



The ONE SOURCE for all your credit reporting needs
 11 N. 6th Street, Suite A * Pekin, IL 61554 * Ph: 888/852-2574 * Ph: 309/353-5527 * Fax: 309/353-5541 * e-mail: KCBInfo@KCBInfo.com

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ACCESS TO CREDIT REPORTS

The FCRA requires each person who pulls credit reports to have their own User ID. We had several incidents in September where more than one person was using one person's User ID to pull reports. That is a violation of both the FCRA and the requirements of the three national credit repositories.

If we find multiple people using one person's User ID, that User ID will be inactivated. Anyone using someone else's User ID, will cause both to be permanently locked out. If the violation is discovered by TU, Experian or Equifax, the subscriber code may be inactivated.

Each member has an Access Security Designate who is responsible for their users. It is their responsibility to make sure each person is using their own User ID.

CRIMINAL BACK GROUND CHECKS FOR LANDLORDS

If you are pulling reports for tenant screening and would like to get a Criminal Report and/or an Eviction Report, please let us know. We can now set you up to pull credit reports and criminal reports with the same log in through KCB Express Credit Searches.

ADVERSE ACTION NOTICES

As we reminded you last month, if you use a credit score, all creditors, (including: landlords, car dealers, banks, CUs and employers) must include the score and score factors in the Adverse Action Notice. If you are pulling your reports through our KCB Express Credit Searches, the Adverse Action Notice is available for 10¢.

Sample Adverse Action Notices are available on our web page. Click on "Credit Products." Then click on "Member Documents." Adverse Action Notices, with and without credit scores are on the bottom of the page.

From the Application List, click the box on the right. Then click on the word REPORT and in the box "Tools," click on "Send Letter." If there is no letter, let us know and we will set a letter up for you.

FTC SHUTS DOWN PAYDAY LOAN BUSINESS

The Federal Trade Commission has shut down a Timber Lake payday loan business they say was illegally garnishing wages from customers

without a court order. Business owner Martin Webb agreed to a preliminary injunction that will halt debt collection efforts at Lakota Cash and Big Sky Cash pending trial, according to U.S. District Court records. The FTC alleges that when customers don't pay back a loan on time, the companies send official-looking documents to their employers in an attempt to garnish wages. The FTC says it has been cracking down on "scams that target consumers in financial distress." (9-14-11, creditandcollectionnews.com)

CREDIT CARD DEBT SOARS AS AMERICANS BORROW LIKE IT'S 2006

Habits are hard to break: Just when you think you're firmly in control, you backslide again. Such may be the case with Americans debt addiction. According to CardHub.com's Q2 2011 Credit Card Debt Study, U.S. consumers accumulated a staggering \$18.4 billion in credit card debt in the second quarter -- 66% more than they accumulated in the same quarter a year ago, and 368% more than in the second quarter of 2009. Based on the study, Americans will end 2011 with around \$54 billion more in credit card debt than they began the year with. "A debt increase of \$18.4 billion during a single quarter is mind boggling, especially when you consider that this increase is 368% higher than what we witnessed in the same quarter two years ago," says Odysseas Papadimitriou, CEO of CardHub.com The study focused on consumer debt data from the Federal Reserve's G19 report in conjunction with quarterly charge-off data to determine how much consumer debt actually increased when you consider the amount of bad debt written off the books. (9-13-11, creditandcollectionnews.com)

RED FLAG INFORMATION

Remember: All users of credit reports; Land Lords, Employers loan processors, the officers ordering them and the underwriters reviewing them are responsible for complying with the red flag rules.

We have information regarding the RED FLAG requirements on our web page. Just click on Credit Products and then on RED FLAG RULES.

Fraud Shield with ID Risk Review is now available on our MCL 1, 2 and 3 bureau Merged and Mortgage Reports. Authentication Solutions (Level One) and Soc. Sec. Searches are also available on our

Mortgage Credit Reports system. Just click on ORDER and choose IDV (Identification Verifications.)

Fraud Shield, Social Security Number Searches and Authentication Solutions are also available for Experian credit reports. All three products provide information on possible fraudulent activity.

TU's IDSearch Plus, TotalID and Trace are also available on the MCL Merged credit reports.

Call or e-mail us if you want any of these services.

FTC TO ENFORCE "RED FLAGS IDENTITY THEFT RULE" OCTOBER 1, 2009

Any company in the U.S. offering credit to customers will face new regulations, aimed at preventing identity theft. However, jewelry businesses only accepting credit cards are not considered creditors and therefore have no compliance obligation. The new regulations, in effect since January 2008, relate to all entities considered creditors by the U.S. Federal Trade Commission, starting October 1, 2009. This means that any company that offers credit to customers - either through house financing, branded credit card programs, layaway facilities or any other credit arrangement - must comply with the rules already in place. The rule requires businesses to create a written program designed to detect or "red flag" attempts at stealing identity information and place such a program in place to prevent identity theft and its related crimes. The program must be integrated into the daily operations of the business, but can be tailored to the specific risks a particular business' credit program possesses. (Aug. 17, 2009, www.creditandcollectionnews.com)

FTC RESPONDS TO LEGISLATION CLARIFYING RED FLAGS RULE

Congress has passed legislation resolving uncertainty it created after directing the federal financial institution regulatory agencies and the Federal Trade Commission to develop the Identity Theft Red Flags Rule.

The rule requires many businesses and organizations to have a written Identity Theft Prevention Program designed to detect the warning signs "red flags" of identity theft in their daily operations. The legislation clarifies which entities must comply with the rule.

The House passed the bill "Red Flag Program Clarification Act of 2010" on Tuesday, less than a week after the Senate approved the bill.



