

118TH CONGRESS
2D SESSION

H. R. 9991

To amend the Credit Repair Organizations Act to add additional protections against harmful practices within the credit repair organization industry, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 15, 2024

Mr. NICKEL (for himself and Mrs. KIM of California) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Credit Repair Organizations Act to add additional protections against harmful practices within the credit repair organization industry, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Ending Scam Credit
5 Repair Act” or the “ESCRA Act”.

6 **SEC. 2. CREDIT REPAIR ORGANIZATION DEFINITION.**

7 Section 403(3) of the Credit Repair Organizations
8 Act (15 U.S.C. 1679a(3))—

(1) in subparagraph (A), by inserting “(not including anything received in return for representing a consumer in preparation for or during litigation)” after “consideration”; and

(2) in subparagraph (B)—

(A) by inserting “an entity or individual that is, in good faith and not for the purpose of evading this title” after “include”;

(B) in clause (ii), by striking “or”;

(C) in clause (iii), by striking the period and inserting “; or”; and

(D) by adding at the end the following:

“(iv) any attorney that provides legal services rendered or to be rendered to a consumer in contemplation of or in connection with a case filed, or to be filed within 12 months, under title 11 or title 15, United States Code, by an attorney within the same law firm.”.

SEC. 3. PROHIBITED PRACTICES.

(a) UNTRUE OR MISLEADING STATEMENTS.—

(1) IN GENERAL.—Section 404(a)(1) of the Credit Repair Organizations Act (15 U.S.C. 1679b(a)(1)) is amended—

1 (A) by inserting “knowingly” before “make
2 any statement, or”;

3 (B) in subparagraph (A), by striking “or”;
4 and

5 (C) by adding at the end the following:

6 “(C) the Bureau of Consumer Financial
7 Protection directly or through an online portal
8 established to receive complaints, disputes, or
9 reports of fraud;

10 “(D) the Federal Trade Commission di-
11 rectly or through an online portal established to
12 receive complaints, disputes, or reports of
13 fraud; or

14 “(E) any Federal, State, local, or Tribal
15 law enforcement agency, directly or through an
16 online portal established to receive complaints,
17 disputes, or reports of fraud;”.

18 (2) FINDING.—The Congress finds that it is al-
19 ready unlawful to make materially false, fictitious, or
20 fraudulent statements or representations to the Bu-
21 reau of Consumer Financial Protection.

22 (b) ADDITIONAL PROHIBITED PRACTICES.—Section
23 404 of the Credit Repair Organizations Act (15 U.S.C.
24 1679b) is amended—

25 (1) in subsection (a)(2)—

1 (A) in subparagraph (B)(ii), by inserting
2 “or” after “credit;”; and

3 (B) by adding at the end the following:

4 “(C) the Bureau of Consumer Financial
5 Protection or the Federal Trade Commission;”;

6 (2) by amending subsection (b) to read as fol-
7 lows:

8 “(b) PAYMENT IN ADVANCE.—

9 “(1) IN GENERAL.—No credit repair organiza-
10 tion may request or receive payment of any fee or
11 consideration from a consumer for services rep-
12 resented to remove derogatory or inaccurate infor-
13 mation from, or improve, such consumer’s credit his-
14 tory, credit record, or credit rating, or services re-
15 lated to such a representation, until the credit repair
16 organization has provided such consumer with docu-
17 mentation in the form of a consumer report, issued
18 not less than 6 months after such service, from a
19 consumer reporting agency that demonstrates that
20 such representation has been achieved.

21 “(2) RULE OF CONSTRUCTION.—Nothing in
22 this subsection shall be construed to alter the per-
23 missible purposes of furnishing a consumer report
24 described in section 604 of the Fair Credit Report-
25 ing Act.”; and

1 (3) by adding at the end the following:

2 “(c) JAMMING.—A credit repair organization may not
3 submit multiple disputes described in section 611 of the
4 Fair Credit Reporting Act of the same information unless
5 all of the following are true:

6 “(1) The consumer reporting agency or data
7 furnisher has had the time permitted under the Fair
8 Credit Reporting Act to conduct a reasonable inves-
9 tigation on the prior dispute.

10 “(2) The consumer reporting agency or data
11 furnisher has returned the results of its investigation
12 to the consumer with respect to such dispute, unless
13 there are material changes to the information sub-
14 mitted with the dispute.

15 “(3) The credit repair organization includes
16 with the resubmitted dispute a specific description of
17 what information is inaccurate.”.

18 **SEC. 4. DISCLOSURES.**

19 Section 405 of the Credit Repair Organizations Act
20 (15 U.S.C. 1679c) is amended—

21 (1) in subsection (a)—

22 (A) by striking “due to fraud.” and insert-
23 ing “due to fraud. Credit repair organizations
24 do not provide any services that you cannot do
25 yourself for free.”;

1 (B) by striking “regulates” and inserting
2 “and the Bureau of Consumer Financial Pro-
3 tection regulate”; and

4 (C) by inserting “The Bureau of Consumer
5 Financial Protection 1700 G St. NW, Wash-
6 ington, DC, 20552 Tel: 855-411-2372 TTY/
7 TTD: 855-729-2372” after “20580”; and
8 (2) in subsection (c)—

9 (A) in paragraph (1), by striking the pe-
10 riod at the end and inserting “and any record-
11 ings of telephone communications with the con-
12 sumer.”; and

13 (B) in paragraph (2)—

14 (i) by striking “2” in the heading and
15 inserting “5”;

16 (ii) by inserting “and any telephone
17 recordings with the consumer” after “con-
18 sumer’s statement”;

19 (iii) by striking “2” and inserting
20 “5”; and

21 (iv) by striking “statement is signed
22 by the consumer” and inserting “statement
23 or the telephone recordings are created”.

