



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4507

Introduced 1/31/2024, by Rep. Debbie Meyers-Martin

SYNOPSIS AS INTRODUCED:

See Index

Amends the Credit Services Organizations Act. Changes the name of the Act to the Credit Repair Organizations Act. Provides that the Director of Financial and Professional Regulation shall oversee the activities of credit repair organizations and compliance with the Act. Provides that a credit repair organization shall submit a report every 6 months to the Director containing specified information. Provides that every credit repair organization shall maintain a surety bond or electronic surety bond in the principal sum of \$100,000 issued by a bonding company authorized to do business in this State and approved by the Secretary. Provides that the bond shall run to the Secretary and shall be for the benefit of any consumer who incurs damages as a result of any violation of the Act or rules adopted under the Act. Makes changes in provisions concerning contracts between a buyer and a credit repair organization and registration of credit repair organizations. Inserts provisions concerning the transfer of records; rulemaking; regulatory assessment; evasion; examination and reports; violations; enforcement; confidential supervisory information; judicial review; buyer and a credit repair organization; registration of credit repair organizations; violations of the Act; remedies; and conflicts of law. Repeals provisions concerning construction of the Act and surety bonds. Provides that the Director may adopt rules necessary to administer the Act. Defines terms. Repeals provisions concerning surety bonds. Amends the Consumer Fraud and Deceptive Business Practices Act. Provides that any person who violates the Credit Repair Organizations Act commits an unlawful practice within the meaning of the Act. Effective January 1, 2025.

LRB103 37020 SPS 67135 b

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Consumer Fraud and Deceptive Business
5 Practices Act is amended by changing Section 2Z and by adding
6 Section 2EEEE as follows:

7 (815 ILCS 505/2Z) (from Ch. 121 1/2, par. 262Z)

8 Sec. 2Z. Violations of other Acts. Any person who
9 knowingly violates the Automotive Repair Act, the Automotive
10 Collision Repair Act, the Home Repair and Remodeling Act, the
11 Dance Studio Act, the Physical Fitness Services Act, the
12 Hearing Instrument Consumer Protection Act, the Illinois Union
13 Label Act, the Installment Sales Contract Act, the Job
14 Referral and Job Listing Services Consumer Protection Act, the
15 Travel Promotion Consumer Protection Act, ~~the Credit Services~~
16 ~~Organizations Act,~~ the Automatic Telephone Dialers Act, the
17 Pay-Per-Call Services Consumer Protection Act, the Telephone
18 Solicitations Act, the Illinois Funeral or Burial Funds Act,
19 the Cemetery Oversight Act, the Cemetery Care Act, the Safe
20 and Hygienic Bed Act, the Illinois Pre-Need Cemetery Sales
21 Act, the High Risk Home Loan Act, the Payday Loan Reform Act,
22 the Predatory Loan Prevention Act, the Mortgage Rescue Fraud
23 Act, subsection (a) or (b) of Section 3-10 of the Cigarette Tax

1 Act, subsection (a) or (b) of Section 3-10 of the Cigarette Use
2 Tax Act, the Electronic Mail Act, the Internet Caller
3 Identification Act, paragraph (6) of subsection (k) of Section
4 6-305 of the Illinois Vehicle Code, Section 11-1431, 18d-115,
5 18d-120, 18d-125, 18d-135, 18d-150, or 18d-153 of the Illinois
6 Vehicle Code, Article 3 of the Residential Real Property
7 Disclosure Act, the Automatic Contract Renewal Act, the
8 Reverse Mortgage Act, Section 25 of the Youth Mental Health
9 Protection Act, the Personal Information Protection Act, or
10 the Student Online Personal Protection Act commits an unlawful
11 practice within the meaning of this Act.

12 (Source: P.A. 100-315, eff. 8-24-17; 100-416, eff. 1-1-18;
13 100-863, eff. 8-14-18; 101-658, eff. 3-23-21.)

14 (815 ILCS 505/2EEEE new)

15 Sec. 2EEEE. Violations of the Credit Repair Organizations
16 Act. Any person who violates the Credit Repair Organizations
17 Act commits an unlawful practice within the meaning of this
18 Act.

19 Section 10. The Credit Services Organizations Act is
20 amended by changing Sections 1, 2, 3, 5, 6, 7, 8, 9, 11, 12,
21 14, and 15 and by adding Sections 5.4, 5.5, 7.1, 9.5 17, 17.5,
22 18, 19, 20, 21, 22, and 23 as follows:

23 (815 ILCS 605/1) (from Ch. 121 1/2, par. 2101)

1 Sec. 1. This Act shall be known and may be cited as the
2 "Credit Repair ~~Services~~ Organizations Act".

3 (Source: P.A. 85-1384.)

