



Councilmember Kenyan R. McDuffie

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Title 28 of the District of Columbia Code to require transparency and accountability for credit recovery companies and organizations to protect consumer credit recovery services in the District.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Credit Recovery Services Transparency and Accountability Amendment Act of 2023”.

Sec. 2. Chapter 46 of Title 28 of the District of Columbia Code is amended as follows:

(a) Section 28-4603 is amended to read as follows:

“(a) A consumer credit service organization shall not:

“(1) Charge or receive money or other valuable consideration prior to completion of the services the consumer credit service organization has agreed to perform for a consumer, unless the consumer credit service organization has registered and maintained registration in the calendar year, as required by § 28-4604;

“(2) Charge or receive money or other valuable consideration prior to completion of the services the consumer credit service organization has agreed to perform for a consumer, unless the consumer credit service organization has obtained a surety bond or established a trust account as required by § 28-4604;

“(3) Charge or receive money or other valuable consideration solely for referral of a consumer to a retail seller who may extend credit to the consumer if the credit that is to be

35 extended to the consumer is based upon substantially the same terms as credit available to the
36 general public;

37 “(4) Make, or assist or advise any consumer to make any statement regarding the
38 consumer’s creditworthiness, credit standing, or credit capacity that the consumer credit service
39 organization knows or reasonably should have known is false or misleading to the following:

40 “(A) A consumer credit reporting agency;

41 “(B) A person who has extended credit to a consumer;

42 “(C) A person to whom a consumer is applying or intending to apply for
43 an extension of credit; or

44 “(D) A government agency;

45 “(5) In connection with the offer or sale of services:

46 “(A) Make or use a false or misleading representation;

47 “(B) Fail to disclose a material fact, policy, or method; or

48 “(C) Directly or indirectly engage in any act or course of business to
49 defraud or deceive a consumer;

50 “(6) Charge or receive any money or other valuable consideration in connection
51 with an extension of credit that, when combined with any interest charged on the extension of
52 credit, would exceed the interest rate permitted for the extension of credit under the applicable
53 title of this article;

54 “(7) Create, assist in creating, or provide information on how to create, a new
55 consumer report, credit file, or credit record by obtaining and using a different name, address,
56 telephone number, Social Security number, or employer tax identification number;

57 “(8) Assist in obtaining an extension of credit at a rate of interest which, except
58 for federal preemption of District law, would be prohibited by law;

59 “(9) Attempt to remove or advise a consumer to remove adverse information from
60 the consumer’s credit report that the consumer credit service organization knows or should
61 reasonably know is accurate;

62 “(10) Impersonate the consumer in filing a report or complaint to a federal or state
63 regulatory agency;

64 “(11) Assist or advise a consumer to file a report or complaint to a federal or state
65 regulatory agency, seeking the removal of adverse information from the consumer’s credit report
66 that is known to the consumer credit service organization, or that by the exercise of reasonable
67 care should be known to the consumer credit service organization, to be accurate;

68 “(12) Call or send a communication to a consumer credit reporting agency,
69 creditor, debt collector, or debt buyer without prior written authorization from the consumer;

70 “(13) Call or send a communication to a consumer credit reporting agency,
71 creditor, debt collector, or debt buyer impersonating a consumer;

72 “(14) Send a communication, direct or indirectly, to a person on behalf of a
73 consumer without disclosing the identity, street address, telephone number, and facsimile
74 number of the consumer credit service organization and, if applicable, the name and street
75 address of the parent organization of the sender;

76 “(15) Make or use as a part of its trade name, or employ in any communication,
77 correspondence, notice, advertisement, circular, or other writing or publication, the word “repair”
78 in a manner that reasonably conveys the impression or belief that the organization is able to

79 provide a consumer with an immediate correction or rehabilitation of the consumer’s credit
80 problem;

81 “(16) Attempt to waive a provision of this chapter or coerce, influence, or direct a
82 consumer to waive any provision of this chapter or any rule issued pursuant to this chapter; or

83 “(17) Fail or refuse to comply with any provision of this chapter or any rule
84 issued pursuant to this chapter.

85 “(b) A consumer credit service organization, its employees, and its independent
86 contractors shall:

87 “(1) In the first written communication with a credit reporting agency or data
88 furnisher, provide sufficient information to enable investigation of a dispute of an account;

89 “(2) Perform the services agreed on within 180 days after the consumer signing a
90 contract for services;

91 “(3) Provide an itemized monthly statement to the consumer that shows each
92 service performed, including each call or written communication, each credit check made or sent
93 on behalf of the consumer, and the date of each service; and

94 “(4) Identify when a communication originates from the consumer credit service
95 organization when calling or sending a communication on behalf of a consumer to a consumer
96 reporting agency, creditor, debt collector, or buyer.

