

FTC seeks law to shed more light on data brokers

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(AP) -- The Federal Trade Commission is calling for a new law that would allow people to review the vast amounts of information being collected about them as the Internet, smartphones and other technology make it easier to create digital dossiers of just about anyone's life.

The proposal, outlined in an online privacy report released this week, is an unusually tough one from a consumer protection agency that prefers to coax companies into adopting voluntary principles. It comes a month after the Obama administration issued a proposed "Consumer Privacy Bill of Rights" and urged technology companies, consumer groups and others to work together on developing more safeguards.

As part of a 57-page report that also touched on other topics, the FTC said Congress needs to impose more controls over so-called "data brokers" that profit from the collection and sale of files containing sensitive information that can affect people's ability to get a job or find a place to live. These data brokers range from publicly traded companies such as Acxiom Corp. to a hodgepodge of small, regional services that may only have two or three employees.

"Consumers are often unaware of the existence of these entities, as well as the purposes for which they collect and use data," Monday's report said

An investigation by The Associated Press last year found that data brokers often store incorrect or outdated information, including criminal

records. In some cases, people are denied jobs because data brokers incorrectly report them as convicted felons. Widespread complaints about inaccurate records triggered a class-action lawsuit that culminated in one database company, HireRight Solutions Inc., to settle the case for \$28.4 million last year.

The FTC is pushing for a law that would let consumers see their files and dispute personal data held by information brokers. It would be similar to current federal laws that guarantee consumers free access to their credit reports once a year.

"We would be happy to engage in a dialogue about what should be included in a law and what shouldn't be," said Jennifer Barrett Glasgow, Acxiom's chief privacy officer. She predicted it could take at least three years to get a law approved. It took years of political haggling before the Fair Credit Reporting Act was amended in 2003 to include free annual access to credit reports.

The FTC is recommending that Congress base a data-broker law on a bill that was passed by the House in 2009, but died in the Senate. The FTC is also trying to persuade data brokers to create a centralized website where they identify themselves and disclose how they handle consumer information.

By focusing on data brokers, the commission is opening "an important new front in the battle to protect consumer privacy," said Jeff Chester, executive director of the Center for Digital Democracy, a privacy rights group. "Today, consumers face an ever growing and largely invisible data apparatus that collects and pools their information."

The FTC's report also addressed the need for Web browsers and other key Internet services to offer simpler ways for consumers to prevent their online activities from being tracked and stored. That echoes a

recommendation that the FTC first made in late 2010.

Although it has been gaining momentum, "Do Not Track" faces resistance because it threatens to undercut the growth of Internet advertising, which has become a more popular marketing vehicle as websites learn more about their visitors' specific interests.

Nevertheless, the major Web browsers made by Microsoft Corp. Google Inc., Apple Inc. and the Mozilla Foundation have been working on features that enable users to block tracking. That still hasn't prevented some Internet companies, including Google, from coming up ways to get around the blocking features built into some browsers. Google says its recently detected bypass of the privacy settings in Apple's Safari browser was inadvertent.

If the Internet industry doesn't voluntarily offer effective anti-tracking tools, FTC Chairman Jon Leibowitz has indicated the agency will urge Congress to pass a law to address that privacy issue, too.

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