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Consumer Affairs

2015-0274-S
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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Consumer Affairs

(how - JA/Hecht this wk. hold 10 days Treasury/digital signed.

Bruce N. Reed
10/14/97 11:44:44 AM

Record Type: Record

To: Paul J. Weinstein Jr./OPD/EOP, Thomas L. Freedman/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: Draft Decision Memo on the Office of Consumer Affairs

→ budget supp. need additional $'s

10123 CR ~~date~~ change

Can you look at this? I'm not sure I agree with the recommendation.

---------------------- Forwarded by Bruce N. Reed/OPD/EOP on 10/14/97 11:44 AM ----------------------

JOSHUA GOTBAUM

10/13/97 11:43:02 AM

Record Type: Non-Record

To: Bruce N. Reed/OPD/EOP, Virginia Apuzzo/WHO/EOP

cc: Jacob J. Lew/OMB/EOP

Subject: Draft Decision Memo on the Office of Consumer Affairs

The Congress has zeroed the Office of Consumer Affairs, which has been located in the EOP but funded (reluctantly) by HHS. Attached is a draft options memo to Erskine listing the likely alternatives. Since maintaining OCA will require either using EOP or agency funds/slots, we'd like to represent your views.

After you've had a chance to review, please call me at 395-9188. Thanks.

[A WordPerfect version is also attached at the end, for suggested edits.]

DRAFT

MEMORANDUM TO ERSKINE BOWLES

THROUGH: Frank Raines

FROM: Josh Gotbaum

SUBJECT: **The Office of Consumer Affairs**

The VA/HUD appropriators have terminated funding for the Office of Consumer Affairs (OCA) in this year's House, Senate, and Conference bills. This memorandum discusses whether and how OCA and/or its functions might continue.

Background: OCA is a small, independent agency, administratively supported by HHS but part of the EOP. (The Director, Leslie Byrne, a former US Representative from Virginia, also serves as Special Assistant to the President on Consumer Affairs). OCA was founded in 1971 and had a relatively high profile in the Nixon and Carter Administrations, but has had much less visibility since then. OCA operates a consumer hotline, published the *Consumer's Resource Handbook* (until Congress moved it to GSA in FY 1997), represents consumers' interests in international fora, helps coordinate Federal consumer protection activities, chairs the Consumer Affairs Council, and advises the President on consumer interests. In FY 1997, OCA employed 13 people.

If the agency is eliminated, there will be some concern about the symbolism of removing a "consumer representative" from the White House. However, the agency has developed congressional opposition: Congress has zeroed OCA out for the past two years. (The Administration successfully demanded $1.5 million in the FY 1997 omnibus appropriations bill, but doing so left some scars.) Other organizations (e.g., GSA, the Consumer Product Safety Commission, HHS, USDA, DPC) perform functions that overlap with the activities of OCA and could assume some of its work.

Once the VA/HUD bill is enacted and OCA's funding runs out, HHS has prepared plans to absorb most of OCA's employees and encourage GSA to hire some OCA employees for the *Handbook*. HHS would like direction regarding OCA, since the VA/HUD appropriations bill will require HHS to pay the administrative costs required to close OCA.

Options:

Continue OCA Administratively. One option is to reduce OCA's staff to six FTE and place it back within the EOP, which Bob Nash has proposed (see attached memorandum). The hard part might be finding these resources within EOP's 1998 appropriations. Director Byrne has proposed reconstituting OCA through modifying the current Executive Order that established the Consumer Affairs Council and funding OCA through a tap on all of the agencies within the Council. However, Section 611 of the Treasury/Postal FY 1998 appropriations bill prohibits an interagency council from being funded by "passing the hat" to other agencies. Under current law, however, a council cannot pass the hat; even an interagency council must be supported by a single agency. In OCA's case, it would be feasible to reduce OCA's staff to six FTE, have two to three FTE supported by the EOP and the other three to four FTE paid for by another agency (e.g., Labor, Education or even HHS). This could probably be accomplished for a total cost of about $600,000-$800,000. Since Congress zeroed out OCA, however, the appropriators might have concerns about any proposals to save the office.

Terminate OCA. If OCA is "zeroed", DPC could assume responsibility for consumer policy. Other agencies might pick up other activities, including the Consumer Information Center (CIC) in the General Services Administration (GSA) and the

Consumer Product Safety Commission (CPSC). While these agencies' activities do not precisely replicate current OCA activities, they could assume some OCA functions if encouraged and/or funded. The CIC could develop the *Handbook* (which Congress again has given to them in FY 1998); the CIC or CPSC could operate the hotline; and DPC, CIC, or CPSC could chair the Consumer Affairs' Council.

Recommendation: We recommend finding a way to keep (a smaller) OCA, by reducing the FTE to six and supporting it through the EOP and another agency. This would allow the Administration to continue to have a consumer representative in the White House and allow OCA to continue coordinating consumer affairs functions across all federal agencies. This seems to be the best alternative to strike a balance between Congress, who might be upset by the continuation of an agency they have zeroed out and consumers, who favor having a consumer representative in the Administration. This will require finding an agency willing to support this activity.

Please give me or Jack Lew a call with any questions.

Attachment

cc: Bruce Reed
Virginia Apuzzo

ocabowl3.wpd

Tom, EK -
FYI
-BR

UNITED STATES
OFFICE OF CONSUMER AFFAIRS
Washington, D.C. 20201

100,000 calls a year

Memorandum

To Bruce Reed
From: Leslie Byrne LB
Subject: Consumer Initiatives
Date: June 25, 1997

This outline is for four positive consumer proposals the Administration can take to heighten public awareness of the President's pro-consumer policies.

