

HOUSE No. 02694

The Commonwealth of Massachusetts

PRESENTED BY:

Thomas A. Golden, Jr.

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to furnishing or using certain consumer loan information to make solicitations

.

PETITION OF:

NAME:

Thomas A. Golden, Jr.

DISTRICT/ADDRESS:

16th Middlesex

HOUSE No. 02694

By Mr. Golden of Lowell, a petition (accompanied by bill, House, No. 2694) of Golden relative to further regulating the use of certain consumer loan information to make solicitations Joint Committee on Consumer Protection and Professional Licensure.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
□ HOUSE
□ , NO. 279 OF 2009-2010.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to furnishing or using certain consumer loan information to make solicitations
□.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1:

2 Section 50 of Chapter 93 of the General Laws, as appearing in the 2008 Official Edition, is

3 hereby amended by inserting the following:

4 "Lender" means any of the following:

5 a financial institution, as defined in Chapter 167; a finance company licensed under Chapter 255;

6 a mortgage banker, loan originator, or mortgage broker registered under Chapter 255E; any other

7 person, not identified above, the primary business of which is to make loans or engage in lending
8 activities in this commonwealth.

9 "Nonaffiliated 3rd party" means a person that is not related by common ownership or affiliated
10 by common corporate control.

11 "Personal financial data provider" means any person, other than a consumer reporting agency,
12 that regularly engages in whole or in part in the practice of assembling and furnishing to 3rd
13 parties, for a fee or payment of dues, the identity of particular consumers and financial
14 information relating to such consumers that is not generally available to the public, including
15 information derived from any application by these consumers for an extension of credit or other
16 nonpublic personal information, as defined in 15 USC 6809 (4), relating to these consumers.

17 "Prescreened consumer report" means a consumer report furnished by a consumer reporting
18 agency under authority of 15 USC 1681b (a) (3) (A) and (c) (1) (B) to a person that the consumer
19 reporting agency has reason to believe intends to use the information in connection with any
20 credit transaction that involves the consumer on whom the information is to be furnished and that
21 is not initiated by this consumer.

22 "Trigger lead" means information relating to a consumer that is furnished by a consumer
23 reporting agency or personal financial data provider to a nonaffiliated 3rd party if all of the
24 following apply:

25 1. The consumer has applied to a lender, other than the 3rd party to whom the information is
26 furnished, for an extension of credit and the lender has provided the consumer's credit
27 application, or information derived from or related to the consumer's credit application, to a

28 consumer reporting agency or personal financial data provider for purposes of obtaining a
29 consumer report or otherwise evaluating or rating the consumer's creditworthiness.

30 2. The information furnished to the 3rd party includes the consumer's name and address or
31 telephone number, or other information that allows the 3rd party to identify the consumer.

32 3. The information furnished to the 3rd party contains, with respect to the extension of credit for
33 which the consumer has applied under this section, any identification of the amount of credit for
34 which the consumer has applied or any other information that is related to the terms and
35 conditions of credit for which the consumer has applied and that is not generally available to the
36 public.

37 4. The consumer has not authorized the consumer reporting agency or personal financial data
38 provider to provide the information to 3rd parties and has not initiated any credit transaction with
39 the 3rd party.

40 5. The 3rd party to whom the information is furnished has not extended credit to the consumer on
41 which an unpaid balance remains.

42 "Solicit" means the initiation of a communication to a consumer for the purpose of encouraging
43 the consumer to purchase property, goods, or services or apply for an extension of credit.

44 "Solicit" does not include communications initiated by the consumer or directed to the general
45 public.

46 SECTION 2:

47 Chapter 93 of the General Laws is hereby amended by inserting after section 51A, the following
48 section 51B:

49 (a) If any trigger lead is not a prescreened consumer report, no person may furnish the trigger
50 lead to a nonaffiliated 3rd party unless the person reasonably believes that the 3rd party will not
51 use the trigger lead to solicit any consumer identified in the trigger lead.

52 (b) Any person that furnishes a trigger lead described in (2) (a) to a nonaffiliated 3rd party shall
53 establish and maintain procedures to reasonably ensure that the trigger lead will not be used to
54 solicit any consumer identified in the trigger lead. These procedures shall include requiring any
55 person that obtains a trigger lead described in (2) (a) to identify the user of the trigger lead and to
56 certify, in a manner similar to that required under 15 USC 1681e (a), the purpose for which the
57 trigger lead is obtained and that the person will not use the trigger lead to solicit any consumer
58 identified in the trigger lead.

59 (c) No person that obtains a trigger lead described in (2) (a) may use the trigger lead to solicit
60 any consumer identified in the trigger lead.

61 (d) If any trigger lead is a prescreened consumer report, a person that obtains a trigger lead and
62 uses the trigger lead to solicit any consumer identified in the trigger lead may not utilize unfair or
63 deceptive practices in soliciting the consumer.

64 (e) For purposes of this subsection, unfair or deceptive practices include all of the following:

65 1. Failure to state in the initial phase of the solicitation that the person soliciting is not the lender,
66 and is not affiliated with the lender, to which the consumer has applied for an extension of credit.

67 2. Failure in the initial solicitation to comply with any applicable requirement under this chapter
68 or 15 USC 1681b (a), (c), (e), and (f), 1681e (a), and 1681m (d).

69 3. Knowingly or negligently utilizing information regarding consumers who have made an
70 election under 15 USC 1681b (e) to be excluded from prescreened consumer reports, who have
71 registered their telephone numbers on the national do-not-call registry as provided in 47 CFR
72 64.1200, or who are listed in the do-not-call list under Chapter 159C.

73 4. Soliciting consumers with offers of certain rates, terms, and costs, with intent to subsequently
74 raise the rates or change the terms to the consumers' detriment.

75 5. Making false or misleading statements in connection with a credit transaction that is not
76 initiated by the consumer.

77