4 (815 ILCS 605/2) (from Ch. 121 1/2, par. 2102)

5 Sec. 2. The General Assembly finds and declares that:

6 (a) The ability to obtain and use credit has become of
7 great importance to consumers who have a vital interest in
8 establishing and maintaining their credit worthiness and
9 credit standing. As a result, consumers who have experienced
10 credit problems may seek assistance from credit repair ~~service~~
11 businesses which offer to improve the credit standing of such
12 consumers. Certain advertising and business practices of some
13 companies engaged in the business of credit repair ~~services~~
14 have worked a financial hardship upon the people of this
15 State, often on those who are of limited economic means and
16 inexperienced in credit matters.

17 (b) The purpose of this Act is to provide prospective
18 consumers of credit repair organizations ~~services~~ ~~companies~~
19 with the information necessary to make an informed decision
20 regarding the purchase of those services and to protect the
21 public from unfair or deceptive advertising and business
22 practices.

23 (Source: P.A. 85-1384.)

24 (815 ILCS 605/3) (from Ch. 121 1/2, par. 2103)

1 Sec. 3. As used in this Act:

2 (a) "Buyer" or "consumer" means an individual who is
3 solicited to purchase or who purchases the services of a
4 credit repair services organization. "Buyer" or "consumer"
5 includes an individual for whom the services of a credit
6 repair organization are purchased.

7 (b) "Consumer reporting agency" has the meaning assigned
8 by Section 603(f), Fair Credit Reporting Act (15 U.S.C.
9 Section 1681a(f)).

10 (c) "Extension of Credit" means the right to defer payment
11 of a debt or to incur a debt and defer its payment that is
12 offered or granted primarily for personal, family, or
13 household purposes.

14 (d) "Credit Repair Services Organization" means any a
15 person who sells, provides, performs, or represents that such
16 person can or will sell, provide, or perform any service, with
17 respect to the extension of credit by others and in return for
18 the payment of money or other valuable consideration, for
19 provides, or represents that the express or implied purpose of
20 person can or will provide, any of the following services:

21 (i) improving a buyer's credit record, history, or
22 rating;

23 (ii) (blank); or ~~obtaining an extension of credit for~~
24 ~~a buyer; or~~

25 (iii) providing advice or assistance to a buyer with
26 regard to activity or service described in item ~~either~~

1 ~~subsection (i) or (ii).~~

2 "Credit repair organization ~~Services Organization~~" does
3 not include any of the following:

4 (i) any creditor, with respect to any consumer, a
5 ~~person authorized to the extent make loans or extensions~~
6 ~~of credit under the creditor is assisting laws of this~~
7 ~~State or the consumer United States who is subject to~~
8 restructure an extension of credit owed ~~regulation and~~
9 ~~supervision by this State or the consumer to the creditor~~
10 ~~United States~~, or a lender approved by the United States
11 Secretary of Housing and Urban Development for
12 participation in a mortgage insurance program under the
13 National Housing Act (12 U.S.C. Section 1701 et seq.);

14 (ii) a bank or savings and loan association whose
15 deposits or accounts are eligible for insurance by the
16 Federal Deposit Insurance Corporation or the Federal
17 Savings and Loan Insurance Corporation, or a subsidiary of
18 such a bank or savings and loan association;

19 (iii) a credit union doing business in this State;

20 (iv) a bona fide nonprofit organization exempt from
21 taxation under Section 501(c)(3) of the Internal Revenue
22 Code of 1986, provided that such organization does not
23 charge or receive any money or other valuable
24 consideration for assisting ~~prior to or upon the execution~~
25 ~~of a specific contract or other agreement between the~~
26 ~~buyer and the nonprofit organization;~~

1 (v) a person licensed as a real estate broker by this
2 state if the person is acting within the course and scope
3 of that license;

4 (vi) a person licensed to practice law in this State
5 solely when engaged in the practice of law ~~acting within~~
6 ~~the course and scope of the person's practice as an~~
7 ~~attorney;~~

8 (vii) a broker-dealer registered with the Securities
9 and Exchange Commission or the Commodity Futures Trading
10 Commission acting within the course and scope of that
11 regulation;

12 (viii) a consumer reporting agency; ~~and~~

13 (ix) a licensed debt management service:

14 (1) providing debt management services, as defined
15 in the Debt Management Service Act;

16 (2) acting within the course and scope of its debt
17 management service license;

18 (3) that does not charge any fee for the services
19 of a credit repair organization; and

20 (4) that does not hold itself out as providing the
21 services of a credit repair organization;

22 (x) a licensed debt settlement provider:

23 (1) providing debt settlement services, as defined
24 in the Debt Settlement Consumer Protection Act;

25 (2) acting within the course and scope of its debt
26 settlement service license;

1 (3) that does not charge any fee for the services
2 of a credit repair organization; and

3 (4) that does not hold itself out as providing the
4 services of a credit repair organization; and

5 (xi) a residential mortgage loan broker or banker who
6 is duly licensed under the Illinois Residential Mortgage
7 License Act of 1987 and acting within the course and scope
8 of that regulation.