1. **Establish a Disaster Strike Force for Consumers**. This Strike Force would go into areas that have been hit by disaster where rebuilding is necessary. Experience has shown that victims of disaster are vulnerable to be victimized a second time by con artists and scammers who take advantage of urgent needs and chaotic conditions. Recent post-disaster fraud has included: home security systems, purportedly sold by police or national guardsmen at highly inflated prices; trafficking in shoddy or substandard building materials, again at inflated prices; and remodeling contractors that never show up after the down payment or whose work doesn't meet building codes. Home-based business "opportunities" also flourish, as people look for other income to cover costs of rebuilding.

The Strike Force would go into a disaster are with a team of lawyers(FTC and Justice) and consumer specialists. They would be prepared to evaluate contracts, do public information on avoiding scams and distribute consumer materials to educate the public about protecting themselves. USOCA could coordinate this Strike Force in close cooperation with FEMA, state and local consumer affairs offices, and state attorneys general. An Executive Order would establish the Strike Force. We estimate funding at $300,000 to $900,000 annually, depending on the frequency of disasters.

Privacy principles

2. **Establish a Consumer Right to Privacy.** On October 27, 1992, the Clinton/Gore campaign released a document spelling out their vision of consumer protection. As an addendum to the Consumer Bill of Rights established by President Kennedy the campaign proposed there be "*The Right to Privacy To not have information provided by consumer for one purpose used for a separate purpose without the consumer's knowledge and consent.*" The Information and Technology Task force on Privacy, headed by OMB, has released its White Paper for comment and there is much activity, both public and private, currently in the area of privacy. The Administration would not short-circuit these discussions by adhering to this campaign promise.

Privacy principles

Sally Katzen

3. **<u>Presidential Directive to Department of Defense to assist military families in consumer protection cases.</u>** Currently military personnel and their families face extraordinary problems in seeking redress in consumer cases. Some JAG offices will take up these cases if they have a light caseload in other areas, most will not take them at all. Local and State consumer affairs offices make military family cases a low priority because the family is likely to transfer before their problem can be solved. This problem has come to USOCA's attention through our National Consumer Helpline. Military personnel who cannot hold car dealers to their warranties as well as other faulty goods and services that would be eligible for arbitration and possible refunds are dropped because the family is transferred or redress is delayed in hopes that the family will be transferred. The President could establish a policy that JAG take consumer complaint cases, after review by base family support services, to ensure that military families have the full range of consumer protections afforded all other Americans.

4. **<u>Convene a 1998 White House Conference on Consumer Issues for the New Century.</u>** like Conf. on aging)

Consumerism was born at the dawn of the industrial age. From the 1890's until the present, the main focus of consumer protection has been on quality, price and safety of tangible goods. The national economy has changed from an industrial to a service and information (non-tangible) based economy, but the government response to consumer concerns has been slow to change. As a country we have yet to give the public the same assurances and rights for non-tangible products as with tangible goods. The conference could cover issues such as: health care, child care, privacy and the protection of personal information in a technological age, impact of deregulation on consumers, travel fraud, and international redress in a global marketplace. These issues will establish the foundation of what consumer protection will look like in the year 2001.

A format such as the W.H. Conference on Aging would provide the broadest possible participation and visibility for the Administration. USOCA, Commerce, HHS, FTC, State, Energy, etc., could provide expert staff to organize the conference.

Chafee, Lieberman Seek New Criteria For Managed Care

HEALTH

A bipartisan bill to be introduced Friday or early next week by **Sens. Joseph Lieberman**, D-Conn., and **John Chafee**, R-R.I., would set uniform minimum criteria that managed care plans contracting with the federal government would be required to meet, according to a summary of the bill obtained Wednesday by *CongressDaily*.

Lieberman and Chafee, joined by **Sens. John Breaux**, D-La., and **Jim Jeffords**, R-Vt., plan to introduce the Federal Health Care Quality, Consumer Information and Protection Act, which the summary says is designed to use "the purchasing power of the federal government to improve the quality of health care provided to participants and beneficiaries of federal health programs" and to establish "a structure in which the market can compete on the basis of quality."

The bill would affect nearly 30 million people — about half of them on Medicaid — a source familiar with the measure said.

In addition to setting new minimum criteria for health plans that contract with the government, the bill also would "establish and publish benchmarks of quality care for use by purchasers of federally contracted health plans," the summary says.

The bill also contains provisions to "publish plan-specific information to be used by purchasers of federally contracted health plans" and "encourage research in the measurement of health care quality," according to the summary.

The bill would establish a nine-member Federal Health Plan Quality Council that would coordinate the activities of federal agencies buying health plans.

This council would include the secretaries of HHS, Defense, Veterans Affairs and the head of the Office of Personnel Management as permanent trustees and would include five public trustees appointed by the president, but requiring Senate confirmation.

The council "would establish the minimum criteria and license entities ... to determine if health plans meet those criteria" and "only those health plans meeting the minimum set of criteria would qualify for federal contracting," the summary says.

In addition, the council would "establish and publish health care quality benchmarks."

A source said about 35 percent of all health care dollars are federal payments but the bill only affects payments to private managed care plans.

About 700 health care plans now contract with the federal government, the source said.

Also on Wednesday, seven Republican House members released a letter they sent to **House Budget Chairman Kasich** urging him to craft a balanced budget plan that does not shift the home health care program from Medicare's Part A to Part B.

