

Online Privacy & Security for the Mortgage Industry

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Online Privacy & Security Overview

- Gramm-Leach-Bliley Act (GLB)
 - Privacy Regulations: 7/1/01
 - Security Regulations: 5/23/03
- Pending Online Privacy Legislation
- SPAM

Gramm-Leach-Bliley Act Privacy Regulations

Privacy Notices

- **Clear & Conspicuous**

- Must be “clear and conspicuous” -- designed to call attention to the nature and significance of the notice
 - In a consistent location
 - In a noticeable location
- Placed on a page consumers use often or linked directly from transaction page
- Must visible to consumers before sending nonpublic personal information

Privacy Notices (part 2)

- **Suggestions for Privacy Notice**
 - Text or visual cues to encourage scrolling down
 - When collecting personal information, place in a more prominent location
 - Use a popup window
- **How to Display Notice**
 - Customers: post privacy notice continuously in a C&C manner on the web site for those consenting to receive notice on web site
 - Consumers: require acknowledgement of receipt of notice as part of transaction

Opt-Out Forms

- **Opt-Out Form**
 - If consumer has agreed to receive notices electronically, then provide an electronic means to opt-out
 - Requiring a consumer to write a letter is not acceptable
 - Must provide reasonable opportunity to opt-out before sharing information

Nonpublic Personal Information

- **Data collected online (or otherwise)**
- **Includes “cookies”**
 - A cookie is a small line of text that is stored by your browser on your computer's hard drive. Our cookies do not contain any personally identifiable information.
- **Use of cookies**
 - Some sites require cookies to operate -- be sure to let people know this

Gramm-Leach-Bliley Act Security Regulations

GLB Security Regulations

- Effective May 23, 2003
- Contracts signed by June 24, 2002 valid until May 24, 2004
 - Nonaffiliated third party to perform services or functions on your behalf
 - Even if contract does not specify that the service provider will maintain appropriate safeguards

Scope of Security Rule

- **Applies to financial institutions**
 - Those that collect information from a consumer/customer
 - Those that obtain information from other financial institutions
- **Applies to service providers**
 - any person or entity that receives, maintains, processes, or otherwise is permitted access to customer information through its provision of services directly to a financial institution

Information Security Program

- **Objectives:**

- Insure security and confidentiality
- Protect against any anticipated threats or hazards to security or integrity
- Protect against unauthorized access or use of information that could result in substantial harm or inconvenience to any customer

Information Security Program

- **Elements:**

- Designate employee(s) to coordinate program
- Identify reasonably foreseeable internal and external risks to security, confidentiality, and integrity of customer information that could result in disclosure, misuse, alteration, destruction, or other compromise and sufficiency of safeguards
 - Employee training
 - Information systems (including physical integrity)
 - Attacks

Information Security Program

- **Elements (cont):**

- Design and implement information safeguards to control risks and regularly test and monitor
- Oversee service providers
 - Select providers capable of maintaining safeguards
 - Require providers to maintain safeguards
- Evaluate and adjust program in light of tests and changes in operations

Online Privacy Legislation

Pending Bills

Pending Legislation

- H.R. 69 Online Privacy Protection Act of 2003
- H.R. 71 Wireless Privacy Protection Act of 2003
- H.R. 122 Wireless Telephone Spam Protection Act
- H.R. 338 Defense of Privacy Act
- S. 223 Identity Theft Protection Act
- S. 228 Social Security Number Misuse Prevention Act

Unsolicited Commercial Email

Legislative & Regulatory Approaches to SPAM

FTC Workshop

- E-mail Address Gathering
- Falsity in Sending Spam
- Open Relays/Open Proxies/Form Mail Scripts
- The Economics of Spam
- Blacklists
- Best Practices
- Wireless Spam
- Federal and State Legislation
- International Perspectives
- Litigation Challenges
- Technological Solutions to Spam/Structural Changes to E-Mail

Legislation

- S. 563: Computer Owners' Bill of Rights
 - Creates do-not-email list at FTC
- S. 877: CAN-SPAM Act of 2003
 - Prohibits fraudulent headers
 - Opt-out requirement

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