a payment of the loan in this state. As used in this
146 subsection, "payment of the loan" includes a debit on an account the
147 borrower holds in a branch of a financial institution or the use of a
148 negotiable instrument drawn on an account at a financial institution,
149 and "financial institution" means any bank or credit union chartered or

150 licensed under the laws of this state, any other state or the United
151 States and having its main office or a branch office in this state.

152 (c) For transactions subject to the provisions of subsection (a) of this
153 section, if any interest, consideration or charges in excess of those
154 permitted are charged, contracted for or received, the contract of loan,
155 use or forbearance of money or credit shall be void and no person shall
156 have the right to collect or receive any principal, interest, charge or
157 other consideration.

158 (d) No person shall, directly or indirectly, assist or aid and abet any
159 person in conduct prohibited by sections 36a-555 to 36a-573, inclusive.

160 ~~[(c)]~~ (e) Whenever it appears to the commissioner that any person
161 has violated the provisions of [subsection (a) of] this section or offered
162 a loan that violates the provisions of [subsection (a) of] this section, the
163 commissioner may investigate, take administrative action or assess
164 civil penalties and restitution in accordance with the provisions of
165 sections 36a-50 and 36a-52.

166 Sec. 5. Section 36a-596 of the general statutes is repealed and the
167 following is substituted in lieu thereof (*Effective October 1, 2015*):

168 As used in sections 36a-595 to 36a-612, inclusive:

169 (1) "Authorized delegate" means a person designated by a person
170 licensed pursuant to sections 36a-595 to 36a-612, inclusive, to provide
171 money transmission services on behalf of such licensed person.

172 (2) "Electronic payment instrument" means a card or other tangible
173 object for the transmission of money or monetary value or payment of
174 money which contains a microprocessor chip, magnetic stripe, or other
175 means for the storage of information, that is prefunded and for which
176 the value is decremented upon each use, but does not include a card or
177 other tangible object that is redeemable by the issuer in the issuer's
178 goods or services.

179 (3) "Holder" means a person, other than a purchaser, who is either in

180 possession of a payment instrument and is the named payee thereon or
181 in possession of a payment instrument issued or endorsed to such
182 person or bearer or in blank. "Holder" does not include any person
183 who is in possession of a lost, stolen or forged payment instrument.

184 (4) "Licensee" means any person licensed or required to be licensed
185 pursuant to sections 36a-595 to 36a-612, inclusive.

186 (5) "Monetary value" means a medium of exchange, whether or not
187 redeemable in money.

188 (6) "Money transmission" means engaging in the business of issuing
189 or selling payment instruments or stored value, receiving money or
190 monetary value for current or future transmission or the business of
191 transmitting money or monetary value within the United States or to
192 locations outside the United States by any and all means including, but
193 not limited to, payment instrument, wire, facsimile or electronic
194 transfer.

195 (7) "Outstanding" means (A) in the case of a payment instrument or
196 stored value, that: (i) It is sold or issued in the United States; (ii) a
197 report of it has been received by a licensee from its authorized
198 delegates; and (iii) it has not yet been paid by the issuer, and (B) for all
199 other money transmissions, the value reported to the licensee for
200 which the licensee or any authorized delegate has received money or
201 its equivalent value from the customer for transmission, but has not
202 yet completed the money transmission by delivering the money or
203 monetary value to the person designated by the customer.

204 (8) "Payment instrument" means a check, draft, money order,
205 travelers check or electronic payment instrument that evidences either
206 an obligation for the transmission of money or monetary value or
207 payment of money, or the purchase or the deposit of funds for the
208 purchase of such check, draft, money order, travelers check or
209 electronic payment instrument.