The letter said that making the shift "might provide the appearance of additional solvency" for the Part A trust fund but "it does so by saddling Americans with an enormous additional tax burden."

The letter contains more than two pages of quotes from prominent Republicans condemning the shift proposed by President Clinton and included in the balanced budget deal GOP congressional leaders struck with the White House two weeks ago.

"Last year, Republicans championed the notion of a balanced budget using honest numbers," the letter said. "We fear that the shift in home health costs from Part A to Part B betrays that ideal."

The letter was signed by GOP **Reps. Joe Barton** of Texas, **Tom Coburn** of Oklahoma, **Barbara Cubin** of Wyoming, **Greg Ganske** of Iowa, **Scott Klug** of Wisconsin, **Charlie Norwood** of Georgia and **Ed Whitfield** of Kentucky.

Negotiators Direct More Spending Toward Amtrak

Congressional and administration budget negotiators Wednesday agreed to spend $1 billion more over five years

TRANSPORTATION

on transportation outlays than the amount contained in the preliminary budget agreement — and will direct the extra funds toward bailing out Amtrak.

Negotiators have agreed to spend $123 billion in outlays over five years for highways and transit, or an average of $24.6 billion a year.

It was still unclear Wednesday night how that money would be divided among highways, transit and Amtrak, which is facing the immediate prospect of bankruptcy.

The original budget agreement reached two weeks ago called for an additional $7 billion in outlays for transportation over President Clinton's proposal, which essentially maintained transportation spending at its current level.

Budget negotiators Wednesday apparently added another $1 billion to transportation, raising the total to roughly $8 billion more in outlays over five years than the current law.

With additional Amtrak assistance now a part of that equation, annual spending for highways may not increase more than $1 billion to $2 billion a year.

If those numbers are finalized in the budget resolution expected to be marked up today, it would represent a significant defeat for House members and senators who had been pressing for billions of dollars a year more in highway and other transportation spending.

After a blistering letter to the House leadership last week complaining about the transportation funding levels contained in the budget deal, **House Transportation and Infrastructure Chairman Shuster** met with **House Speaker Gingrich** to negotiate for more money.

Shuster this year is writing the reauthorization of the Intermodal Surface Transportation Efficiency Act that will set highway and transit spending for the next five or six years.

Shuster asked Gingrich and **House Budget Chairman Kasich** to add $45 billion more over five years for transportation than the amount called for in President Clinton's budget.

In the Senate, **Environment and Public Works Chairman Chafee** last week thought the deal would directly tie future gas tax revenue — minus the 4.3 cents-per-gallon that now goes toward deficit reduction — to transportation spending.

But, according to CBO projections, that gas tax revenue will provide $129 billion over five years — $6 billion more than the agreement reached Wednesday to set transportation spending at $123 billion in outlays.

Amtrak has become a particularly knotty issue because of its immediate financial crisis.

Last month, Amtrak CEO Thomas Downs testified that because the railroad is now borrowing just to cover operating costs, "the company cannot survive beyond another 18 or 20 months."

To place Amtrak on the path toward self sufficiency, Downs said the passenger railroad will need a multi-billion infusion of cash for capital improvements.

If Amtrak is allowed go bankrupt, Downs said it might actually cost more over the next five years to shut it down than to meet its current capital needs.

That is because Congress, when it created Amtrak, guaranteed most of its workers six years of compensation if the railroad shuts down.

Burton Delays Hearing In Standoff With White House

While a note from the White House to **House Government Reform Chairman Burton** Wednesday suggested an

ETHICS

end to a bitter standoff over access to documents related to questionable 1996 fundraising activities, the feud continued unabated after Burton postponed a hearing scheduled for today at which White House Counsel Charles Ruff had finally agreed to appear.

Ruff sent a letter to Burton Wednesday accepting an invitation to appear today before the committee, but saying he would be unable to provide copies of his written statement until his arrival.

Citing House protocol requiring written testimony to be submitted 24 hours in advance of a hearing, Burton postponed today's hearing until next Wednesday to give members "sufficient time" to review Ruff's testimony and scrutinize a list of documents the White House has refused to make available.

The hearing was scheduled specifically to explore why President Clinton has not cooperated with subpoena requests for documents relating to Democratic fundraising during the 1996 presidential campaign.

Following Ruff's letter, Burton sent a letter back to the White House Wednesday demanding that Ruff provide a "privilege log" of all documents that have not been turned over to his committee.

"I trust you will provide your privilege log to us today [Wednesday] as promised and I look forward to speaking with you about these important constitutional issues," Burton said in the letter.

The White House maintains attorney-client privilege over certain documents sought by Burton's' committee.

"There are a set of documents that we think are properly restricted because they're either covered by attorney-client privilege and/or they are sensitive documents related to personnel that ought to be protected for privacy reasons," White House Press Secretary Michael McCurry said Wednesday.

White House officials have criticized Burton for not embracing the same kind of protocol that was approved by his Senate counterpart, **Governmental Affairs Chairman Thompson**.

Burton would not agree to broaden his investigation to cover improper or illegal activities by both parties during the 1996 election campaigns.

