March 25, 2014

The Honorable Edith Ramirez
Chairwoman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Chairwoman Ramirez:

On behalf of Consumer Action,1 Consumer Federation of America,2 National Consumers League3 and the Privacy Rights Clearinghouse,4 we are writing to urge the Federal Trade Commission (FTC) to convene a workshop examining the consumer and business impact of data breaches. In light of the numerous high-profile breaches at businesses such as Target, Neiman Marcus, Michaels, Snapchat and others, consumer concern about data security has never been greater.

To date, the Commission has settled fifty law enforcement actions against organizations that failed to adequately protect their customers’ personal information. Consumers have benefited greatly from having the FTC as the “cop on the beat” with regard to data security. However, the scope of the problem is massive and beyond the capability of any one agency to adequately address. The numbers on this issue bear out the magnitude of consumer harm resulting from data insecurity. For example:

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1 Consumer Action (www.consumer-action.org) has been a champion of underrepresented consumers nationwide since 1971. A non-profit 501(c)(3) organization, Consumer Action focuses on financial education that empowers low- and moderate-income and limited-English-speaking consumers to financially prosper. It advocates for consumers in the media and before lawmakers to advance consumer rights and promote industry-wide change.

2 The Consumer Federation of America is an association of nearly 300 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education. www.consumerfed.org

3 Founded in 1899, the National Consumers League is America’s pioneering consumer advocacy organization. Our non-profit mission is to protect and promote social and economic justice for consumers and workers in the United States and abroad. For additional information, please visit www.nclnet.org.

4 Privacy Rights Clearinghouse is a nationally recognized consumer education and advocacy nonprofit dedicated to protecting the privacy of American consumers. Its mission is to engage, educate and empower individuals to protect their privacy.
• Since 2005, there have been more than 4,000 disclosed data breaches, a rate of more than one per day for nine straight years.\(^5\)
• 13.1 million consumers suffered identity fraud in 2013, the second highest level on record. Total annual identity fraud losses were $18 billion.\(^6\)
• Since 2004, more than 1.1 billion consumer records have been exposed to unauthorized parties.\(^7\)

Experts believe that in the coming months and years, breaches like Target will become increasingly common. Just last month, for example, cybersecurity firm Hold Security, LLC discovered more than 360 million stolen account credentials for sale on a cyber black market.\(^8\)

The Target breach should serve as a wake-up call that more must be done to address the looming data insecurity disaster. This is no longer an issue that can be limited to discussion among cybersecurity experts. It is now a threat to the entire economy.

Addressing this problem will demand aggressive action by regulators, businesses, advocates and the general public. The FTC should continue to be a leader in this debate. We therefore recommend that the agency convene a public forum, bringing stakeholders together to discuss strategies for combatting the growing threat of data breaches. Past Commission workshops have provided important opportunities to promote pro-consumer reforms on security issues such as the “Internet of Things,” mobile devices and tax identity theft, to name a few.

On behalf of the undersigned organizations, we appreciate your attention to this issue. Should you have any questions or concerns, please do not hesitate to contact us at your convenience.

Sincerely,

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