

**HOUSE . . . . . No. 279**

By Mr. Nangle of Lowell, a petition (accompanied by bill, House, No. 279) of David M. Nangle relative to further regulating the use of certain consumer loan information to make solicitations. Consumer Protection and Professional Licensure.

**The Commonwealth of Massachusetts**

PRESENTED BY:

**David M. Nangle**

*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:	DISTRICT/ADDRESS:
David M. Nangle	17th Middlesex

# The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

## 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: Section 50 of Chapter 93 of the General Laws, as appearing in the 2006 Official Edition, is  
2 hereby amended by inserting the following:

3 "Lender" means any of the following:

4 a financial institution, as defined in Chapter 167; a finance company licensed under Chapter 255; a  
5 mortgage banker, loan originator, or mortgage broker registered under Chapter 255E; any other person,  
6 not identified above, the primary business of which is to make loans or engage in lending activities in this  
7 commonwealth.

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

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

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

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

22 1. The consumer has applied to a lender, other than the 3rd party to whom the information is furnished,  
23 for an extension of credit and the lender has provided the consumer's credit application, or information  
24 derived from or related to the consumer's credit application, to a consumer reporting agency or personal  
25 financial data provider for purposes of obtaining a consumer report or otherwise evaluating or rating the  
26 consumer's creditworthiness.

- 27 2. The information furnished to the 3rd party includes the consumer's name and address or telephone  
28 number, or other information that allows the 3rd party to identify the consumer.
- 29 3. The information furnished to the 3rd party contains, with respect to the extension of credit for which  
30 the consumer has applied under this section, any identification of the amount of credit for which the  
31 consumer has applied or any other information that is related to the terms and conditions of credit for  
32 which the consumer has applied and that is not generally available to the public.
- 33 4. The consumer has not authorized the consumer reporting agency or personal financial data provider to  
34 provide the information to 3rd parties and has not initiated any credit transaction with the 3rd party.
- 35 5. The 3rd party to whom the information is furnished has not extended credit to the consumer on which  
36 an unpaid balance remains.
- 37 "Solicit" means the initiation of a communication to a consumer for the purpose of encouraging the  
38 consumer to purchase property, goods, or services or apply for an extension of credit. "Solicit" does not  
39 include communications initiated by the consumer or directed to the general public.

40 SECTION 2: Chapter 93 of the General Laws, as appearing in the 2006 Official Edition, is hereby  
41 amended by inserting after section 51A, the following section 51B:

- 42 (a) If any trigger lead is not a prescreened consumer report, no person may furnish the trigger lead to a  
43 nonaffiliated 3rd party unless the person reasonably believes that the 3rd party will not use the trigger  
44 lead to solicit any consumer identified in the trigger lead.
- 45 (b) Any person that furnishes a trigger lead described in (2)(a) to a nonaffiliated 3rd party shall establish  
46 and maintain procedures to reasonably ensure that the trigger lead will not be used to solicit any consumer  
47 identified in the trigger lead. These procedures shall include requiring any person that obtains a trigger  
48 lead described in (2)(a) to identify the user of the trigger lead and to certify, in a manner similar to that  
49 required under 15 USC 1681e (a), the purpose for which the trigger lead is obtained and that the person  
50 will not use the trigger lead to solicit any consumer identified in the trigger lead.
- 51 (c) No person that obtains a trigger lead described in (2)(a) may use the trigger lead to solicit any  
52 consumer identified in the trigger lead.

53 SECTION 3: a) If any trigger lead is a prescreened consumer report, a person that obtains a trigger lead  
54 and uses the trigger lead to solicit any consumer identified in the trigger lead may not utilize unfair or  
55 deceptive practices in soliciting the consumer.

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

- 57 1. Failure to state in the initial phase of the solicitation that the person soliciting is not the lender, and is  
58 not affiliated with the lender, to which the consumer has applied for an extension of credit.
- 59 2. Failure in the initial solicitation to comply with any applicable requirement under this chapter or 15  
60 USC 1681b (a), (c), (e), and (f), 1681e (a), and 1681m (d).
- 61 3. Knowingly or negligently utilizing information regarding consumers who have made an election under  
62 15 USC 1681b (e) to be excluded from prescreened consumer reports, who have registered their telephone  
63 numbers on the national do-not-call registry as provided in 47 CFR 64.1200, or who are listed in the do-  
64 not-call list under Chapter 159C.
- 65 4. Soliciting consumers with offers of certain rates, terms, and costs, with intent to subsequently raise the  
66 rates or change the terms to the consumers' detriment.
- 67 5. Making false or misleading statements in connection with a credit transaction that is not initiated by the  
68 consumer.

69 SECTION 4: (a) Any person who violates subsection 2 or 3 may be required to forfeit not less than \$100

70 nor more than \$1,000 for each violation.

71 (b) The Attorney General may on behalf of the commonwealth:

72 1. Bring an action for temporary or permanent injunctive or other relief for any violation of this section.

73 In such an action for injunctive relief, irreparable harm is presumed. The court may, upon entry of final  
74 judgment, award restitution when appropriate to any person suffering loss because of a violation of this  
75 section if proof of such loss is submitted to the satisfaction of the court.

76 2. Bring an action in any court of competent jurisdiction for the penalties authorized under section (4) (a).

77 (c) In addition to any other remedies, any person aggrieved by a violation of subsection 2 may bring a  
78 civil action for damages. In such an action, any person who violates subsection 2 or 3 or (3) shall be liable  
79 for twice the amount of actual damages caused by the violation or \$500, whichever is greater, including  
80 reasonable attorney fees. In such an action, the court may also award any equitable relief that the court  
81 determines is appropriate.