210 (9) "Permissible investment" means: (A) Cash in United States

211 currency; (B) time deposits, as defined in section 36a-2, or other debt
212 instruments of a bank; (C) bills of exchange or bankers acceptances
213 which are eligible for purchase by member banks of the Federal
214 Reserve System; (D) commercial paper of prime quality; (E) interest-
215 bearing bills, notes, bonds, debentures or other obligations issued or
216 guaranteed by: (i) The United States or any of its agencies or
217 instrumentalities, or (ii) any state, or any agency, instrumentality,
218 political subdivision, school district or legally constituted authority of
219 any state if such investment is of prime quality; (F) interest-bearing
220 bills or notes, or bonds, debentures or preferred stocks, traded on any
221 national securities exchange or on a national over-the-counter market,
222 if such debt or equity investments are of prime quality; (G) receivables
223 due from authorized delegates consisting of the proceeds of the sale of
224 payment instruments which are not past due or doubtful of collection;
225 (H) gold; and (I) any other investments approved by the
226 commissioner. Notwithstanding the provisions of this subdivision, if
227 the commissioner at any time finds that an investment of a licensee is
228 unsatisfactory for investment purposes, the investment shall not
229 qualify as a permissible investment.

230 (10) "Prime quality" of an investment means that it is within the top
231 four rating categories in any rating service recognized by the
232 commissioner unless the commissioner determines for any licensee
233 that only those investments in the top three rating categories qualify as
234 "prime quality".

235 (11) "Purchaser" means a person who buys or has bought a payment
236 instrument or who has given money or monetary value for current or
237 future transmission.

238 (12) "Stored value" means monetary value that is evidenced by an
239 electronic record. For the purposes of this subdivision, "electronic
240 record" means information that is stored in an electronic medium and
241 is retrievable in perceivable form.

242 (13) "Travelers check" means a payment instrument for the payment

243 of money that contains a provision for a specimen signature of the
244 purchaser to be completed at the time of a purchase of the instrument
245 and a provision for a countersignature of the purchaser to be
246 completed at the time of negotiation.

247 (14) "Virtual currency" means any type of digital unit that is used as
248 a medium of exchange or a form of digitally stored value or that is
249 incorporated into payment system technology. Virtual currency shall
250 be construed to include digital units of exchange that (A) have a
251 centralized repository or administrator; (B) are decentralized and have
252 no centralized repository or administrator; or (C) may be created or
253 obtained by computing or manufacturing effort. Virtual currency shall
254 not be construed to include digital units that are used (i) solely within
255 online gaming platforms with no market or application outside such
256 gaming platforms, or (ii) exclusively as part of a consumer affinity or
257 rewards program, and can be applied solely as payment for purchases
258 with the issuer or other designated merchants, but cannot be converted
259 into or redeemed for fiat currency.

260 Sec. 6. Subsection (a) of section 36a-598 of the general statutes is
261 repealed and the following is substituted in lieu thereof (*Effective*
262 *October 1, 2015*):

263 (a) Each application for an initial or renewal license required under
264 sections 36a-595 to 36a-612, inclusive, shall be made in writing and
265 under oath to the commissioner in such form as the commissioner may
266 prescribe. The application shall include:

267 (1) The exact name of the applicant and, if incorporated, the date of
268 incorporation and the state where incorporated;

269 (2) The complete address of the principal office from which the
270 business is to be conducted and of the office where the books and
271 records of the applicant are to be maintained;

272 (3) The complete name and address of each of the applicant's
273 locations and authorized delegates, if any, through which the applicant

274 intends to engage in the business of money transmission in this state;

275 (4) The name, title, address and telephone number of the person to
276 whom notice of the commissioner's approval or disapproval of the
277 application shall be sent and to whom any inquiries by the
278 commissioner concerning the application shall be directed;

279 (5) The name and residence address of the individual, if the
280 applicant is an individual; the partners, if the applicant is a
281 partnership; the directors, trustees, principal officers, and any
282 shareholder owning ten per cent or more of each class of its securities,
283 if the applicant is a corporation or association; or the members, if the
284 applicant is a limited liability company;

