

September 29, 2006

SCHAKOWSKY CALLS ON PHONE COMPANIES TO PROTECT THEIR CUSTOMERS

WASHINGTON, DC - U.S. Representative Jan Schakowsky, ranking member on the Energy and Commerce Subcommittee on Commerce, Trade, and Consumer Protection and member of the Oversight and Investigations Subcommittee, made the following statement at the Oversight and Investigations Subcommittee hearing on "Internet Data Brokers and Pretexting: Who Has Access to Your Private Records?":

Thank you, Chairman Whitfield and Ranking Member DeGette for holding today's hearing on pretexting. Because of the seriousness of this issue, our committee has devoted significant time into examining its various facets over the last eight months.

In February, we held a hearing that mostly focused on the legality of pretexting. Our witnesses, including the Federal Trade Commission and Illinois Attorney General Lisa Madigan, explained how they believed pretexting was illegal already under general consumer protection statutes - but that it would be helpful to emphasize that point by passing explicit federal legislation. In March, our committee did just that by passing H.R. 4943, the Prevention of Fraudulent Access to Phone Records Act, which would not only prohibit pretexting for phone records, but require phone companies to better protect their customers' records. In June, just one month after H.R. 4943 fell victim to "extraordinary rendition" and disappeared from the Floor schedule, we held another hearing that looked into the methods pretexters used to get phone records. Yesterday, we focused on how HP's zeal to plug a leaking board led to them to pretexting to get board members and journalists' personal phone records. And now today, we are focusing on the phone companies and how easy they've made it for scam artists to get the personal phone logs of others.

Before we began our work, before the Federal Trade Commission filed complaints against five web-based operations, and before three state attorneys general - including Ms. Madigan - brought suits against pretexters, there were over 40 websites offering phone call logs. With just a click of the mouse and about \$100, anyone could get their hands a month's worth of someone else's phone records. The only way that ill-gotten phone records could be such a lucrative business is if the phone companies did not have enough protections in place to stop pretexters in their tracks.

Although most of the websites dedicated to selling phone records have since been shut down, the HP scandal shows that the phone companies still have serious security problems. HP's

investigative team should not have had such quick and easy access to board members and journalists' phone records.

There is a lot more than disgruntled board members and public embarrassment at stake. Pretexting violates innocent consumers' privacy. Stalkers can buy phone records to keep tabs on their targets. Abusive spouses can use pretexting to trap their victims. As Mr. Barton pointed out yesterday, the Chicago Police Department recognized the dangers of it and warned that drug dealers can use pretexting to identify undercover cops. The FBI also issued a warning to its agents. Personal and public safety should not be for sale.

Despite strong bipartisan agreement that we should make it abundantly clear that pretexting for phone records is illegal, H.R. 4943 is still being held at an undisclosed location. What we do know about its detention is that eight days after it was pulled from the floor schedule, *USA Today* broke the story that the National Security Agency was acquiring the public's phone records from three of the major carriers without subpoenas, warrants, or any approval from the courts. I must point out that I am disappointed that we do not have any of those three carriers with us today - AT&T, Bell South, and Verizon - and I hope that we will have an opportunity to hear from them.

However, we do know where they stand. A number of the phone carriers, including some with us today, have made it clear that they oppose Title II of the bill - which requires them to better protect their customers' personal, private phone records. While the carriers have been more than happy to have us go after the pretexters who dupe them, many have been fighting our efforts to require them to correct their security problems. We know that the phone companies have made sure that their resistance to stronger consumer protections were heard. With today's hearing, we are saying loud and clear that it is time for the phone companies to guard their customers' information. I ask our witnesses, can you hear us now?

Thank you.