

Committee on Energy and Commerce
Opening Statement as Prepared for Delivery
of
Ranking Member Frank Pallone, Jr.

Hearing on "Who is Selling Your Data: A Critical Examination of the Role of Data Brokers in the Digital Economy."

April 19, 2023

Thank you, Chairman Griffith and Ranking Member Castor. This is an important hearing as the Committee continues its bipartisan work to protect peoples' privacy online by addressing privacy abuses and the notoriously unregulated technology sector.

Today we are examining data brokers. Most Americans don't even know what a data broker is, but they would likely be shocked at just how much personal information these brokers have compiled on each and every one of them.

Data brokers are companies that collect and market troves of personal information about American consumers. The data-broker industry depends on collecting more and more data and selling it to nearly any willing purchaser.

In 2014, the Federal Trade Commission (FTC) reported that data brokers collect and store information covering almost every U.S. household and commercial transaction. One broker possessed information on 1.4 billion consumer transactions. Another data broker's database covered one trillion dollars in consumer spending. A third had 3,000 separate pieces of data for nearly every consumer in the entire country. This is a more than \$200-billion-dollar industry that continues to rake in massive profits year after year on the backs of consumers. As you can imagine, this has resulted in serious abuses and infringements of Americans' privacy.

And there's a reason most Americans have never heard of data brokers – the industry operates in the shadows of the technology industry with virtually no transparency as it profits from the mass collection of our personal information.

What makes data brokerage particularly problematic is that, unlike platforms like Facebook and Twitter, data brokers rarely interact with consumers at all. Consumers do not provide data directly to brokers, and that's why most consumers have no idea that these brokers exist or what information these brokers have about them. That's extremely troubling considering that these brokers collect highly sensitive personal data like health information and precise geolocation data that identifies a consumer's location within 18 feet.

How exactly do brokers get this information? We know that they scour the internet for data on consumers—bankruptcy records, property records, criminal records, headers from credit reports, web browsing activities, and other details of consumers' everyday interactions. The data

brokers also use hidden tools like software development kits and tracking pixels embedded in consumers cell phones and in the websites, we visit to monitor online behavior.

But that's not all. Based on this raw data, these companies also make inferences about consumers, lumping them into any number of categories based on where they live, their ethnicity, income, or even by projected health care spending. With this data, companies can target children with manipulative advertisements or create people search products that can lead to stalking, harassment, and violence.

Data brokers also sell information to scammers, including those that target the elderly with bogus sweepstakes and technical repair scams, and that market sham business, educational or investment opportunities to veterans.

It's no wonder the American people don't think they have any control over their online data today. While there are some limited protections for children's, health, and credit data, these laws have left us with a patchwork of protections that leave large swaths of our private information available for Big Tech's profiteering.

Thankfully, this Committee has taken the lead to rein in these invasive practices and to give people back control of their information. First, we need to pass a national comprehensive privacy bill. I think we can all agree on that. This would create a national data-privacy standard and stop Big Tech's unrestrained collection of personal information on consumers by both Big Tech and data brokers. Our legislation also finally shines light on the shadow world of data brokers by requiring them to register with the FTC. This will provide consumers with a single mechanism to direct all data brokers to delete the personal information they have already collected and to opt out of further data collection by all registered brokers.

Second, we have to make sure the FTC continues to receive the funding necessary to carry out its work and has its federal court authority restored and improved. These important steps would both provide transparency into this industry and restrain the collection of unnecessary data.

I look forward to hearing from our experts today.

And when I mentioned some of these scams, I'm not just mentioning these in a general sense. A day does not go by without somebody calling my district office and talking about how they've been scammed.

Thank you, Mr. Chairman.