285 (6) (A) A copy of the applicant's audited financial statements for the
286 most recent fiscal year, (B) if the applicant is a wholly-owned
287 subsidiary of another corporation, (i) the most recent audited
288 consolidated annual financial statements of the parent corporation or
289 the applicant's most recent audited consolidated annual financial
290 statement, and (ii) the most recent audited unconsolidated financial
291 statement of the applicant, including its balance sheet and receipts and
292 disbursements for the preceding year, (C) if the applicant is publicly
293 traded, a copy of the most recent 10-K report that such applicant filed
294 with the Securities Exchange Commission or, if the applicant is a
295 wholly-owned subsidiary of a publicly traded company, a copy of the
296 parent company's most recent 10-K report that was filed with the
297 Securities and Exchange Commission, and (D) if the applicant or
298 parent company of a wholly-owned subsidiary applicant is publicly
299 traded on a foreign exchange, a copy of documentation similar to the
300 report filed pursuant to subparagraph (C) of this subdivision that was
301 filed with the applicable securities regulator;

302 (7) A list of the applicant's permissible investments, the book and
303 market values of such investments, and the dollar amount of the
304 applicant's aggregate outstanding money transmissions (A) as of the
305 date of the financial statement filed in accordance with subdivision (6)

306 of this subsection; and (B) as of a date no earlier than thirty business
307 days prior to the filing of the application;

308 (8) The history of material litigation for the five-year period prior to
309 the date of the application of the individual, if the applicant is an
310 individual; the partners, if the applicant is a partnership; the directors,
311 trustees, principal officers and any shareholder owning ten per cent or
312 more of each class of its securities, if the applicant is a corporation or
313 association; or the members, if the applicant is a limited liability
314 company, and sufficient information pertaining to the history of
315 material litigation, in a form acceptable to the commissioner, on such
316 individual or the partners, directors, trustees, principal officers,
317 members and any shareholder owning ten per cent or more of each
318 class of the applicant's securities. For purposes of this section, "material
319 litigation" means any litigation that, according to generally accepted
320 accounting principles, is deemed significant to a person's financial
321 health and that such person is required to reference in an annual
322 audited financial statement, a report to shareholders or a similar
323 document;

324 (9) (A) The history of criminal convictions of the individual, if the
325 applicant is an individual; the partners, if the applicant is a
326 partnership; the directors, trustees, principal officers and any
327 shareholder owning ten per cent or more of each class of its securities
328 if the applicant is a corporation or association; or the members, if the
329 applicant is a limited liability company, and (B) sufficient information
330 pertaining to the history of criminal convictions, in a form acceptable
331 to the commissioner, on such individual or the partners, directors,
332 trustees, principal officers, members and any shareholder owning ten
333 per cent or more of each class of the applicant's securities;

334 (10) (A) The surety bond required by subsection (a) of section 36a-
335 602, as amended by this act, if applicable;

336 (B) A list of the investments maintained in accordance with
337 subsection (d) of section 36a-602, if applicable, and the book and

338 market values of any such investments (i) as of the date of the financial
339 statement filed in accordance with subdivision (6) of this subsection;
340 and (ii) as of a date no earlier than thirty business days prior to the
341 filing of the application;

342 (11) A statement describing the type of money transmission
343 business that will be conducted by the applicant in this state and
344 whether such money transmission will include the transmission of
345 monetary value in the form of virtual currency;

346 (12) The name and address of any financial institution used by the
347 applicant for its money transmission business in this state;

348 (13) For each authorized delegate, a sample of the contract
349 evidencing the proposed arrangement between the applicant and the
350 authorized delegate; and

351 (14) Any other information the commissioner may require.

