

1-1 By: Giddings, et al. (Senate Sponsor - Fraser) H.B. No. 2002
1-2 (In the Senate - Received from the House May 10, 2007;
1-3 May 14, 2007, read first time and referred to Committee on Business
1-4 and Commerce; May 17, 2007, reported favorably by the following
1-5 vote: Yeas 6, Nays 0; May 17, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to notification to check verification entities that a
1-9 customer is a victim of identity theft and the consequences of the
1-10 notice.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subchapter D, Chapter 35, Business & Commerce
1-13 Code, is amended by adding Section 35.595 to read as follows:

1-14 Sec. 35.595. NOTIFICATION TO CHECK VERIFICATION ENTITIES
1-15 THAT CUSTOMER IS VICTIM OF IDENTITY THEFT. (a) In this section:

1-16 (1) "Check verification entity" means a consumer
1-17 reporting agency that compiles and maintains, for businesses in
1-18 this state, files on consumers on a nationwide basis regarding the
1-19 consumers' check-writing history.

1-20 (2) "Financial institution" means a bank, savings
1-21 association, savings bank, or credit union maintaining an office,
1-22 branch, or agency office in this state.

1-23 (b) A financial institution shall submit the information as
1-24 required by Subsection (c) if a customer notifies the financial
1-25 institution that the customer was a victim of an offense under
1-26 Section 32.51, Penal Code, requests that the financial institution
1-27 close an account that has been compromised by the alleged offense,
1-28 and presents to the financial institution:

1-29 (1) a copy of a police report of an offense under
1-30 Section 32.51, Penal Code;

1-31 (2) a sworn statement by the person that the person was
1-32 the victim of an offense under that section; and

1-33 (3) written authorization to submit the information
1-34 required by Subsection (d) to the electronic notification system
1-35 established under Section 11.309, Finance Code, for secure
1-36 distribution to check verification entities.

1-37 (c) A financial institution that receives the documents
1-38 required by Subsection (b), not later than the second business day
1-39 after the date the customer provides the documents to the financial
1-40 institution, shall submit the information required by Subsection
1-41 (d) to the electronic notification system established under Section
1-42 11.309, Finance Code.

1-43 (d) The information submitted by a financial institution
1-44 under Subsection (c) must include:

1-45 (1) the customer's name, address, phone number, date
1-46 of birth, and driver's license number or government-issued
1-47 identification number;

1-48 (2) the financial institution account number of any
1-49 account that has been compromised by the alleged offense and has
1-50 been closed in response to the alleged offense;

1-51 (3) the financial institution routing number; and

1-52 (4) the number on any check that has been lost, stolen,
1-53 or compromised.

1-54 (e) A check verification entity shall maintain reasonable
1-55 procedures, in accordance with rules adopted by the finance
1-56 commission, to prevent the check verification entity from
1-57 recommending acceptance or approval of a check or similar sight
1-58 order drawn on an account identified in the notification if:

1-59 (1) the check verification entity receives
1-60 notification through the electronic notification system; or

1-61 (2) a customer presents to the check verification
1-62 entity:

1-63 (A) a copy of a police report of an offense under
1-64 Section 32.51, Penal Code;

