

**Senate Commerce Committee
Hearing on Consumer Privacy
Oral Statement of FTC Commissioner Julie Brill
June 29, 2011**

Chairman Rockefeller, Ranking Member Hutchison, and Members of the Committee, I am Julie Brill, a Commissioner of the Federal Trade Commission. I appreciate the opportunity to present the Commission's testimony today.

Vast amounts of personal information about consumers are collected and used by many different types of businesses. Employers, retailers, advertisers, data brokers, lenders, insurance companies, and many more.

Imagine a cash-strapped mother working as a substitute teacher, and waiting for a permanent opening. She and her husband have mounting bills, so to tie them over between paychecks she gets a payday loan. She then goes to the drug store and buys diapers and children's Tylenol with her loyalty card. Soon after, in the mail, she gets coupons for diapers and children's Motrin. And she receives an offer to refinance her mortgage on terms that seem too good to be true.

In the evening, the mom goes online to spend time on a social network site. While online, she notices she is receiving ads for toys and children's cough medicine, as well as more loan offers.

Could the drug store and social networking site have sold information about our consumer's purchases and interests? Could the payday lender have sold information about her need for money to other lenders and lead generators, both online and offline, who are now offering her loans? Could the fact that she is a new mom be sold to potential employers?

The answer to all of these questions is yes.

Some of the things that I've described can offer real benefits. The mom probably wants coupons for diapers. But the vast majority of consumers are completely unaware that their purchasing history, their particular financial situation, information about their health, and other personal information is sold to data brokers, lead generators, lenders, insurance companies, potential employers and others. Most consumers are simply unaware of the data deluge about them being collected, sold and used, both online and offline.

I am concerned about how consumers' privacy is impacted by these practices. At the Federal Trade Commission, we are focused on solutions that provide consumers with more information and more choices about these practices, while allowing industry to continue to innovate and thrive.

The FTC enforces laws protecting consumer privacy and security, educates consumers and businesses, and engages in policy initiatives. Our written testimony highlights our many recent, significant enforcement efforts relating to privacy and data security, including our latest

action against Teletrack, a company that sold lists about financially distressed consumers to marketers. To settle our allegations, Teletrack agreed to comply with the Fair Credit Reporting Act and to pay a \$1.8 million civil penalty.

Privacy and security continue to be front-and-center on the Commission's policy agenda as well. The Commission has not taken a position on whether general privacy or Do Not Track legislation is needed, but a majority of Commissioners, myself included, supports widespread implementation of Do Not Track mechanisms.

More generally, we support strong privacy protections. Our preliminary staff privacy report recommended that industry build privacy protections into their products and services at the outset, simplify choices presented to consumers about privacy, and improve transparency relating to data collection and use. On data security, the Commission supports the enactment of federal data security and breach notification legislation. I am pleased that legislation proposed in this Committee aims to accomplish all of these goals.

Thank you for your leadership on consumer privacy and data security. We look forward to continuing to work closely with you on these critical issues.