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our consum

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Consumer Affairs

Tom

THE WHITE HOUSE

WASHINGTON

September 20, 1997

Memorandum for Bruce Reed, Assistant to the President and Director of Domestic Policy

From: Bob Nash, Director of Presidential Personnel and Assistant to the President BN

Subject: **U.S. Office of Consumer Affairs**

Summary: It is my understanding that the U.S. Office of Consumer Affairs (USOCA) is zeroed out in both the House and Senate Appropriations Committees. Further, I understand from Leslie Byrne, the President's Director of the Office of Consumer Affairs, that there is little hope that this can be reversed in the Conference Committee. If the Congress does not allow the USOCA to survive, three Presidential Appointments would be lost. It is my understanding that if this happens, the effective date is October 1. I hope we can take steps to preserve this office and its appointees.

Background:

- As the Administration's consumer goodwill ambassador, the closing of this Agency during the discussions of "fast track" legislation will be viewed as another instance of backing away from consumer protection in the global marketplace.

- During the month of October, the nation celebrates National Consumers' Week. If the Office is allowed to close, the Presidential Proclamation declaring the importance of consumers in the national and international economies will come on the heels of its closing.

- The USOCA functions as the only Presidential consumer advisory agency within the federal government. It coordinates consumer activities among all agencies to enhance cooperation and eliminate duplication.

- USOCA's non-regulatory mission is to give consumers the tools they need to protect themselves in the marketplace, through education and information.

Recommendation: Leslie Byrne the Director of USOCA has already submitted an Executive Order to reconstitute the Agency as the President's consumer/privacy advocates' office. This would be achieved through amending an existing EO that established the Consumer Affairs Council. Each of the participating seventeen Agencies would provide funding as a small percentage of their budgets. This plan could be carried out with or without adding the privacy portfolio to USOCA. The other option is to scale back USOCA to a core of six FTE (currently 13 FTE) and put them back under the White House. Either of these options would save the Presidential appointment slots in question but as important save the administration from considerable embarrassment in the consumer movement. I am sure there are a number of considerations in this regard. Let me urge you to deal with as quickly as possible so that the positions can be preserved and more importantly, we can resolve the issue without embarrassing our Administration during this critical time.

We should save the office. ________

We should not save the office. ________

We will pursue one of the options. ________

Other

____

____

cc: John Podesta, Deputy Chief of Staff
Chris Jennings, Deputy Assistant to the President for Domestic Policy

Consumer Affairs

WHAT USOCA DOES

Gives consumers the tools they need to make good choices

USOCA provides accurate and authoritative information to the general public and/or targeted audiences concerning consumer issues.

USOCA effectively advocates on behalf of consumers to influence U.S. policies and values.

Strengthens the framework for inter-agency consumer protection and education.

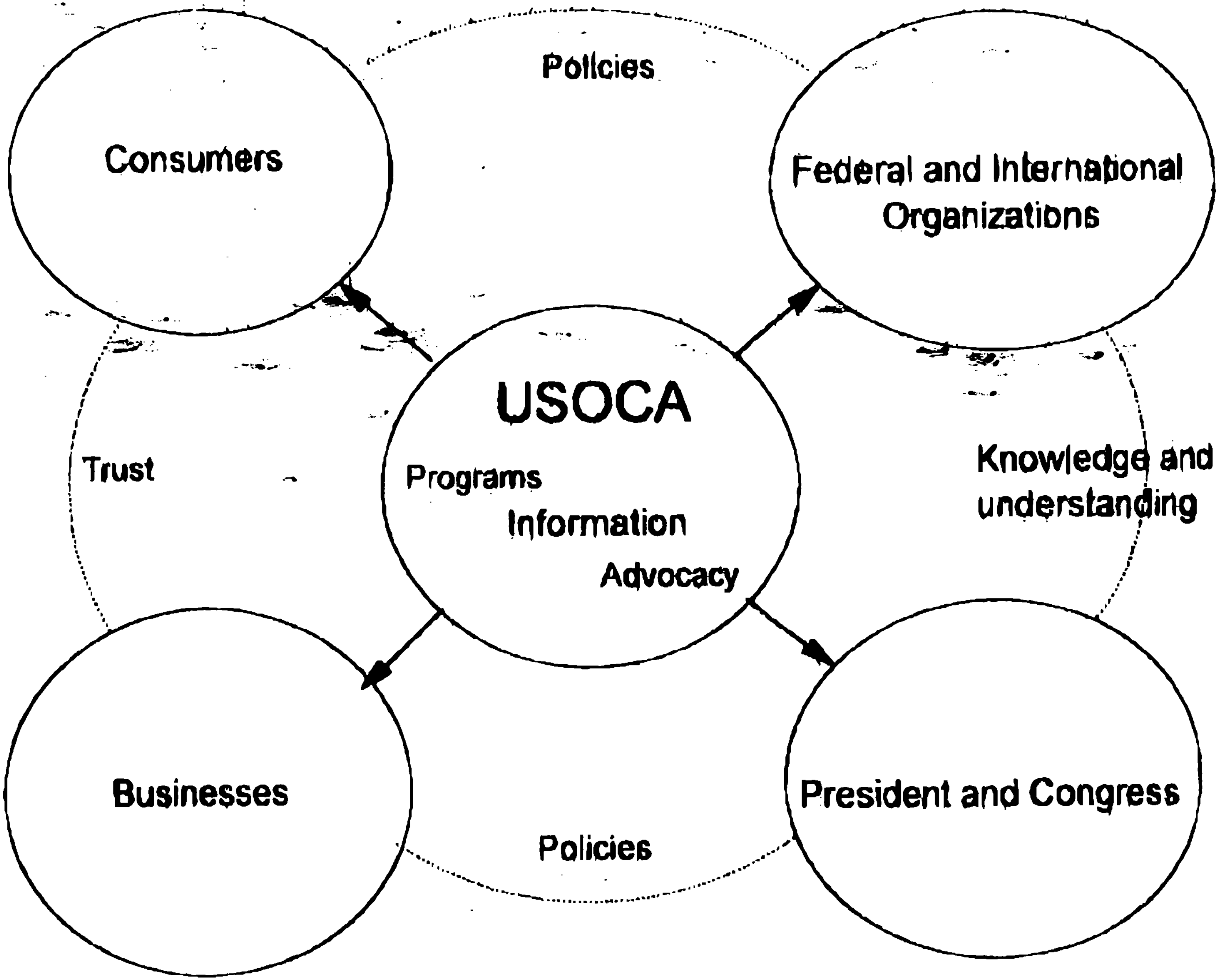
USOCA enhances knowledge, understanding, and communication among Federal agencies in order to intensify cooperation and eliminate duplication on consumer issues.

