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The Honorable Tom Umberg
Chair, Senate Judiciary Committee
California State Senate
Sacramento, CA 95814
Address

Dear Chair Umberg:

I write on behalf of the Consumer Data Industry Association ("CDIA")¹ to oppose S.B. 362. This bill would broadly expand the state's data broker law in a way that harms California consumers, nonprofits, governments, and businesses. Simply put, people with the most to hide will be the ones that hide the most.

The benefits of data sharing are well-documented. For example, "Social Security numbers...play a critical role in identifying and locating missing family members, owners of lost or stolen property, heirs, pension beneficiaries, organ and tissue donors, suspects, witnesses in criminal and civil matters, tax evaders, and parents and ex-spouses with delinquent child or spousal support obligations."²

The deletion rights would:

- Extend sanctuary to parents who owe delinquent child support and attempt to hide assets from their former spouses and children.³
- Give cover to people who owe debts to others.
- Offer a safe retreat to fraudsters who cheat government benefits programs that take food out of children's mouths.⁴ Conversely, the deletion rights in the bill could limit public benefits fraud

¹ The Consumer Data Industry Association is the voice of the consumer reporting industry, representing consumer reporting agencies, including the nationwide credit bureaus, regional and specialized credit bureaus, background check and residential screening companies, and others. Founded in 1906, CDIA promotes the responsible use of consumer data to help consumers achieve their financial goals and to help businesses, governments, and volunteer organizations avoid fraud and manage risk. Through data and analytics, CDIA members empower economic opportunity all over the world, helping ensure fair and safe transactions for consumers, facilitating competition, and expanding consumers' access to financial and other products suited to their unique needs.

² See generally, *Hearing on Enhancing Social Security Number Privacy: Before the Subcomm. on Social Security of the House Ways and Means Comm. Subcom. on Social Security*, June 15, 2004 (107th Cong.) (statement of Prof. Fred H. Cate, Indiana University School of Law).

³ Association for Children for Enforcement of Support reports that public record information provided through commercial vendors helped locate over 75 percent of the "deadbeat parents" they sought. *Information Privacy Act, Hearings before the Comm. on Banking and Financial Services, House of Representatives, 105th Cong., 2nd Sess. (July, 28, 1998) (statement of Robert Glass).*

⁴ To determine eligibility for benefits and to weed out fraud in SNAP, applicants go through a certification process, which includes a check of both public and non-public information from private companies. Errors and fraud in SNAP "can add up quickly and create a serious payment accuracy problem for state." The "data matching and certification process may also provide information useful in detecting recipient application fraud." Randy Alison Aussenberg, *Errors and Fraud in the Supplemental Nutrition Assistance Program (SNAP)*, Cong. Research Service, Sept. 28, 2018, at 17-18, 23, and 29.

detection and prevention by allowing money that would otherwise be fraudulently used to go back to people that qualify for assistance.⁵

- Provide quarter to those that commit insurance or healthcare fraud.
- Impede authorities trying to locate missing and exploited children or to investigate human trafficking.⁶
- Make it harder to reunite lost assets with rightful beneficiaries.⁷
- Challenge financial institutions trying to limit identity and comply with “Know Your Customer” guidelines.
- Interfere with the ability to prevent terrorist attempts to access the American financial services system⁸ and hard targets.⁹
- Hamstring law enforcement investigations of crimes and the location of victims, witnesses, and fugitives.
- Impede sellers interested in preventing online purchase fraud and reducing the risk of consumer victimization.

⁵ The Maryland Department of Mental Health and Hygiene uses Social Security Numbers (“SSNs”) to, among other things, to maintain databases under the CDC’s National Breast and Cervical Cancer Early Detection Program (“NBCCEDP”). Among other things, SSNs are used for this database to decline state funding for cancer screening if they are Medicaid ineligible. “The electronic claims administration system (eCMS) runs every claim file against the MA eligibility file and rejects claims for Program patients found [Medicaid ineligible].” *Letter from James P. Johnson, Deputy Secretary of Operations, Maryland Department of Health and Mental Hygiene, to Sen. Delores G. Kelley and Del. Susan C. Lee, Aug. 21, 2007.*

⁶ In November 2020, a missing 15-year old girl in Austin, Texas “was one of nearly 200 children who’ve been safely recovered through the [National Center for Missing & Exploited Children’s] ADAM Program.” The Automated Delivery of Alerts on Missing Program was built by the NCMEC’s “long-time partner” and CDIA member, LexisNexis® Risk Solutions. NCMEC Blog, [Revolutionizing the Search For Missing Kids](#), Nov. 20, 2020.

⁷ The presence of an SSN increases the chance of locating a pension beneficiary from less than 8 percent to more than 85 percent. *Hearing on Protecting Privacy and Preventing Misuse of Social Security Numbers before the Subcomm. on Social Security of the House Comm. on Ways and Means, May 22, 2001* (statement of Paula LeRoy, President, Pension Benefit Information).

⁸ Federal investigators hunting for potential terrorists have been poring over hundreds of fraudulent Social Security numbers generated by a Southern California ring that catered mostly to Middle Eastern immigrants. Three people have pleaded guilty in the scheme, broken up before the Sept. 11 attacks, including a Jordanian national who worked in security at Los Angeles International Airport and a U.S. government employee who tapped a secure federal computer to procure the government-issued cards, court records and interviews show. ‘Obviously,’ one law enforcement official said, ‘[we need] to make sure no terrorists are running around with ... identities that are not theirs.’ Rich Connell, Greg Krikorian, *Agents Tracking Fake Social Security Cards Probe: Terrorist attacks prompt scrutiny of those who bought numbers from Southland ring*, Los Angeles Times, April 4, 2002.

⁹ “At least seven of the hijackers also obtained Virginia state ID cards, which would serve as identification to board a plane, even though they lived in Maryland motels. ‘If we can’t be sure when interacting that someone is who they purport to be, where are we?’ said James G. Huse Jr., the Social Security Administration’s inspector general.” Source: Robert O’Harrow Jr. and Jonathan Krim, *National ID Card Gaining Support*, Washington Post, Dec. 7, 2001, A1 (quoting James Huse, Inspector General of the Social Security Administration).

President Biden reflected the nation's distress over the "historic degree of outright fraud and identity theft of [pandemic] benefits" that he issued "a three-part historic Pandemic Anti-Fraud proposal." The President prioritized consumer protections by announcing an "...invest[ment] in better prevention of identity theft and all forms of major fraud involving public benefit programs," and working to "[ensure] resources [and] time for investigations and prosecution of those engaged in major or systemic pandemic fraud."¹⁰ Companies that use consumer information, like CDIA members, have risen to meet the President's mission. Unfortunately, Senate Bill 362 is a step backward from fulfilling the call to prevent "historic" fraud.

To better protect Californians, we urge your committee to reject S.B. 362.

Sincerely,



Eric J. Ellman
Senior Vice President, Public Policy & Legal Affairs

¹⁰ The White House, *FACT SHEET: President Biden's Sweeping Pandemic Anti-Fraud Proposal: Going After Systemic Fraud, Taking on Identity Theft, Helping Victims*, available at <https://www.whitehouse.gov/briefing-room/statements-releases/2023/03/02/fact-sheet-president-bidens-sweeping-pandemic-anti-fraud-proposal-going-after-systemic-fraud-taking-on-identity-theft-helping-victims/>.