352 Sec. 7. Section 36a-600 of the general statutes is repealed and the
353 following is substituted in lieu thereof (*Effective October 1, 2015*):

354 (a) Upon the filing of an application for an initial license, and the
355 payment of the fees for investigation and license, the commissioner
356 shall investigate the financial condition and responsibility, financial
357 and business experience, character and general fitness of the applicant.
358 The commissioner may issue a license if the commissioner finds that:

359 (1) The applicant's financial condition is sound;

360 (2) The applicant's business will be conducted honestly, fairly,
361 equitably, carefully and efficiently within the purposes and intent of
362 sections 36a-595 to 36a-612, inclusive, and in a manner commanding
363 the confidence and trust of the community;

364 (3) (A) If the applicant is an individual, such individual is in all
365 respects properly qualified and of good character, (B) if the applicant is
366 a partnership, each partner is in all respects properly qualified and of

367 good character, (C) if the applicant is a corporation or association, each
368 president, chairperson of the executive committee, senior officer
369 responsible for the corporation's business, chief financial officer or any
370 other person who performs similar functions as determined by the
371 commissioner, director, trustee and each shareholder owning ten per
372 cent or more of each class of the securities of such corporation is in all
373 respects properly qualified and of good character, or (D) if the
374 applicant is a limited liability company, each member is in all respects
375 properly qualified and of good character;

376 (4) The applicant is in compliance with the provisions of sections
377 36a-602 to 36a-604, inclusive, as amended by this act;

378 (5) No person on behalf of the applicant knowingly has made any
379 incorrect statement of a material fact in the application, or in any
380 report or statement made pursuant to sections 36a-595 to 36a-612,
381 inclusive;

382 (6) No person on behalf of the applicant knowingly has omitted to
383 state any material fact necessary to give the commissioner any
384 information lawfully required by the commissioner; and

385 (7) The applicant has paid the investigation fee and license fee
386 required under section 36a-599.

387 (b) The commissioner may deny an application if the commissioner
388 finds that the applicant or any of its partners, directors, trustees,
389 principal officers or shareholders owning ten per cent or more of the
390 shares of the applicant or members (1) are listed on the specially
391 designated nationals and blocked persons list prepared by the United
392 States Department of the Treasury, or (2) have been convicted of any
393 misdemeanor involving any aspect of the money transmission
394 business or any felony. Any denial of an application by the
395 commissioner shall, when applicable, be subject to the provisions of
396 section 46a-80.

397 (c) Notwithstanding the provisions of this section, the commissioner

398 may deny any application of a person who will or may engage in the
399 business of transmitting monetary value in the form of virtual
400 currency if, in the commissioner's discretion, the issuance of such a
401 license would represent undue risk of financial loss to consumers,
402 considering the applicant's proposed business model.

403 (d) The commissioner may, in the commissioner's discretion, place
404 additional requirements, restrictions or conditions upon the license of
405 any applicant who will or may engage in the business of transmitting
406 monetary value in the form of virtual currency, including the amount
407 of surety bond required by section 36a-602, as amended by this act.

408 Sec. 8. Subsection (a) of section 36a-602 of the general statutes is
409 repealed and the following is substituted in lieu thereof (*Effective*
410 *October 1, 2015*):

411 (a) As a condition for the issuance and retention of the license,
412 applicants for a license and licensees shall file with the commissioner a
413 surety bond, the form of which shall be approved by the Attorney
414 General, issued by a bonding company or insurance company
415 authorized to do business in this state. The bond shall be conditioned
416 upon the licensee and the licensee's authorized delegates faithfully
417 performing all obligations with respect to the licensee's money
418 transmission business in this state and conducting such business in
419 this state consistent with the provisions of sections 36a-595 to 36a-612,
420 inclusive. The bond shall be in favor of the commissioner [,] and run
421 concurrently with the period of the license. [and] For applicants and
422 licensees who will not be engaged in the business of transmitting
423 monetary value in the form of virtual currency, such bond shall be in
424 the principal sum of not less than: (1) Three hundred thousand dollars
425 for any applicant and any licensee with an average weekly amount of
426 money transmissions in this state of less than three hundred thousand
427 dollars for the most recent twelve-month period ending June thirtieth,
428 (2) five hundred thousand dollars for any licensee with an average
429 weekly amount of money transmissions in this state equal to or greater
430 than three hundred thousand dollars but less than or equal to five