9 (e) "Person" means an individual, sole proprietorship,
10 corporation, partnership, joint venture, or any business
11 entity.

12 (f) "Consumer report" has the meaning assigned by Section
13 1681a(d) of the Fair Credit Reporting Act (15 U.S.C. Section
14 1681a(d)).

15 (g) "Contract start date" means the date the consumer
16 entered into a contract with a credit repair organization.

17 (h) "Creditor" has the meaning assigned by Section 103 of
18 the Truth in Lending Act (15 U.S.C. Section 1602(g)).

19 (i) "Department" means the Department of Financial and
20 Professional Regulation.

21 (j) "Permanent change" means any removal of negative items
22 from a consumer's credit report or any change that turns a
23 negative item on a consumer's credit report into a neutral or
24 positive item that remains in place for at least 6 months.

25 (k) "Secretary" means the Secretary of Financial and
26 Professional Regulation or the Secretary's designee.

1 (Source: P.A. 88-120.)

2 (815 ILCS 605/5) (from Ch. 121 1/2, par. 2105)

3 Sec. 5. No credit repair ~~services~~ organization, its
4 salespersons, agents, officers, or representatives, or any
5 independent contractor who sells or attempts to sell the
6 services of a credit repair ~~services~~ organization shall:

7 (1) Charge or receive any money or other valuable
8 consideration prior to: ~~full and complete performance~~

9 (A) achieving a permanent change for a buyer;

10 (B) demonstrating achievement of the permanent
11 change by providing the buyer with:

12 (i) a copy of the buyer's credit report pulled
13 on or before the contract start date;

14 (ii) a second copy of the buyer's credit
15 report, pulled after the contract start date, that
16 shows the change for which the buyer is to be
17 charged if the change persists for 6 months; and

18 (iii) a third copy of the buyer's credit
19 report, pulled 6 months after the issuance of the
20 copy described in item (ii), that shows that the
21 change described in item (ii) is a permanent
22 change; and ~~of the services the credit services~~
23 ~~organization has agreed to perform for or on~~
24 ~~behalf of the buyer, unless the credit services~~
25 ~~organization has, in conformity with Section 10 of~~

1 ~~this Act, obtained~~

2 (C) obtaining a surety bond in compliance with
3 Section 5.4 of this Act issued by a surety company
4 ~~licensed to do business in this State. If a credit~~
5 ~~services organization is in compliance with this~~
6 ~~subsection the salespersons, agents, and~~
7 ~~representatives who sell the services of such~~
8 ~~organization shall not be required to obtain the~~
9 ~~surety bond provided for by this Act.~~

10 (1.5) Fail to contemporaneously provide a buyer with a
11 copy of all communications sent to a credit reporting
12 agency on a buyer's behalf.

13 (2) Charge, pay, offer, or receive any money,
14 discount, or other valuable consideration ~~solely~~ for the
15 referral of a buyer to or from a credit repair
16 organization ~~a retail seller who will or may extend credit~~
17 ~~to the buyer if such extension of credit is in~~
18 ~~substantially the same terms as those available to the~~
19 ~~general public.~~

20 (2.5) Represent changes that do not meet the
21 definition of permanent change as successful results in
22 advertisements.

23 (3) Make, or advise any buyer to make, any statement
24 that is untrue or misleading, or that should be known by
25 the exercise of reasonable care to be untrue or
26 misleading, with respect to a buyer's credit reporting

1 agency or to any person who has extended credit to a buyer
2 or to whom a buyer has made application for an extension of
3 credit.

4 (4) Make or use any untrue or misleading
5 representations in the advertising, offer, or sale of the
6 services of a credit repair ~~services~~ organization ~~or~~
7 engage.

8 (5) Engage, directly or indirectly, in any act,
9 practice or course of business reasonably likely ~~intended~~
10 to defraud or deceive a buyer in connection with the
11 officer ~~office~~ or sale of such services; including but not
12 limited to: the amount or type of credit a consumer can
13 expect to receive as a result of the performance of the
14 services offered; the qualifications, training or
15 experience of its personnel; or the amount of credit
16 improvement the consumer can expect to receive as a result
17 of the services.

18 (Source: P.A. 85-1384.)

19 (815 ILCS 605/5.4 new)

20 Sec. 5.4. Surety bond. Every credit repair organization
21 shall maintain a surety bond or electronic surety bond in the
22 principal sum of \$100,000 issued by a bonding company
23 authorized to do business in this State and approved by the
24 Secretary. The bond shall run to the Secretary and shall be for
25 the benefit of any consumer who incurs damages as a result of

1 any violation by a credit repair organization of this Act or
2 rules adopted under this Act.