97 “(c) A consumer credit service organization shall redact the personal information of a
98 consumer from any written communication to include only the:

99 “(1) Last four digits of the Social Security number, Taxpayer Identification
100 number, or state identification number;

101 “(2) Last four digits of the financial account number, credit card number, or debit
102 card number; and

103 “(3) Month and year of the consumer’s date of birth, unless otherwise required by
104 law.

105 “(d) Except as provided in subsection (b) of this section, a debt collector or debt buyer
106 may communicate with a consumer credit service organization concerning an account that is
107 subject to a dispute if the debt collector or debt buyer knows:

108 “(1) A consumer is represented by the consumer credit service organization; and

109 “(2) The name and address of the consumer credit service organization.

110 “(e) A debt collector or debt buyer shall not be required to communicate with a consumer
111 credit service organization concerning an account that is subject to a dispute if:

112 “(1) The consumer credit service organization fails to respond within a reasonable
113 time period to a communication from the debt collector or debt buyer;

114 “(2) The consumer expressly directs the debt collector or debt buyer not to
115 communicate with the credit services business;

116 “(3) The account subject to the dispute has been paid, settled, or otherwise
117 resolved and has been reported as paid, settled, or otherwise resolved on the consumer’s credit
118 report;

119 “(4) The account subject to the dispute has been removed from the consumer’s
120 credit report;

121 “(5) The debt collector has provided to the consumer credit service organization
122 or to the consumer the verification information or documentation described in 15 U.S.C.
123 §1692Gg(b) regarding the account subject to dispute; or

124 “(6) The debt collector reasonable determines that the dispute is frivolous or
125 irrelevant in accordance with 15 U.S.C. §1681i(a)(3) or 15 U.S.C. §1681s-2(a)(8)(f).”

126 (b) Section 28-4605 is amended as follows:

127 (1) Subsection (d) is amended to read as follows:

128 “(d) The contract shall be accompanied by a notice of cancellation that shall include the
129 following:

130 “(1) A conspicuous statement in size equal to at least 10-point bold type, in
131 immediate proximity to the space reserved for the signature of the consumer as follows: “You,
132 the buyer, may cancel this contract at any time prior to midnight of the third business day after
133 the date of the transaction. See the attached notice of cancellation form for an explanation of this
134 right.”;

135 “(2) A provision that states that a consumer may cancel by personally delivering a
136 copy of a signed and dated cancellation notice or by sending a notice of a cancellation by
137 certified mail, return receipt requested, to the consumer credit service organization;

138 “(3) A provision that a consumer is entitled to receive a reimbursement within 10
139 days of receipt of the cancellation notice;

140 “(4) The terms and conditions of payment, including the total of all payments to
141 be made by the consumer, whether to the consumer credit service organization or to some other
142 person;

143 “(5) A complete and detailed description of the services to be performed and the
144 results to be achieved by the consumer credit service organization for or on behalf of the
145 consumer, including all guarantees and all promises of full or partial refunds and a list of the
146 adverse information appearing on the consumer’s credit report that the consumer credit service

147 organization expects to have modified or deleted, the basis for the modification or deletion will
148 occur, and, if applicable, the anticipated payment required by the consumer to achieve each
149 account modification or deletion; and

150 “(6) The principal business address of the consumer credit service organization
151 and the name and address of its agent in this District authorized to receive service of process.”

152 (2) A new subsection (d-1) is added to read as follows:

153 “(d-1) A consumer credit service organization providing the services described in § 28-
154 4601(2)(A) shall include:

155 “(1) A statement of the consumer’s right to file a complaint under this subtitle;

156 “(2) The address of the Mayor where a consumer can file a complaint under this
157 subtitle;

158 “(3) A statement that a bond exists and the consumer’s right to proceed under the
159 bond under the circumstances and in the manner set forth under this subtitle; and

160 “(4) The principal business address of the consumer credit service organization.”

161 Sec. 3. Fiscal impact statement.

162 The Council adopts the fiscal impact statement in the committee report as the fiscal
163 impact statement required by 4a of the General Legislative Procedures Act of 1975, approved
164 October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

165 Sec. 4. Effective Date

166 This act shall take effect following approval by the Mayor (or in the event of veto by the
167 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
168 provided in sections 602(c)(1) of the district of Columbia Home Rule Act, approved December

169 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the district of
170 Columbia Register.