431 hundred thousand dollars for the most recent twelve-month period
432 ending June thirtieth, or (3) one million dollars for any licensee with an
433 average weekly amount of money transmissions in this state exceeding
434 five hundred thousand dollars for the most recent twelve-month
435 period ending June thirtieth. For purposes of this section, "money
436 transmissions" includes (A) money or monetary value received or
437 transmitted in this state, and (B) stored value and payment
438 instruments issued or sold in this state. For applicants and licensees
439 who will or may engage in the business of transmitting monetary
440 value in the form of virtual currency, such bond shall be in a principal
441 sum as determined by the commissioner and shall be calculated
442 reasonably to address the current and prospective volatility of the
443 market in such currency or currencies.

444 Sec. 9. Section 36a-701a of the general statutes is repealed and the
445 following is substituted in lieu thereof (*Effective from passage*):

446 (a) Any consumer may submit a written request, by certified mail or
447 such other secure method as authorized by a credit rating agency, to a
448 credit rating agency to place a security freeze on such consumer's
449 credit report. Such credit rating agency shall place a security freeze on
450 a consumer's credit report not later than five business days after
451 receipt of such request. Not later than ten business days after placing a
452 security freeze on a consumer's credit report, such credit rating agency
453 shall send a written confirmation of such security freeze to such
454 consumer that provides the consumer with a unique personal
455 identification number or password to be used by the consumer when
456 providing authorization for the release of such consumer's report to a
457 third party or for a period of time.

458 (b) In the event such consumer wishes to authorize the disclosure of
459 such consumer's credit report to a third party, or for a period of time,
460 while such security freeze is in effect, such consumer shall contact such
461 credit rating agency and provide: (1) Proper identification, (2) the
462 unique personal identification number or password described in
463 subsection (a) of this section, and (3) proper information regarding the

464 third party who is to receive the credit report or the time period for
465 which the credit report shall be available. Any credit rating agency that
466 receives a request from a consumer pursuant to this section shall lift
467 such security freeze not later than three business days after receipt of
468 such request.

469 (c) Except for the temporary lifting of a security freeze as provided
470 in subsection (b) of this section, any security freeze authorized
471 pursuant to the provisions of this section shall remain in effect until
472 such time as such consumer requests such security freeze to be
473 removed. A credit rating agency shall remove such security freeze not
474 later than three business days after receipt of such request provided
475 such consumer provides proper identification to such credit rating
476 agency and the unique personal identification number or password
477 described in subsection (a) of this section at the time of such request
478 for removal of the security freeze.

479 (d) Any credit rating agency may develop procedures to receive and
480 process such request from a consumer to temporarily lift or remove a
481 security freeze on a credit report pursuant to subsection (b) of this
482 section. Such procedures, at a minimum, shall include, but not be
483 limited to, the ability of a consumer to send such temporary lift or
484 removal request by electronic mail, letter or facsimile.

485 (e) In the event that a third party requests access to a consumer's
486 credit report that has such a security freeze in place and such third
487 party request is made in connection with an application for credit or
488 any other use and such consumer has not authorized the disclosure of
489 such consumer's credit report to such third party, such third party may
490 deem such credit application as incomplete.

491 (f) Any credit rating agency may refuse to implement or may
492 remove such security freeze if such agency believes, in good faith, that:
493 (1) The request for a security freeze was made as part of a fraud that
494 the consumer participated in, had knowledge of, or that can be
495 demonstrated by circumstantial evidence, or (2) the consumer credit

496 report was frozen due to a material misrepresentation of fact by the
497 consumer. In the event any such credit rating agency refuses to
498 implement or removes a security freeze pursuant to this subsection,
499 such credit rating agency shall promptly notify such consumer in
500 writing of such refusal not later than five business days after such
501 refusal or, in the case of a removal of a security freeze, prior to
502 removing the freeze on the consumer's credit report.