3 (815 ILCS 605/5.5 new)

4 Sec. 5.5. Duties of the Secretary.

5 (a) The Secretary shall oversee the activities of credit
6 repair organizations and compliance with this Act.

7 (b) A credit repair organization shall submit annually to
8 the Secretary, in a form and manner as the Secretary may
9 prescribe, the following information:

10 (1) the unduplicated number of buyers under contract
11 with the credit repair organization for even one day
12 during the reporting term;

13 (2) out of the unduplicated buyers referenced in
14 paragraph (1), the unduplicated number of credit report
15 items questioned, through a dispute, a complaint, or some
16 other documented action by the credit repair organization,
17 at least one time since the contract start date;

18 (3) out of the items described in paragraph (2), the
19 number of items successfully removed from buyers' credit
20 reports;

21 (4) out of the items described in paragraph (3), the
22 number of items reinserted in buyers' credit reports
23 within 6 months;

24 (5) out of the items described in paragraph (3), the
25 number of items that stayed off buyers' credit reports for

1 6 or more months and can be considered permanent changes;
2 and
3 (6) any additional information as determined by the
4 Secretary.

5 (c) A credit repair organization shall annually file with
6 the Secretary the statistical proof that confirms any
7 information used to demonstrate successful results, such as
8 permanent changes, in advertisements. This includes, but is
9 not limited to, advertisements sent through the United States
10 Postal Service, posted on the Internet, printed in newspapers
11 or other publications, and sent electronically by text or
12 email.

13 (d) The Secretary may routinely audit the accuracy of
14 advertisements for credit repair organizations.

15 (e) The Secretary may issue reports to the General
16 Assembly and the general public, that includes a compilation
17 of the statistical proof received from credit repair
18 organizations described in paragraph (4) of Section 5 and an
19 assessment of the quality of services provided by credit
20 repair organizations to consumers.

21 (815 ILCS 605/6) (from Ch. 121 1/2, par. 2106)

22 Sec. 6. Before the execution of a contract or other form of
23 agreement between a buyer and a credit repair ~~services~~
24 organization or before the credit repair organization receives
25 ~~receipt by any such organization of~~ money or other valuable

1 consideration, whichever occurs first, such organization shall
2 provide the buyer with a statement, in writing, containing the
3 following:

4 (1) a complete and accurate statement of the buyer's
5 right to review any file on the buyer maintained by a
6 consumer reporting agency, as provided under the Fair
7 Credit Reporting Act (15 U.S.C. Section 1681 et seq.);

8 (2) a statement that the buyer may review his consumer
9 reporting agency file at no charge if a request therefor
10 is made to such agency within 30 days after receipt by the
11 buyer of notice that credit has been denied and if such
12 request is not made within the allotted time, the
13 approximate charge to the buyer for such review;

14 (3) a complete and accurate statement of the buyer's
15 right to dispute the completeness or accuracy of any item
16 contained in any file on the buyer maintained by a
17 consumer reporting agency;

18 (4) (blank); ~~a complete and detailed description of~~
19 ~~the services to be performed by the credit services~~
20 ~~organization and the total cost to the buyer for such~~
21 ~~services;~~

22 (5) a statement notifying the buyer that: (i) credit
23 reporting agencies have no obligation to remove
24 information from credit reports unless the information is
25 erroneous, cannot be verified or is more than 7 years old;
26 and (ii) credit reporting agencies have no obligation to

1 remove information concerning bankruptcies unless such
2 information is more than 10 years old;

3 (6) a statement asserting the buyer's right to proceed
4 against the surety bond required under Section 5.4 ~~10~~; and

5 (7) the name and business address of any such surety
6 company together with the name and the number of the
7 account.

8 ~~The credit services organization shall maintain on file,~~
9 ~~for a period of 2 years after the date the statement is~~
10 ~~provided, an exact copy of the statement, signed by the buyer,~~
11 ~~acknowledging receipt of the statement.~~

12 (Source: P.A. 91-357, eff. 7-29-99.)

13 (815 ILCS 605/7) (from Ch. 121 1/2, par. 2107)

14 Sec. 7. (a) Each contract between the buyer and a credit
15 repair ~~services~~ organization for the purchase of the services
16 of the credit repair ~~services~~ organization shall be in
17 writing, dated, signed by the buyer and an authorized employee
18 of the credit repair organization, and shall include:

19 (1) (blank); ~~a conspicuous statement in boldfaced type, in~~
20 ~~immediate proximity to the space reserved for the signature of~~
21 ~~the buyer, as follows:~~

22 ~~"You, the buyer, may cancel this contract at any time~~
23 ~~before midnight of the third day after the date of the~~
24 ~~transaction. See the attached notice of cancellation form for~~
25 ~~an explanation of this right";~~

1 (2) a complete and detailed description of the terms and
2 conditions of payment consistent with Section 5 of this Act,
3 ~~including the total of all payments to be made by the buyer,~~
4 whether to the credit repair ~~services~~ organization or to
5 another person;

6 (2.5) a complete and detailed description of the
7 cancellation policy of the credit repair organization, which
8 shall include the following provisions:

9 (A) If a buyer seeks to stop using the services of a
10 credit repair organization, the buyer shall submit a
11 request to the credit repair organization to cancel the
12 contract. A credit repair organization shall allow
13 submission of a cancellation request electronically.

