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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEB SITE: <http://commerce.senate.gov>

ELLEN DONESKI, STAFF DIRECTOR
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February 3, 2014

Mr. Sam Tartamella
President
MEDbase200
Integrated Business Services Incorporated
736 N. Western Avenue, #125
Lake Forest, Illinois 60045

Dear Mr. Tartamella,

The Senate Commerce Committee is investigating how data brokers collect, compile, and sell consumer data for marketing purposes.¹ Last month, the Committee released a staff report on findings of this investigation to date and held a hearing to hear from industry representatives and privacy and marketing experts regarding current industry practices.² I am writing to seek information related to an industry practice highlighted in the report and hearing that merits closer review: the compilation and sale of products that identify consumers based on their financial vulnerability or health status.

As noted in the report, data brokers collect vast amounts of data and compile detailed dossiers on consumers that include financial, health, and other personal information. Based on this information, many companies create and sell products that group or “segment” consumers based on judgments about their characteristics and predicted behavior.³ Many of these products focus on consumers’ financial or health circumstances, such as lists titled “Rural and Barely Making It.”⁴

Data broker industry representatives assert that the compilation and sale of such data benefits consumers by facilitating targeted outreach by retailers and others regarding the

¹ Senate Committee on Commerce, Science, and Transportation, *Rockefeller Seeks Information About Data Brokers’ Practices* (Oct. 10, 2012).

² Senate Committee on Commerce, Science, and Transportation, *What Information Do Data Brokers Have on Consumers, and How Do They Use It?*, 113th Cong. (Dec. 18, 2013) (hereafter Committee Hearing), Committee on Commerce, Science, and Transportation Staff Report for Chairman Rockefeller, *A Review of the Data Broker Industry: Collection, Use, and Sale of Consumer Data for Marketing Purposes* (Dec. 18, 2013) (hereafter Committee Report).

³ See Committee Report.

⁴ Other examples include “X-tra Needy,” “Retiring on Empty: Singles,” “Credit Reliant,” and “Burdened by Debt: Singles.” Committee Report at 24.

consumer's specific interests and needs.⁵ However, privacy experts argue there are strong profit interests in using personal consumer data for purposes that do not necessarily benefit consumers – such as helping companies decide who should wait longer for customer service.⁶ They also raise privacy concerns regarding compilation and dissemination of lists that identify a consumer's fragile health or financial condition without the consumer's knowledge or permission.⁷ Further, examples show that such lists are valuable tools for businesses seeking to target vulnerable consumers for financially risky lending products or fraud schemes.⁸

Testimony at the December hearing highlighted your company as a data broker that produces a substantial number of products identifying consumers based on potential vulnerabilities.⁹ For example, it was reported that you offer lists titled "Genetic Diseases Sufferers List;" "Dementia Sufferers List;" and "Aids and HIV Infection Sufferers List."¹⁰

Following the hearing, media outlets reported that your company had removed many of such lists from its website. With respect to one list titled "Rape Sufferers List," you are reported as saying that this list was created as a "hypothetical list," that "no one has ever leased, rented or otherwise acquired such a file from [your] firm," and that such list has been removed from your website.¹¹ However, it remains unclear whether other lists that were removed had previously been available for purchase prior to their removal, or whether certain lists remain available for purchase.

Understanding how such products are compiled and who purchases them will assist the Committee's assessment of the potential consumer harms and benefits associated with data broker practices. Toward that end, I ask that you fully respond to the questions below by Monday, February 17, 2014.

For purposes of these questions, "company," "you," or "your" refers to MEDbase200, and any of its parents, subsidiaries, and affiliates. "Company" includes trade names, operations under assumed names, fictitious business names, corporations, limited liability companies, unincorporated divisions, joint ventures, partnerships, sole proprietorships, associations, cooperatives, and any other legal entities.

⁵ See Committee Hearing, Testimony of Tony Hadley, Senior Vice President of Government Affairs and Public Policy, Experian and Jerry Cerasale, Senior Vice President of Government Affairs and Public Policy, Direct Marketing Association (DMA).

⁶ See Committee Hearing, Testimony of Pam Dixon, Executive Director, World Privacy Forum, and Joseph Turow, Robert Lewis Shayon Professor of Communication, The Annenberg School of Communication.

⁷ *Id.*

⁸ See Committee Report, *supra* note 2, at 6 (discussing potentially harmful uses of data broker products).

⁹ See Committee Hearing, Written Testimony of Pam Dixon, Executive Director, World Privacy Forum.

¹⁰ See Committee Hearing, *supra* note 2, Prepared Testimony of Pam Dixon, Executive Director, World Privacy Forum (online at http://www.commerce.senate.gov/public/?a=Files.Serve&File_id=e290bd4e-66e4-42ad-94c5-fcd4f9987781).

¹¹ Wall Street Journal, *Data Broker Removes Rape-Victims List After Journal Inquiry* (Dec. 19, 2013).

- (1) Identify each list your company has sold since January 1, 2013, along with documents sufficient to show the specificity of consumer information available with each list.
- (2) Describe your company's role in compiling and selling lists, including whether your company operates solely as a reseller or if your company acquires information from or about consumers and subsequently uses the information to create mailing lists.
- (3) Provide a list identifying each entity from which you have collected or otherwise received data from or about consumers since January 1, 2013, and list each type of data you have collected or otherwise received from each entity. For each entity listed, provide the contract between your company and the entity, which includes the terms related to the transfer of consumer data and the amount of money your company has paid that entity to acquire consumer data.
- (4) Identify any entity or individual that your company sold, provided, or otherwise gave access to each of the mailing lists since January 1, 2013. For each entity or individual listed, please provide the following:
 - a. Documents sufficient to show the type of data that you sold or otherwise provided to the entity or individual, including each mailing list that was sold or provided and the specificity of the consumer data that was included;
 - b. The amount of money the entity or individual paid for the mailing list;
 - c. The individual's or entity's stated, contractual, or intended use of the mailing list;
 - d. Contracts or agreements between your company and the entity or individual; and
 - e. The manner in which your company provided access to the mailing list, and any conditions, limitations, or restrictions under which you provide the data to the entity or individual.
- (5) Describe any processes, including audits, your company employs to determine whether to allow a third party to access or purchase mailing lists or other consumer data offered by your company, and provide the following:
 - a. Copies of all application, registration, or approval forms or other documents that your company requires prior to granting a third party access to the mailing list;
 - b. Documents your company uses to verify, vet, or otherwise approve access by the third party; and
 - c. The total number of instances where your company has refused to provide access to the product or service and, for each instance, describe the reason(s) your company refused to provide access.

Letter to Mr. Tarmatella
February 3, 2014

The Committee is conducting this inquiry under the authority of Senate Rules XXV and XXVI. If you have any questions, please contact Melanie Tiano with the Committee staff at (202) 224-1300.

Sincerely,

A handwritten signature in blue ink that reads "Jay Rockefeller". The signature is fluid and cursive, with the first name "Jay" and the last name "Rockefeller" clearly legible.

John D. Rockefeller IV
Chairman

Enclosure

cc: John Thune
Ranking Member