Verizon to end location data sales to brokers

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In this Tuesday, May 2, 2017, file photo, Verizon corporate signage is captured on a store in Manhattan's Midtown area, in New York. Verizon is pledging to stop selling data to outsiders through middlemen that can pinpoint the location of mobile phones, the Associated Press has learned. (AP Photo/Bebeto Matthews, File)

Verizon is pledging to stop selling information on phone owners' locations to data brokers, stepping back from a business practice that has drawn criticism for endangering privacy, The Associated Press has learned.

The data has allowed outside companies to pinpoint the location of wireless devices without their owners' knowledge or consent. Verizon said that about 75 companies have been obtaining its customer data from two little-known California-based brokers that Verizon supplies directly—LocationSmart and Zumigo.

Though Verizon is the first major U.S. wireless carrier to end sales of such data to brokers that then provide it to others, Verizon did not say it was getting out of the business of selling location data.

Verizon's chief privacy officer, Karen Zacharia, said the company would be careful not to disrupt "beneficial services" such as fraud prevention and would "work with these aggregators to ensure a smooth transition for these beneficial services to alternative arrangements so as to minimize the harm to customers and end users."

The nation's largest mobile carrier in subscribers count made its disclosure in a letter to Sen. Ron Wyden, an Oregon Democrat who has been probing the phone location-tracking market. Last month, Wyden revealed abuses in the lucrative but loosely regulated field involving Securus Technologies and its affiliate 3C Interactive. Verizon says their contract was approved only for the location tracking of outside mobile phones called by prison inmates.

After a thorough review of its program, Verizon notified LocationSmart and Zumigo, both privately held, that it intends to "terminate their ability to access and use our customers' location data as soon as possible," Zacharia wrote.

Location data from Verizon and other carriers makes it possible to identify the whereabouts of nearly any phone in the U.S. within seconds.

Popular commercial uses for so-called geolocation tracking include emergency roadside assistance; keeping tabs on packages, vehicles and employees; bank fraud prevention and targeted marketing offers.

The cutoff won't affect users' ability to share locations directly with apps and other services. Rather, it deals with the practice of selling data to third parties with which users have no direct connection.

Wyden wrote all four major U.S. wireless carriers on May 8 after learning about a web portal that let law officers track Americans' locations without proper oversight. A former sheriff in Missouri has been accused of using Securus data for unauthorized surveillance of a judge, a sheriff and state highway patrol officers.

Days later, a Carnegie Mellon University security researcher discovered a security flaw in LocationSmart's website that could have allowed any reasonably sophisticated hacker to secretly track almost any phone in the U.S. or Canada.

Wyden asked the carriers to identify which third parties have been acquiring carrier location data and to provide details such as any third-party sharing of location data without customer consent. His office shared the companies' responses with The AP.

None of the four carriers named any third parties, with two exceptions. One was Securus, which all four carriers have since cut off. The other was 3CInteractive, the reseller that supplied Securus. Only Verizon has pledged to end the sale of location data from its 116 million wireless subscribers through so-called "geolocation aggregators.

"Verizon did the responsible thing and promptly announced it was cutting these companies off," Wyden said in a statement. "In contrast, AT&T, T-Mobile, and Sprint seem content to keep selling their customers' private information to these shady middle men, Americans' privacy be damned."

Wyden has complained that people's physical security could be endangered if the information falls in the wrong hands.

"The big concern was that this was probably the tip of the iceberg," said Laura Moy, deputy director of the Georgetown Center on Privacy and Technology. She said Verizon's move "indicates that it cannot actually police this process, that it doesn't have the ability."

Nor can the other carriers, she said.

Verizon did not respond to questions from the AP on whether it plans to sell location data directly that had been brokered by the two California companies. A spokesman, Rich Young, said he could not say whether the other big carriers would follow its lead.

"We're trying to do with right thing for our customers," he said. "We're not waiting to see whether others to do the same."

The other carriers did not immediately respond Tuesday to emailed requests for comment.

AT&T and T-Mobile , No. 2 and 3 in customers, said in letters to Wyden they only allow authorized third parties to access customer location data if the affected customers have given consent or if it is required by law—for instance, a court order. Verizon said the same.

Sprint said account holders must "generally be notified" if the data is to

be used so they can decide whether they consent. T-Mobile has offered to buy Sprint for $26.5 billion.

The carriers left most of Wyden's questions unanswered—such as how many of their customers had been affected by location sharing they never agreed to.

Gigi Sohn, a former top advisor at the Federal Communications Commission in the Obama administration, said Verizon has lately proven itself a "shining example" on privacy.

"I think they understand that bad privacy practices are bad for business," she said.

But a Verizon pullout from the aggregator arrangement won't crater the market for this data, Sohn said.

AT&T, Sprint and T-Mobile, for one, jointly have nearly 200 million wireless customers who marketers want to reach.

Moy said Verizon may have been motivated by an FCC fine for an earlier episode in which the company quietly tracked its wireless customers' online travels with a "supercookie" for at least 22 months beginning in December 2012.

The company subsequently signed a consent order with the FCC promising to restrict that tracking to customers who affirmatively agreed to it. It was fined $1.4 million.

The case also spurred FCC rules that would have required carriers to obtain consent for selling their customers' wireless location data. But the GOP-led Congress quashed those rules last year.

Analysts say it's difficult to gauge the size of the location-tracking aggregation market.

On its website, LocationSmart claims it is the No. 1 "location-as-a-service" provider with data from every top tier U.S. wireless carrier and more than 200 enterprise customers. Zumigo appears oriented to the financial sector, and lists Intel, Wells Fargo and Capital One among investors.

Analyst Rich Mogull of Arizona-based Securosis LLC said telecom providers track and sell location data as a matter of course, with a wide range of businesses including Google extensively attempting to compile location datasets on consumers.

"We are all tracked, all the time, primarily for marketing purposes, by such a large number of companies I 'm not sure I would even know where to start the math," said Mogull.

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