1 **SEC. 5. CONSUMER CONTRACT REQUIRED.**

2 (a) IN GENERAL.—Section 407(c) of the Credit Re-
3 pair Organizations Act (15 U.S.C. 1679e(c)) is amended
4 by adding at the end the following:

5 “(3) copies of all communications sent on be-
6 half of the consumer, at the time the communication
7 is sent.”.

8 (b) TECHNICAL AMENDMENT.—Section 407(c) of the
9 Credit Repair Organizations Act (15 U.S.C. 1679e(c)) is
10 amended—

11 (1) by striking “at the time the contract or the
12 other document is signed.”;

13 (2) in paragraph (1), by striking “; and” insert-
14 ing “, at the time the contract or the other docu-
15 ment is signed;”; and

16 (3) in paragraph (2), by adding at the end “at
17 the time the contract or the other document is
18 signed; and”.

19 **SEC. 6. NONCOMPLIANCE.**

20 Section 408 of the Credit Repair Organizations Act
21 (15 U.S.C. 1679f) is amended by adding at the end fol-
22 lowing:

23 “(d) LEGAL SERVICES WITHIN CREDIT REPAIR OR-
24 GANIZATIONS.—A credit repair organization shall be sub-
25 ject to this title regardless of whether the organization is,
26 or employs, an attorney who also provides legal services

1 to a consumer, except if such attorney is an attorney de-
 2 scribed in section 403(3)(B)(iv).

3 “(e) CREDIT REPAIR ORGANIZATIONS WITHOUT A
 4 STATE LICENSE.—On or after January 1, 2026, no per-
 5 son may act as a credit repair organization unless such
 6 person is licensed by a State.”.

7 **SEC. 7. CREDIT REPAIR ORGANIZATION COMMUNICATIONS**
 8 **WITH FURNISHERS OF INFORMATION.**

9 (a) IN GENERAL.—The Credit Repair Organizations
 10 Act (15 U.S.C. 1679 et seq.) is amended by inserting after
 11 section 408 the following new section:

12 **“§ 408A. Credit repair organization communications**
 13 **with furnishers of information**

14 “Disputes submitted to a person who furnishes infor-
 15 mation to a consumer reporting agency by or on behalf
 16 of a credit repair organization shall meet the following re-
 17 quirements:

18 “(1) If sent by mail, the dispute shall be trans-
 19 mitted by first class mail and list on the envelope
 20 the—

21 “(A) name of the credit repair organiza-
 22 tion; and

23 “(B) State license number of the credit re-
 24 pair organization, if applicable.

25 “(2) The dispute shall list the—

1 “(A) name of the credit repair organiza-
2 tion;

3 “(B) State license number of the credit re-
4 pair organization, if applicable; and

5 “(C) name of the consumer on whose be-
6 half the dispute is submitted.

7 “(3) In the case of any additional communica-
8 tion after an initial dispute, the additional commu-
9 nication shall clearly and conspicuously identify any
10 material changes to the information provided in the
11 initial written dispute and include the information
12 described in paragraphs (1) and (2).

13 “(4) In the case where a credit repair organiza-
14 tion sells or otherwise provides an online or paper
15 blank dispute form to be completed and filed by the
16 consumer, such form must contain the—

17 “(A) name and address of such credit re-
18 pair organization; and

19 “(B) State license number of such credit
20 repair organization, if applicable.

21 “(5) In the case where the person responds to
22 a dispute submitted by a credit repair organization
23 seeking clarifying information, verifying if the cus-
24 tomer has actually engaged with the credit repair or-
25 ganization, or denying the accuracy of the under-

1 lying claim, the credit repair organization shall re-
 2 spond in writing within 15 business days.

3 “(6) In the case where the credit repair organi-
 4 zation is an attorney, the attorney shall certify that
 5 any communication is consistent with any informa-
 6 tion or documentation provided by the consumer,
 7 confirmed based upon methods or means proven to
 8 be historically reliable and accurate.

9 “(7) A credit repair organization, when sending
 10 a dispute, shall disclose the fact that it is a credit
 11 repair organization by placing the following disclo-
 12 sure on the dispute letter: ‘This communication was
 13 submitted or prepared on behalf of the consumer by
 14 a credit repair organization, as defined in section
 15 403 of the Credit Repair Organizations Act (15
 16 U.S.C. 1679a).’”.

17 (b) CLERICAL AMENDMENT.—The table of contents
 18 for the Credit Repair Organizations Act is amended by
 19 inserting after the item relating to section 408 the fol-
 20 lowing:

“408A. Credit repair organization communications with furnishers of informa-
 tion.”.

21 **SEC. 8. CIVIL LIABILITY.**

22 Section 409(a)(1) of the Credit Repair Organizations
 23 Act (15 U.S.C. 1679g(a)(1)) is amended—

- 1 (1) by striking “ACTUAL DAMAGES” and insert-
- 2 ing “DAMAGES”;
- 3 (2) in subparagraph (A), by striking “or”;
- 4 (3) in subparagraph (B), by striking the period
- 5 at the end and inserting “; or”; and
- 6 (4) by adding at the end the following:
- 7 “(C) the amount of \$500 in damages for
- 8 each violation of this title.”.

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