14 (B) A credit repair organization that has received a
15 request to cancel services for a buyer shall process the
16 cancellation within 15 days after the postmark of any
17 written request or of receipt of an electronic request,
18 and cease to conduct any additional work on behalf of the
19 buyer.

20 (C) Consumers whose cancellation requests are
21 processed and completed, remain obligated to pay for any
22 permanent change resulting from actions taken by the
23 credit repair organization during the contract term from
24 the contract start date through the date the cancellation
25 is processed.

26 (3) a full and detailed description of the services to be

1 performed by the credit repair services organization for the
2 buyer, including ~~all guarantees and all promises of full or~~
3 ~~partial refunds,~~ and the estimated date by which the services
4 are to be performed or the estimated length of time for
5 performing the services; and

6 (4) the address of the credit repair services
7 organization's principal place of business and the name and
8 address of its agent in the State authorized to receive
9 service of process.

10 (b) (Blank). ~~The contract must have two easily detachable~~
11 ~~copies of a notice of cancellation. The notice must be in~~
12 ~~boldfaced type and in the following form:~~

13 ~~"Notice of Cancellation"~~

14 ~~"You may cancel this contract, without any penalty or~~
15 ~~obligation, within three days after the date the contract is~~
16 ~~signed.~~

17 ~~If you cancel, any payment made by you under this contract~~
18 ~~will be returned within 10 days after the date of receipt by~~
19 ~~the seller of your cancellation notice.~~

20 ~~To cancel this contract, mail or deliver a signed, dated~~
21 ~~copy of this cancellation notice, or other written notice to:~~

22 ~~(name of seller) at (address of seller) (place of~~
23 ~~business) not later than midnight (date)~~

24 ~~I hereby cancel this transaction."~~

25 ~~.....~~

26 ~~(date)~~

~~(purchaser's signature)~~

1 (c) The credit repair ~~services~~ organization shall give to
2 the buyer a copy of the completed contract and all other
3 documents the credit repair ~~services~~ organization requires the
4 buyer to sign at the time they are signed. A credit repair
5 organization shall not unreasonably deny a buyer's request for
6 an additional copy of the contract or any other document the
7 buyer signed.

8 (Source: P.A. 85-1384.)

9 (815 ILCS 605/7.1 new)

10 Sec. 7.1. Recordkeeping. The credit repair organization
11 shall maintain on file, for a period of 2 years after the date
12 the statement required in Section 7 is provided, an exact copy
13 of the statement, signed by the buyer, acknowledging receipt
14 of the statement.

15 (815 ILCS 605/8) (from Ch. 121 1/2, par. 2108)

16 Sec. 8. (a) Any contract for services which does not
17 comply with applicable provisions of this Act ~~article~~ shall be
18 void and unenforceable as contrary to public policy. Any
19 waiver by a buyer of the provisions of this Act shall be deemed
20 void and unenforceable ~~by a credit services organization~~ as
21 contrary to public policy. Any attempt by a credit repair
22 ~~services~~ organization to have a buyer waive rights granted by
23 this Act shall constitute a violation of this Act.

24 (b) The provisions of this Act shall apply to any person

1 who seeks to evade its application by any device, subterfuge,
2 or pretense, including, without limitation:

3 (1) instructing or suggesting that a buyer make
4 payments into an account controlled by a third party;

5 (2) using any agents, affiliates, or subsidiaries in
6 an attempt to avoid the application of the provisions of
7 this Act; or

8 (3) having any affiliation or other business
9 arrangement with an entity that is exempt from the
10 provisions of this Act, the effect of which is to evade the
11 provisions of this Act.

12 (c) A violation of this Section shall constitute a
13 violation of this Act.

14 (Source: P.A. 85-1384.)

15 (815 ILCS 605/9) (from Ch. 121 1/2, par. 2109)

16 Sec. 9. (a) A credit repair ~~services~~ organization shall
17 file a registration statement with the Department ~~Secretary of~~
18 ~~State~~ before conducting business in this State. The
19 registration statement shall contain:

20 (1) the name and address of the credit repair ~~services~~
21 organization;

22 (2) the name and address of the registered agent
23 authorized to accept service of process on behalf of the
24 credit repair ~~services~~ organization;

25 (3) the name and address of any person who directly or

1 indirectly owns or controls 10 percent or more of the
2 outstanding shares of stock in the credit repair ~~services~~
3 organization; and

4 (4) the name, numbers, and location of the surety
5 company issuing a surety bond maintained as required by
6 Section 5.4 ~~10~~ of this Act.