USOCA utilizes its role as a conduit for consumer and business related issues to the President and Federal agencies.

Ensures the Administration and Congress has current consumer perspectives to assist decision making.

USOCA programs and information increase both the executive and legislative branch knowledge and understanding of consumer viewpoints and international consumer issues important to the public.

USOCA improves the process of providing the President and Congress information involving national and international consumer perspectives.


Policies
Consumers
Federal and International Organizations
USOCA
Programs
Information
Advocacy
Trust
Knowledge and understanding
Businesses
President and Congress
Policies

U.S. OFFICE OF CONSUMER AFFAIRS ACCOMPLISHMENTS

HIGHLIGHTS FROM 1992 TO 1997

1997

- Forged and an international agreement on chargebacks.
- Encouraged private industry's limitation on debit card liability.
- Promoted personal financial management.
- Promoted youth financial education, including credit card use and responsibilities.
- Partnered with MasterCard on "Kids, Cash, Plastic and You" program.
- Worked with SSA to revise internet earnings statements.
- Educated members of Congress on privacy issues.

1996

- Telecommunications. As a result of consumer complaints to USOCA's toll-free National Consumer HelpLine, our Office, in cooperation with the Federal Trade Commission (FTC) and the Federal Communications Commission (FCC), convened an industry/consumers/government meeting on consumer abuse in the telephone information service industry. The meeting, held early in FY 1996, awakened the industry and the regulatory agencies to significant problems with "pay-per-call" information services, despite recent legislation. Subsequently, a second USOCA-convened meeting was held with the co-sponsorship of one of the major trade associations in this field, the Interactive Services Association (ISA), to develop proposals for voluntary action on these problems. With the passage of The Communications Act of 1995, Congress authorized regulatory action that will resolve some of the problems consumers are experiencing. USOCA will continue to work with the industry, consumers and the regulatory agencies on the issues that remain.
- USOCA co-sponsored the "Mini-Conference on the Consumer Concerns of Older Americans," as a prelude to the White House Conference on Aging.
- Convened special seminar for the delegates on "Consumer Fraud and the Elderly."

NCW '96 will be *"Service Signals $uccess."*

Promoted and distribution of consumer education materials on how consumers can protect themselves against fraud.

USOCA's director and staff speak at conferences, convene symposiums, and work in partnerships with a number of organizations representing minority/multicultural consumers, which include organizations such as the National Council of La Raza, National Urban League, Organization for Chinese Americans, Japanese American Citizens League, Harlem Consumer Education Council and Americans for Indian Opportunity.

USOCA's 1996 issue of the *Consumer's Resource* Handbook has been honored with the prestigious "Mobius" award, which is presented by the Society of Consumer Affairs Professionals (SOCAP). This award is in recognition of the "tremendous value in helping consumers make informed decisions." Previous winners include: *The New York Times' Consumer's World* section, *FORTUNE Magazine, The Wall Street Journal,* and the CBS news shows *48 Hours*.

Produced and Published the Congressional Liaison Handbook

Participated in Vice President Gore's National Performance Review on the Benchmarking of Complaint Handling.

Olympics. Utilized the National Consumer HelpLine during the Olympic and Paralympic Games held in Atlanta. USOCA worked with the Governor of Georgia's Office of Consumer Affairs and federal law enforcement officials in Atlanta to ensure consumers were treated fairly and receive value for their money.

International Policy. A major focus of USOCA's international duties involves assisting representatives of governments and consumer organizations in other nations to understand multi-tiered consumer protection system of the U.S. To this end, USOCA staff meets each year with delegations from other countries. For example, during FY 1996, Office staff met with representatives from Australia, Bulgaria, Japan, and Portugal to discuss consumer issues, regulatory frameworks, and other issues of interest to the visiting delegations.

1995

- Constituent Resource Exposition for Congress

- Produced and published the Congressional Liaison Handbook, which was sent to each Member of Congress and to each district office.

- On June 19, 1995, USOCA introduced the National Consumer HelpLine, an 800 number referral program available in every state and U.S. territory.

- Produced and published the Congressional Liaison Handbook

- *"Service: It's Your Right"* was the theme for NCW '95.

- Encouraged President Clinton to add "The Right to Service as the sixth right to the Consumer Bill of Rights.

- Biennial Constituent Resource Exposition (EXPO), held on March 13, 1995, for Members of Congress and your staffs. More than 40 government departments and agencies participate. EXPO showcases the resources available to assist Members in more effectively responding to constituent complaints and inquiries.

- USOCA's work on privacy was catalytic in alerting the nation to the fact that personal information about consumers was being gathered and often used for purposes other than those for which the information was volunteered. Our work with industry both improved communication between providers and consumers on this issue and persuaded many corporations to adopt an "opt-out" policy -- permitting consumers to determine whether the information they gave a company, for example on a credit application, would be shared with other companies.

