



Security Freeze on Consumer Reports

House Bill 18-1233

Testimony to House State, Veterans and Military Affairs Committee
Rich Jones, Director of Policy and Research
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Thank you for the opportunity to present this testimony. I am Rich Jones, the Director of Policy and Research at the Bell Policy Center. The Bell is a non-partisan, nonprofit research and advocacy organization founded on progressive values and dedicated to helping all Coloradans advance economically. We are also one of the founding members of the Financial Equity Coalition that has been formed to work on consumer finance issues.

The Bell Policy Center supports HB18-1233 to allow parents and guardians to request security freezes be placed on the consumer records and reports of protected consumers free of charge. This is a good first step in helping consumers protect their most sensitive information and reduce the likelihood of identity theft. Sealing off the records of children will limit the ability of thieves to steal their names and identities and use them to commit fraud without anyone noticing. It also clearly delineates the power of guardians to protect the consumer credit records of other, older protected consumers.

The recent Equifax data breach, in which thieves stole the names, Social Security numbers, birth dates, and addresses of 145.5 million Americans, affecting over half of U.S. adults, made abundantly clear the need to better protect our most sensitive data.

A tempting target for hackers and thieves is personal data on minor children and others who may not have existing credit records on file or who are not actively seeking credit. Thieves can use this data to create a fake persona and use it to commit fraud without anyone noticing. If you are old enough to have a Social Security number, you are old enough to have your identify stolen. It may be years before a person applies for credit only to find their identify has been stolen, leaving behind unpaid bills and loan defaults.

Freezing a person's credit account is the most effective way to protect your child and prevent identity theft according to Chi Chi Wu, staff attorney at the National Consumer Law Center. Once the account is frozen, a new account in that person's name cannot be opened unless that

individual or their representative requests it be "thawed." "It's the single most effective step you can take to prevent identity theft," says Wu.

Many states have acted to specifically allow parents and guardians of young children and other protected consumers to request credit freezes on their children's accounts.

We also like the fact that the credit freeze proposed in HB18-1233 applies to protected consumers who are older. Given the growing number of Coloradans who will be over 65 in the coming decades, it is important we provide protection for all consumers who are most vulnerable to fraud.

The Bell Policy Center supports HB18-1233 and urges you to vote yes on it.

We thank Representative Lawrence and Speaker Duran who brought it today, and also Representative Ransom who spent a lot of time working on this legislation.

If you have any questions, or if I can provide further information, please contact me at (303) 297-0456, ext. 224, or jones@bellpolicy.org