7 (b) The registration statement must also contain either:

8 (1) a full and complete disclosure of any litigation
9 or unresolved complaint filed with a governmental
10 authority of this State, any other state or the United
11 States relating to the operation of the credit repair
12 ~~services~~ organization; or

13 (2) a notarized statement that states that there has
14 been no litigation or unresolved complaint filed with a
15 governmental authority of this State, any other state or
16 the United States relating to the operation of the credit
17 repair ~~services~~ organization.

18 (c) The credit repair ~~services~~ organization shall update
19 such statement not later than 30 days ~~the 90th day~~ after the
20 date on which a change in the information required in the
21 statement occurs.

22 (d) Each credit repair ~~services~~ organization registering
23 under this Section shall maintain a copy of the registration
24 statement in their files. The credit repair ~~services~~
25 organization shall allow a buyer to inspect the registration
26 statement on request.

1 (e) The Department Secretary of State may charge ~~each~~
2 ~~credit services organization that files~~ a registration
3 ~~statement a reasonable fee of \$3,000 per year not to exceed~~
4 ~~\$100 to cover the cost of filing.~~

5 (f) Any credit repair organization that has a proper
6 registration on file with the Secretary of State on July 1,
7 2025, shall be entitled to continue to lawfully act as a credit
8 repair organization under the terms of this Act if it files a
9 registration with the Department within 60 days after the
10 Department issues forms for the filing of such registration.

11 (Source: P.A. 85-1384.)

12 (815 ILCS 605/9.5 new)

13 Sec. 9.5. Transfer of records. All books, records, files,
14 correspondence, documents, or other papers and pending
15 business or matters in any way related to the regulation of
16 credit repair organizations in the possession of the Secretary
17 of State shall be delivered and transferred to the Department.

18 (815 ILCS 605/11) (from Ch. 121 1/2, par. 2111)

19 Sec. 11. Any person injured by a violation of this Act or
20 by the credit repair ~~services~~ organization's breach of a
21 contract entered into pursuant to Section 7 of this Act, may
22 bring any action for recovery of actual damages and statutory
23 damages of \$5,000 for the first offense and \$10,000 for a
24 second and any subsequent offense. Such person may also be

1 awarded punitive damages, reasonable attorney's fees and court
2 costs.

3 (Source: P.A. 85-1384.)

4 (815 ILCS 605/12) (from Ch. 121 1/2, par. 2112)

5 Sec. 12. ~~A.~~ Nothing in this Act shall be construed to
6 restrict the exercise of powers or the performance of the
7 duties of the Attorney General, a State's Attorney, or federal
8 law enforcement. The Attorney General, the State's Attorney of
9 any county, or a buyer may bring an action in a circuit court
10 to enjoin a violation of this Act. In addition to any
11 injunction, the Attorney General or any State's Attorney or
12 any county, in the name of the People of the State of Illinois,
13 may seek to recover damages pursuant to this Act or any other
14 relief permitted by law. The Attorney General may enforce a
15 violation of this Act as an unlawful practice under the
16 Consumer Fraud and Deceptive Business Practices Act.

17 (Source: P.A. 85-1384.)

18 (815 ILCS 605/14) (from Ch. 121 1/2, par. 2114)

19 Sec. 14. Construction.

20 (a) For purposes of carrying out the objectives of this
21 Act:

22 (1) This Act shall be liberally construed.

23 (2) This Act shall be construed as a consumer
24 protection law.

1 (3) All exclusions from the definition of the credit
2 repair organization, as described in subsection (g) of
3 Section 3, shall be construed narrowly and the burden of
4 proving an exclusion from the definition of credit repair
5 organization definition exemption under subsection (g) of
6 Section 3 is on the person claiming the exemption.

7 (b) It is the intent of the General Assembly for this Act
8 to apply to the conduct of attorneys when not engaged in the
9 practice of law.

10 (c) In construing this Act consideration shall be given to
11 the interpretations of the Fair Credit Reporting Act (15
12 U.S.C. Section 1681 et seq.)~~In an action under this Act the~~
13 ~~burden of proving an exemption under paragraph (d) of Section~~
14 ~~3 is on the person claiming the exemption.~~

15 (Source: P.A. 85-1384.)

16 (815 ILCS 605/15) (from Ch. 121 1/2, par. 2115)

17 Sec. 15. The remedies provided by this Act are in addition
18 to other remedies provided by law. A violation of this Act
19 shall also constitute a violation of the Consumer Fraud and
20 Deceptive Business Practices Act. A violation of the
21 Telemarketing and Consumer Fraud and Abuse Prevention Act (15
22 U.S.C. Section 6101 et seq.) and its implementing regulations
23 (16 CFR 310.1 et seq.) or of the federal Credit Repair
24 Organizations Act (15 U.S.C. Section 1679 et seq.) shall also
25 be a violation of this Act.