- USOCA organized a working group of Federal agency representatives to examine the issues and privacy policy options.

- During our National Consumers Week Kickoff Conference in October 1995, this group, called the Privacy Taskforce, released the Federal Privacy Principles -- non-binding guidance for industry, government, and individuals about how to protect personal privacy.

- National Information Infrastructure. The competitive landscape in telecommunications is rapidly changing as a result of both technological advances and Congressional action. USOCA held a day-long meeting about "Emerging Consumer Issues and the National Information Infrastructure." More than 200 people attended the meeting, which was co-sponsored by the National Association of Attorneys General and Issue Dynamics.

- For several years USOCA has advocated changes in the credit reporting industry and law which governs it, the Fair Credit Reporting Act. We have advocated requirements that would improve the accuracy of credit reports, increase the privacy of records, and help insure consumers are served adequately through the customer service arms of the bureaus and understand the workings of the credit system. Though the industry has adopted some voluntary measures, we continue to advocate a change in the law.

1994

- Produced and published the Consumer's Resource Handbook.

- USOCA publications provided to the public included, "Choosing a School," "Legal Guide to Consumer Credit," "A Guide to Warning Labels," and "Increasing Customer Satisfaction." Some of these publications are prepared with the assistance of other Federal Agencies, consumer groups, and trade associations.

- Since 1981, USOCA has organized a Constituent Resource Exposition (EXPO) for each new Congress to help eliminate Federal waste and duplication caused by misdirection of constituent complaints and queries. More than 1,000 Congressional staff assistants attend the EXPO. Representatives of Federal Agencies discuss agency programs and distribute publications. USOCA distributes more than 1,000 copies of our Congressional Liaison Handbook to staff on Capitol Hill which directs them to appropriate agency liaison officials and information materials.

- Produced and published the Congressional Liaison Handbook, which was sent to each Member of Congress and to each district office.

- USOCA has primary coordination responsibilities for the Consumer Affairs Council. The Consumer Affairs Council, consisting of senior consumer policy officials designated by the heads of 41 Federal Departments and Agencies, meets quarterly to discuss Administration consumer policy and initiatives.

- One of USOCA's major tasks as lead agency for the Consumer Affairs Council was the writing and distribution of a monthly <u>CAC Digest</u>, a 16 page summary of consumer-oriented actions by the Council's member agencies, which is sent to all CAC representatives to improve interagency communication, and has evolved into a clearinghouse for information on Federal consumer activities.

- Representing the interests of U.S. consumers in international governmental and private forums, USOCA headed the U.S. delegation to, and Vice Chairperson of, the Committee on Consumer Policy of the 24 member nation Organization for Economic Cooperation and Development (OECD).

- USOCA headed the U.S. delegation to this year's meeting of COPOLCO, the Council Committee on Consumer Policy of the International Organization for Standardization (ISO). ISO's members are the standards bodies of some 90

Scam artists at work in Grand Forks

By Eric Gay, AP

Save the piano: Jeff Lunak cleans up in Grand Forks, N.D.

Police in Grand Forks, N.D., put out an alert for scam artists taking advantage of flood victims. Among the cons are people who identify themselves as National Guard members or police and inquire about home alarm systems and other home security information. "I can't overemphasize that these are false calls," Police Capt. Ron MacCarthy said. Also Tuesday:

▶ A convoy of 200 government-owned mobile homes from Kentucky is headed to the flood-ravaged Red River valley this week and is to arrive in Minnesota on Friday. Flood victims can live in them for free for 18 months.

▶ An anonymous California woman will give $2,000 to each flooded family in Grand Forks and East Grand Forks, Minn. Grand Forks Mayor Pat Owens: "Greatest news we ever heard."

Written by John Bacon with staff and wire reports

[redacted]

Consumer privacy

USA Today 4/30/97

Thomas A. Kalil
06/27/97 01:24:34 PM

Record Type: Record

To: Mary L. Smith/OPD/EOP

cc:
Subject: Consumer privacy

Mary:

Mark may have been talking about the paper on global electronic commerce that Ira and others have been working on. This is getting released on Tuesday, July 1st in an event with the POTUS and VPOTUS.

There is a section on privacy that we will do some follow up on.

- Tom Kalil

Discuss

Tracy / Ann
Dunn 429
4737

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. fax	DOB & SSN [partial] (1 page)	06/27/1997	b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Thomas Friedman
OA/Box Number: 17542

FOLDER TITLE:
Consumer Affairs

2015-0274-S
wr10797

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

[001]

U.S. OFFICE OF CONSUMER AFFAIRS

808 17TH STREET, SUITE 800
WASHINGTON D.C. 20006
PHONE: (202) 565-0040
Fax: (202) 565-0065

FAX TRANSMISSION COVER SHEET

Date: June 27, 1997

To: Tom or Mary

Fax: 456-7431

Re: Privacy Principles

Sender: Leslie Byrne

YOU SHOULD RECEIVE [2] PAGE(S), INCLUDING THIS COVER SHEET. IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL (202) 565-0040.

Nathaniel Wood

(b)(6)

ATTACHMENT

GENERAL PRIVACY PROTECTION PRINCIPLES

The U.S. Office of Consumer Affairs advocates five general privacy protection principles that apply across all industries. They are as follows:

1. Tell consumers, in language they can understand, when and why certain information is being collected, what's going to be done with it, and who will have access to it. Tell them how you plan to protect their privacy, and ask for their feedback on your policy.