503 (g) Nothing in this section shall be construed to prohibit disclosure
504 of a consumer's credit report to: (1) A person, or the person's
505 subsidiary, affiliate, agent or assignee with which the consumer has or,
506 prior to assignment, had an account, contract or debtor-creditor
507 relationship for the purpose of reviewing the account or collecting the
508 financial obligation owing for the account, contract or debt; (2) a
509 subsidiary, affiliate, agent, assignee or prospective assignee of a person
510 to whom access has been granted under subsection (b) of this section
511 for the purpose of facilitating the extension of credit or other
512 permissible use; (3) any person acting pursuant to a court order,
513 warrant or subpoena; (4) any person for the purpose of using such
514 credit information to prescreen as provided by the federal Fair Credit
515 Reporting Act; (5) any person for the sole purpose of providing a credit
516 file monitoring subscription service to which the consumer has
517 subscribed; (6) a credit rating agency for the sole purpose of providing
518 a consumer with a copy of his or her credit report upon the consumer's
519 request; or (7) a federal, state or local governmental entity, including a
520 law enforcement agency, or court, or their agents or assignees
521 pursuant to their statutory or regulatory duties. For purposes of this
522 subsection, "reviewing the account" includes activities related to
523 account maintenance, monitoring, credit line increases and account
524 upgrades and enhancements.

525 (h) The following persons shall not be required to place a security
526 freeze on a consumer's credit report, provided such persons shall be
527 subject to any security freeze placed on a credit report by another
528 credit rating agency: (1) A check services or fraud prevention services
529 company that reports on incidents of fraud or issues authorizations for

530 the purpose of approving or processing negotiable instruments,
531 electronic fund transfers or similar methods of payment; (2) a deposit
532 account information service company that issues reports regarding
533 account closures due to fraud, substantial overdrafts, automated teller
534 machine abuse, or similar information regarding a consumer to
535 inquiring banks or other financial institutions for use only in reviewing
536 a consumer request for a deposit account at the inquiring bank or
537 financial institution; or (3) a credit rating agency that: (A) Acts only to
538 resell credit information by assembling and merging information
539 contained in a database of one or more credit reporting agencies; and
540 (B) does not maintain a permanent database of credit information from
541 which new credit reports are produced.

542 (i) [A] (1) Except as provided in subdivision (2) of this subsection, a
543 credit rating agency may charge a fee of not more than ten dollars to a
544 consumer for each security freeze, removal of such freeze or temporary
545 lift of such freeze for a period of time, and a fee of not more than
546 twelve dollars for a temporary lift of such freeze for a specific party.

547 (2) A credit rating agency shall not charge the fees authorized by
548 subdivision (1) of this subsection to: (A) A victim of identity theft who
549 has submitted a copy of a police report prepared pursuant to section
550 54-1n; (B) the spouse of any victim of identity theft; (C) a person sixty-
551 two years of age or older; (D) a person under eighteen years of age; (E)
552 a person for whom a guardian or conservator has been appointed by a
553 court; and (F) a victim of domestic violence, as defined in subdivision
554 (1) of subsection (a) of section 17b-112a, who has provided evidence of
555 such domestic violence as specified in subsection (b) of section 17b-
556 112a. No credit rating agency shall charge a fee to a consumer for a
557 replacement personal identification number when such replacement is
558 the first one requested by the consumer.

559 (j) An insurer, as defined in section 38a-1, may deny an application
560 for insurance if an applicant has placed a security freeze on such
561 applicant's credit report and fails to authorize the disclosure of such
562 applicant's credit report to such insurer pursuant to the provisions of

563 subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	36a-718
Sec. 2	<i>from passage</i>	36a-719c(c)
Sec. 3	<i>from passage</i>	36a-719d
Sec. 4	<i>from passage</i>	36a-573
Sec. 5	<i>October 1, 2015</i>	36a-596
Sec. 6	<i>October 1, 2015</i>	36a-598(a)
Sec. 7	<i>October 1, 2015</i>	36a-600
Sec. 8	<i>October 1, 2015</i>	36a-602(a)
Sec. 9	<i>from passage</i>	36a-701a