1 (Source: P.A. 85-1384.)

2 (815 ILCS 605/17 new)

3 Sec. 17. Rulemaking.

4 (a) In addition to powers granted to the Department under
5 this Act, the Department may adopt rules consistent with the
6 purposes of this Act, including, but not limited to:

7 (1) rules in connection with the activities of credit
8 repair organizations as may be necessary and appropriate
9 for the protection of consumers in this State;

10 (2) rules as may be necessary and appropriate to
11 define and deter improper or fraudulent business practices
12 in connection with the activities of credit repair
13 organizations;

14 (3) rules that define the terms used in this Act and as
15 may be necessary and appropriate to interpret and
16 implement the provisions of this Act; and

17 (4) rules to prevent evasion of this Act; and

18 (5) rules as may be necessary for the enforcement and
19 administration of this Act.

20 (b) The Secretary is authorized to make specific rulings,
21 demands, and findings that the Secretary deems necessary for
22 the proper conduct of any credit repair organization.

23 (815 ILCS 605/17.5 new)

24 Sec. 17.5. Regulatory assessment.

1 (a) Every credit repair organization shall annually pay to
2 the Department its pro rata share of the cost for
3 administration of the Act, as estimated by the Department, for
4 the current year and for any deficit actually incurred in the
5 administration of the Act in prior years. Every credit repair
6 organization's pro rata share shall be the percentage that the
7 number of buyers under contract with the credit repair
8 organization bears to the total buyers under contract with all
9 credit repair organizations in the previous year, or any other
10 method of pro rata fee assessment as established by rule.

11 (b) The Secretary may establish other fees by rule as
12 necessary to administer and enforce this Act.

13 (c) All fees received under this Section shall be
14 nonrefundable.

15 (815 ILCS 605/18 new)

16 Sec. 18. Evasion. Any agreement, contract, or transaction
17 that is structured to evade this Act shall be deemed to covered
18 by this Act.

19 (815 ILCS 605/19 new)

20 Sec. 19. Examination and reports.

21 (a) The Secretary may examine the business affairs of a
22 credit report organization for compliance with this Act as
23 often as the Secretary deems necessary and proper. The
24 Department may adopt rules with respect to the frequency and

1 manner of examination. The Secretary shall appoint a suitable
2 person to perform an examination. The Secretary and his or her
3 appointees may examine under oath the entire books, records,
4 documents, and operations of each credit repair organization
5 and its subsidiaries, affiliates, and agents, and may examine
6 any of the officers, directors, employees, and agents of the
7 credit repair organization and its subsidiaries, affiliates,
8 and agents.

9 (b) Affiliates of a credit repair organization shall be
10 subject to examination by the Secretary on the same terms as
11 the credit repair organization.

12 (c) The expenses of any examination of the credit repair
13 organization and affiliates shall be borne by the licensee and
14 assessed by the Secretary as established by rule.

15 (d) In addition to any reports required under this Act,
16 every licensee shall file any other report that the Secretary
17 requires.

18 (815 ILCS 605/20 new)

19 Sec. 20. Violations. It is a violation of this Act for a
20 credit repair organization, or other person subject to this
21 Act to:

22 (1) directly or indirectly employ any scheme, device,
23 or artifice to defraud or mislead any person, including,
24 but not limited to, engaging in bait and switch
25 advertising or sales practices;

1 (2) directly or indirectly engage in any unfair or
2 deceptive act or practice toward any person, including,
3 but not limited to, any false or deceptive statement about
4 fees or other terms of the contract with a buyer;

5 (3) directly or indirectly obtain property by fraud or
6 misrepresentation;

7 (4) knowingly make, publish, or disseminate any false,
8 deceptive, or misleading information;

9 (5) fail to make any report or statement lawfully
10 required by the Secretary or other public official;

11 (6) demonstrate, by course of conduct, negligence or
12 incompetence in performing any act directly or indirectly
13 relating to activities covered by this Act;

14 (7) violate the Consumer Fraud and Deceptive Business
15 Practices Act; and

16 (8) fail to comply with the provisions of this Act or
17 with any lawful order, agreement, or rule made or issued
18 under the provisions of this Act.