2. Collect only that information which is germane to the transaction at hand. And do not allow the information to be used or sold for other incompatible purposes without the individual's knowledge.

3. Provide consumers a copy of their files upon request, and make it easy for them to correct errors and include statements of explanation.

4. Allow consumers to opt in to direct marketing or other uses they feel are appropriate for the information they are providing.

5. Make a concerted effort to educate consumers generally about how information about them is gathered, analyzed, grouped into lists and rented or sold, or otherwise used.

The New York Times

THURSDAY, JUNE 12, 1997

Personal Files Via Computer Offer Money and Pose Threat

LIVES ON FILE

The Erosion of Privacy

A special report.

By NINA BERNSTEIN

It was past midnight when Beverly Dennis came home, weary from her second-shift factory job, and found a letter with a Texas postmark among the bills and circulars in the day's mail. As she read it in her small house in Massillon, Ohio, alone in the dark stare of the sliding glass doors, her curiosity turned to fear.

The letter was from a stranger who seemed to know all about her, from her birthday to the names of her favorite magazines, from the fact that she was divorced to the kind of soap she used in the shower. And he had woven these details of her private life into 12 handwritten pages of intimately threatening sexual fantasy.

"It can only be in letters at the moment," the man wrote after describing the sexual acts he planned. "Maybe later, I can get over to see you."

The explanation that eventually emerged deepened Ms. Dennis's sense of violation — and places her experience at the heart of a far-reaching national debate over legal protection for privacy in a world where personal information is ever easier to mine and market.

The letter writer was a convicted rapist and burglar serving time in a Texas state prison. He had learned Ms. Dennis's name, address and other personal information from one of the product questionnaires that she and millions of other consumers had received in the mail, innocently completed and sent back to post office boxes in Nebraska and New York on the promise of coupons and free samples. Their answers were delivered by the truckload to the Texas prison system, which was under contract to handle the surveys for the Metromail Corporation, a leading seller of direct marketing information. Hundreds of unpaid inmates, many of them sex offenders, entered the information on computer tapes for Metromail, which has a detailed data base on more than 90 percent of American households.

To Ms. Dennis, a woman in her 50's who grew up in the coal country of southern Ohio, it was as though her privacy had been strip mined by the dark side of the information economy.

Indeed, as the free-flowing exchange and exploitation of information is being celebrated as the main engine of economic prosperity into the next century, individual privacy is looking more and more like an endangered natural resource.

Hunger for personal information is now growing explosively in almost every sector of the nation's economy and everyday life, from health care to entertainment, from banking to supermarket sales. It is being

Continued on Page A30

21. Does anyone in your household have:

	You	Adult 2	Other	Prescription Drug Used
Allergies	01	21	41	61
Angina	02	22	42	62
Arthritis	03	23	43	63
Asthma	04	24	44	64
Back Pains	05	25	45	65
Birth Defects	06	26	46	66
Bladder Control Prob.	07	27	47	67
Clinical Depression	08	28	48	68
Diabetes	09	29	49	69
Epilepsy	10	30	50	70
Frequent Heartburn	11	31	51	71
High Blood Pressure	12	32	52	72
High Cholesterol	13	33	53	73
Migraines	14	34	54	74
Osteoporosis	15	35	55	75
Prostate Problems	16	36	56	76
Psoriasis	17	37	57	77
Ulcers	18	38	58	78
Yeast Infections	19	39	59	79

22. Does anyone in your household take any of the following prescription medications?

	You	Adult 2	Other
Claritin	01	11	21
Estrogen Replacement	02	12	22
Glucotrol	03	13	23
Hismanal	04	14	24
Insulin	05	15	25
Paxil	06	16	26
Prozac	07	17	27
Seldane	08	18	28
Tagamet	09	19	29
Zantac	10	20	30

A Texas woman's answers to this 77-question consumer survey ended up in the hands of felons.

spurred and sharpened by powerful market forces and ever more pervasive computer technology, including digital mapping tools and so-called "data-mining" software that blast commercial value from newly linked data bases of unprecedented size.

Yet like the people whose private lives and public records passed through the fingers of Texas felons, most Americans have no idea what is happening to the stream of personal data that they shed just by living in the modern world. And most businesses that make money on the collection, recombination and sale of shards of personal information maintain that people need no legal right to know, and have no good reason to object.

The electronic deposits keep growing with the pulse of daily life: telephone calls, checkout counters, A.T.M.'s, and electronic bridge tolls, the street gaze of security cameras, plastic insurance cards imprinted with the Social Security numbers that have become identity's common currency — and its easy counterfeit.

The Internet, where every keystroke can be archived, is now the most dramatic embodiment of what technology and commerce afford in the real world: the pooling of ever more vast stores of data, and the easy retrieval of individual specks with no one's say-so.

This networked world of information is an economic powerhouse that creates new jobs, new services and astonishing efficiencies. It offers a wide range of consumer benefits, including easy credit, shopping convenience and customized goods and services. It also turns commonplace transactions into little revelations.

When a clerk puts a supermarket discount card through the scanner, for example, a data base links the shopper's identity with the bar code on every item bought. A love of rich chocolate cookies not only can be tracked over time, but matched with an individual's address, age, weight and ethnicity, with marital status and credit standing and even with religious ties, to name just a few of the personal facts being bought and sold wholesale in today's booming information market.