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The enforcement date for the rule is Dec. 31, 2009. The FTC said earlier this year that it delayed enforcement at the request of Congress as it "considers legislation that would affect the scope of entities covered by the rule." Compliance date was Nov. 1, 2008.

"We're pleased Congress clarified its law, which was clearly overbroad," says FTC Chairman Jon Leibowitz. "Now, we can go forward with less litigating and more protecting consumers from identity theft."

The rule doesn't require any specific practice or procedures. It gives businesses the flexibility to tailor their written ID theft detection program to the nature of the business and the risks it faces.

Businesses with a high risk for identity theft may need more robust procedures – like using other information sources to confirm the identity of new customers or incorporating fraud detection software.

Groups with a low risk for identity theft may have a more streamlined program – for example, simply having a plan for how they'll respond if they find out there has been an incident of identity theft involving their business (December 9, 2010. www.CollectionsandCreditRisk.com)

TYPE CODE RETIRED

Experian has retired (stopped using) several Type or Purpose codes used for inquiries only.

- 0D SS search for Employment.
- 14 Co-signer*
- 16 FHA Co-signer. You can now use - 19
- 5C Checking or Savings. Now use 96 or 97
- 21 Note Co-signer. Now use 20 for both inquiries and reporting.
- 6C Credit Granting with additional offers*
- 7C Activation with additional offers*
- 86 Automated Mortgage*

* Use the permissible purpose of the credit type that is appropriate to the application and use of data.

BILL EXEMPTS DOCTORS FROM FTC'S RED FLAG RULE ON ID THEFT

The Senate and House have each passed a bill that changes the Red Flags Rule's definition of "creditor" and relieves doctors of complying with the Federal Trade Commission's identity theft prevention law.

The House Tuesday passed the bill—"Red Flag Program Clarification Act of 2010"—less than a week after the Senate approved the bill.

ILLINOIS REGULATORS SUE MORTGAGE RESCUE, LOAN MOD FIRMS

Four Chicago-area companies and attorneys involved in alleged fraudulent mortgage rescue and loan modification schemes have been sued by Illinois Attorney General Lisa Madigan's office for illegally charging consumers.

The lawsuits, filed in Cook County (Ill.) Circuit Court against ZeTrust Legal Services of Chicago, Woodridge, Ill.-based Legal Modification Network LLC, Loan Litigators International LLC, which operated out of Lombard, Ill. but is now defunct and Exelpol Management & Consulting Inc., a dissolved corporation that was based in Schaumburg, Ill.

Cook County (Ill.) State's Attorney Anita Alvarez's office filed a similar lawsuit against loan modification and debt settlement company, Legal Housing and Debt Advisor LLC.

The businesses used attorneys as the face of their operations to charge upfront fees, but the attorneys performed no legal services for the homeowners, Madigan alleged in a statement.

Madigan's and Alvarez's offices are targeting attorneys in the state and loan modification operators who illegally exploit a law that allows lawyers to collect upfront fees from homeowners for mortgage rescue services in the course of legitimate legal work, according to the Chicago Sun-Times.

Madigan's lawsuits seek to shut down the businesses and call for restitution for 76 consumers. The lawsuits also ask to bar the defendants from providing mortgage rescue services in Illinois. (Collections & Credit Risk, 9-27-11)

Finally, the lawsuits seek to order each defendant to pay a civil penalty of \$50,000 and additional penalties of \$50,000 for each act committed with intent to defraud.

The Illinois Department of Financial and Professional Regulation, which also is part of the task force, has investigated nearly 200 companies since December 2009 for illegal or unlicensed activities involving loan modifications and other financial transactions, according to state officials. The cases have led to fines in excess of \$600,000.

EDUCATION VIDEOS

We have posted a link to several consumer education videos. Just click on the "Credit

Scoring Explained" and then on the "Credit Education" link.

BANKS OBJECT TO CONSUMER BUREAU DATA-SHARING RULE

-- Banks are pushing the U.S. Consumer Financial Protection Bureau to limit information-sharing with states out of concern that attorneys general could file lawsuits based on private data collected by the agency's examiners.

The dispute, part of the financial industry's efforts to limit the reach of the Dodd-Frank overhaul of rules for Wall Street, revolves around a regulation on disclosure of records and information that the agency issued on July 21, its first official day of work. The rule said sharing some confidential data with states may "serve the public interest."

Such cooperation could upend the traditional relationships between large banks and their federal regulators, notably the Office of the Comptroller of the Currency. The OCC has used its authority to prevent state law enforcement officials from obtaining information from national banks including JPMorgan Chase & Co. and Bank of America Corp.

"The bureau is suggesting anything we provide will go straight to the state attorneys general," said L. Richard Fischer, a banking lawyer with Morrison Foerster LLC who represents the American Bankers Association and the Financial Services Roundtable. Providing data to states "will terrorize large banks," Fischer said. (By Carter Dougherty, Sept. 28, 2011, Bloomberg)

CREDIT SEMINARS

We will conduct three seminars for the CBAI. They will be on Nov. 29th, Nov. 30th and Dec. 1st. Please contact the CBAI at 217-529-2265 for times and locations.

KCB INFO SERVICES HOURS

Monday - Friday 9:00am to 4:30pm

KCB Information Services offers: Consumer credit reports, Collections Reports, Business Credit reports, Employment Credit reports, Residential Mortgage Credit Reports, Merged Credit Reports, Fannie Mae & Freddie Mac access, Criminal background checks, LiveScan Finger Printing, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, AVMs, 4506-T Income Tax Verifications, and Identity Authentication.

KCB Information Services has served businesses since 1928 and serves Central Illinois for Experian and Equifax.

*Knowledge is knowing a tomato is a fruit.
 Wisdom is not putting it in a fruit salad.*