19 (815 ILCS 605/21 new)

20 Sec. 21. Enforcement.

21 (a) In order to enforce this Act, the Department may:

22 (1) take any action authorized by this Act against a
23 credit repair organization or other person subject to this
24 Act for any violation of this Act;

25 (2) order relief under this Section which may include,

1 but is not limited to, any of the following:

2 (A) rescission or reformation of contracts;

3 (B) refund of moneys or return of real property;

4 (C) restitution;

5 (D) disgorgement or compensation for unjust
6 enrichment, with any disgorged amounts returned to the
7 affected consumers, to the extent practicable;

8 (E) payment of damages or other monetary relief;

9 (F) public notification regarding the violation,
10 including the costs of notification;

11 (G) limits on the activities or functions of the
12 person; and

13 (F) monetary penalties, as set forth more fully in
14 paragraph (1) of subsection (d);

15 (3) compromise, modify, or remit any penalty that may
16 be assessed or has already been assessed; and

17 (4) impose penalties to deter future violations by any
18 person subject to this Act.

19 (b) In any administrative action brought under this Act,
20 the following penalties shall apply:

21 (1) Order any person who violates any provision of
22 this Act, through any act or omission, to pay a penalty as
23 follows:

24 (A) For any violation of this Act, rule, order, or
25 condition imposed in writing by the Department, a
26 penalty may not exceed the greater of either \$5,000

1 for each day during which the violation or failure to
2 pay continues or \$2,500 for each act or omission in
3 violation of this subparagraph.

4 (B) For any reckless violation by a person of this
5 Act, rule, order, or condition imposed by the
6 Department, a penalty may not exceed the greater of
7 \$25,000 for each day during which the violation
8 continues or \$10,000 for each act or omission in
9 violation of this subparagraph.

10 (C) For any knowing violation, by a person of this
11 Act, rule, order, or condition imposed by the
12 Department, a penalty may not exceed the lesser of 1%
13 of the person's total assets or \$1,000,000 for each
14 day during which the violation continues, but in no
15 circumstances may be less than \$25,000 for each act or
16 omission in violation of this subparagraph.

17 (2) In determining the amount of any penalty assessed
18 under this Act, the Department shall take into account
19 mitigating factors and the appropriateness of the penalty
20 with respect to all of the following:

21 (A) the amount of financial resources of the
22 person charged;

23 (B) the good faith of the person charged;

24 (C) the gravity of the violation;

25 (D) the severity of the risks to or losses of the
26 consumer, which may take into account the number of

1 products or services sold or provided;

2 (E) the history of previous violations; and

3 (G) other facts and circumstances as justice may

4 require.

5 (815 ILCS 605/22 new)

6 Sec. 22. Confidential supervisory information.

7 (a) Reports of investigation and examination, other
8 reports rendered under this Act, and correspondence and
9 memoranda concerning or arising out of an investigation,
10 examination, or report, including any copies thereof, in the
11 possession of the Secretary shall be confidential
12 communications, shall not be subject to disclosure under the
13 Freedom of Information Act, and shall not be made public
14 unless the Secretary finds that the ends of justice and the
15 public advantage will be served by the disclosure. Upon such
16 finding, the Secretary may disclose, in whole or in part, any
17 report or other material referred to in this Section in the
18 manner the Secretary considers proper.

19 (b) The Secretary may release any of the information
20 described in subsection (a) to any agency of this State,
21 another state, or the United States.

22 (c) Any information provided by a credit repair
23 organization under subsections (b) and (c) of Section 5.5,
24 other than personal identifiable information of a buyer, shall
25 be a public record subject to disclosure under the Freedom of

1 Information Act.

2 (815 ILCS 605/23 new)

3 Sec. 23. Judicial review. All final administrative
4 decisions of the Department under this Act, all amendments and
5 modifications of final administrative decisions, and any rules
6 adopted by the Department under this Act, shall be subject to
7 judicial review under the provisions of the Administrative
8 Review Law.

9 (815 ILCS 605/4 rep.)

10 (815 ILCS 605/10 rep.)

11 Section 15. The Credit Services Organizations Act is
12 amended by repealing Sections 4 and 10.

13 Section 99. Effective date. This Act takes effect January
14 1, 2025.

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3	815 ILCS 505/2Z	from Ch. 121 1/2, par. 262Z
4	815 ILCS 505/2EEEE new	
5	815 ILCS 605/1	from Ch. 121 1/2, par. 2101
6	815 ILCS 605/2	from Ch. 121 1/2, par. 2102
7	815 ILCS 605/3	from Ch. 121 1/2, par. 2103
8	815 ILCS 605/5	from Ch. 121 1/2, par. 2105
9	815 ILCS 605/5.4 new	
10	815 ILCS 605/5.5 new	
11	815 ILCS 605/6	from Ch. 121 1/2, par. 2106
12	815 ILCS 605/7	from Ch. 121 1/2, par. 2107
13	815 ILCS 605/7.1 new	
14	815 ILCS 605/8	from Ch. 121 1/2, par. 2108
15	815 ILCS 605/9	from Ch. 121 1/2, par. 2109
16	815 ILCS 605/9.5 new	
17	815 ILCS 605/11	from Ch. 121 1/2, par. 2111
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