

# ARCHER & GREINER

## ATTORNEYS AT LAW

December 22, 2003

### CLIENT ADVISORY

## President Bush Signs Act to Reinforce Identity Theft Protections of Fair Credit Reporting Act

On December 4, 2003, President Bush signed into law H.R. 2622, the "Fair and Accurate Credit Transactions Act of 2003" (Pub. L. 108-159, 117 Stat. 1952), which makes permanent federal credit reporting rules that preempt state law, provides tools to combat identity theft, introduces measures to increase accuracy of credit reports, and promotes consumers' access to their credit histories.

The Act is intended to provide consumers with new tools to fight the tidal wave of identity theft, and is the first legislation to propose a national fraud alert system. The Act represents the first major overhaul of the Fair Credit Reporting Act ("FCRA") since 1996.

Under the new law, consumers will have the right to a free credit report every year, enabling them to review the report for any unauthorized activity which may result from identity theft. The bill also requires that merchants display only the last five digits of a credit card number on store receipts.

Other provisions will permit identity theft victims to make a single call to receive advice and set off a nationwide fraud alert in order to protect their credit standing. Credit reporting agencies that receive fraud alerts

from consumers will be obligated to adhere to procedures ensuring that any future requests are by the actual consumer.

In addition, the law requires regulators to create a list of red flag indicators of identity theft by comparing the patterns and practices of known identity thieves. Regulators will be required to evaluate the use of these indicators in their compliance examinations of financial institutions, and impose fines when disregard of the indicators has resulted in losses to consumers.

On December 16, 2003, the Federal Reserve Board and Federal Trade Commission announced December 1, 2004, as the effective date for the following provisions of this new law:

- Fraud alerts and active duty alerts on credit lines
- Procedures to identify potential identity theft
- Truncation of Social Security numbers in consumer credit reports
- Summaries of rights of identity theft victims
- Blocking of information resulting from identity theft

- Coordination of identity theft complaint investigations
- Notice by debt collectors about fraudulent information
- Free consumer credit reports
- Enhanced disclosure of the means to opt out of prescreened records
- Affiliate sharing rules
- Disposal of consumer report information and records
- Duties to give notice to consumers
- Procedures to enhance accuracy and integrity of information furnished to consumer reporting agencies
- Improved disclosure of reinvestigation results
- Reconciling addresses
- The duty to conduct reasonable reinvestigations on consumer credit information.

Questions? Please contact Thomas A. Muccifori, Esquire, Chair of Archer & Greiner's Commercial Collections and Consumer Litigation Practice Group at 856-354-3056, or [tmuccifori@archerlaw.com](mailto:tmuccifori@archerlaw.com)