

M E M O R A N D U M

To: Members of the Committee on Financial Services
From: FSC Majority Staff
Date: February 28, 2014
Re: March 5, 2014, Subcommittee on Financial Institutions and Consumer Credit Hearing Entitled “Data Security: Examining Efforts to Protect Americans’ Financial Information”

The Subcommittee on Financial Institutions and Consumer Credit will hold a hearing entitled “Data Security: Examining Efforts to Protect Americans’ Financial Information” at 10:00 a.m. on Wednesday, March 5, 2014, in room 2128 of the Rayburn House Office Building. The witnesses will include:

Panel 1

- Mr. William Noonan, Deputy Special Agent in Charge, Criminal Investigation Division, Cyber Operations, United States Secret Service

Panel 2

- Mr. Troy Leach, Chief Technology Officer, PCI Security Standards Council
- Mr. Greg Garcia, Advisor to Financial Services Information Sharing and Analysis Center (FS-ISAC)
- Mr. David Fortney, Senior Vice President, Product Management and Development, The Clearing House Payments Company
- Mr. Edmund Mierzwinski, Consumer Program Director, U.S. PIRG

As payment systems increasingly rely on electronic transmissions of personal financial data, Americans have a right and an expectation to know how that data is protected, where it is stored, the extent to which government has access to it, and the protocols that are or ought to be in place when private or public sector entities mishandle, improperly disclose, or otherwise fail to ensure the security of personal financial information. Over the last six months, several American companies and universities have experienced significant data breaches. While the details of these breaches remain under investigation by federal and state law enforcement

authorities, these episodes underscore the serious threats to financial privacy and data security posed by individuals and criminal syndicates—some based overseas—that seek access to personal financial information to commit fraud or identity theft.

The purpose of this hearing is to provide members of the subcommittee with a better understanding of:

- why and how these breaches occur;
- what happens during and after a breach;
- what security measures are in place to prevent breaches; and
- what types of payment system technologies are on the horizon that will help reduce the risk of future breaches.

The House Financial Services Committee has a long-standing jurisdictional interest in laws governing the handling of sensitive personal financial information about consumers, including the Gramm-Leach-Bliley Act¹ and the Fair Credit Reporting Act² (FCRA). Title V of the Gramm-Leach-Bliley Act, signed into law in 1999, requires financial institutions to develop safeguards to ensure the security and confidentiality of customer records, and to provide consumers with an annual notice outlining their policies on maintaining the confidentiality of non-public personal information and the circumstances under which such information can be disclosed. Consumers have the right under Gramm-Leach-Bliley to “opt out” of certain kinds of information-sharing by financial institutions. FCRA, as amended by the Fair and Accurate Credit Transactions (FACT) Act of 2003, gives consumers the right to a free annual credit report from the major credit reporting agencies and provides them with other tools to protect themselves against identity theft.

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¹ 15 U.S.C. § 6801 *et seq.*

² *Id.* § 1681 *et seq.*