A class-action lawsuit that Ms. Dennis filed last year against Metromail and its subcontractors is emblematic of the growing conflict over privacy as people learn how little they control the use of personal information that is an increasingly valuable corporate asset.

"Privacy will be to the information economy what consumer protection and product safety were to the industrial age," Marc Rotenberg, director of the Electronic Privacy Information Center in Washington, warned at Federal Trade Commission hearings on electronic consumer privacy last year. This week, the F.T.C. is holding another round of hearings on the issue.

But as Ms. Dennis has learned during a three-year struggle for redress, any battle for privacy today is an uphill fight, and individuals have an inherent disadvantage.

Ms. Dennis spent sleepless nights trying to figure out the stranger's identity. She finally turned to local television news reporters for investigative help, and searched for more than a year before she found a lawyer willing to take on a novel and demanding case without pay.

But when Metromail executives wanted to know more about the woman suing the company, their task was simple: They turned to the company's own massive consumer data base, and retrieved more than 900 tidbits of Ms. Dennis's life going back to 1987. Laid out on 25 closely printed pages of spreadsheets were not only her income, marital status, hobbies and ailments, but whether she had dentures, the brands of antacid tablets she had taken, how often she had used room deodorizers, sleeping aids and hemorrhoid remedies.

"Attached is all we know concerning Beverly Dennis," Dave Hansen, an information technology systems analyst, wrote in a May 3, 1996, memorandum circulated to top executives and the chief lawyer for Metromail, which had $281 million in revenues last year and has budgeted $1.5 million to fight the case. The memo was one of the internal documents the company was recently required to turn over to the plaintiffs under discovery rulings by a state court in Travis County, Tex.

The company dossier on Ms. Dennis illustrates a central issue in the privacy debate: Information collected in one context can be reused in entirely unanticipated and even hostile ways without the knowledge or consent of the individuals involved. United States law offers them little recourse.

The Supreme Court has recognized an unwritten right to privacy in the Constitution, but has essentially limited this right to the individual's "reasonable expectation" of privacy. That approach, privacy experts say, means the steep but silent erosion of privacy by technological and economic change keeps narrowing the right to protection that an individual can successfully claim in court as "reasonable" — especially since privacy is weighed against competing interests, like law enforcement or freedom of the press. And like the unwritten constitutional right to privacy, most of the nation's patchwork of privacy legislation aims to protect individuals from government, not from the actions of private industry.

Metromail maintains in court that it did nothing wrong and that Ms. Dennis has no reasonable claim to privacy because she disclosed the information herself in consumer surveys. The company, a leading member of the Direct Marketing Association that champions industry self-regulation, calls the case an aberration, and adds that it no longer uses prison labor.

Because of the case, Texas is considering a complete ban on data entry by prisoners, but inmates in at least 27 other states handle public records like motor vehicle registrations, and Federal prisoners do such work for the Internal Revenue Service, among other public agencies. Prisons in at least five states reported contracts to process information for private businesses.

Public records are part of Metromail's information products. Its offerings include a "Behaviorbank" line that, for 4 cents to a quarter a piece, sells names, addresses and personal characteristics of respondents like Ms. Dennis to a wide assortment of clients, from direct marketers, bill collectors and reporters to politicians. Metromail customers include the marketing departments of major magazines and newspapers, including The New York Times.

Four new plaintiffs recently joined the class action by name after their information showed up in records that the lawsuit forced from Metromail and its subcontractor, Computerized Image and Data Systems in Roslyn Heights, N.Y., which sent the work to the prisoners. Like Ms. Dennis, the new plaintiffs said they felt tricked by surveys headlined, "Spending Too Much. You Can Save Money At the Supermarket," or "No sweepstakes, no promises, no gimmicks. Just FREE coupons, samples and other special offers." The outrage they expressed goes well beyond the prisoners' access to such data.

One, Edward Boslet, a 36-year-old meatcutter turned home health care technician in Plattsburgh, N.Y., summarized what to him is the heart of the matter.

"It's my information, it's not theirs," Mr. Boslet, a father of three, said in a telephone interview. "The bottom line is, I should have a right to know. I should have a right to choose who they're going to sell it to and what list I'm going to be on. There should be some way to govern what they do."

His convictions are not so far from the principles of fair information practice adopted by the European Union. But they are far from policy or practice in the United States.

Many people, especially in business, feel that is all to the good. They credit an unrestrained market in personal information as one reason for the United States' lead in the information economy.

"It's beneficial to the economy, it's beneficial to consumers," said Chet Dalzell, a spokesman for the Direct Marketing Association, the main trade group that is a longtime proponent of letting the industry regulate itself on privacy issues. Because the market can decide how to use personal information, he said, consumers get competitive offers of goods and services that are timely and relevant to their own lives, while businesses save on marketing costs.

"This isn't a war," Mr. Dalzell added. "This is the marketplace just trying to be intelligent." A recent study that the association commissioned from Ciemax-WEFA, an economics consulting company, said one of every 13 jobs in the United States is the result of direct marketing sales activity, including jobs designing and selling advertising, supplying or delivering goods, and selling other support services, like customer lists and profiles, to direct-response businesses. Direct-marketing sales to consumers reached $630 billion last year, up from $458 billion in 1991. Business-to-business sales were $540 billion in 1996, up from $349 billion in 1991, according to the Ciemax-WEFA report.

In other sectors, from health care to welfare, the ever more intensive use of personal information is being embraced as a way to cut costs and improve outcome, whether through employee "wellness" plans that discourage unhealthy life styles, or through child-support enforcement programs that combine public and private sector data bases to find parents who are delinquent in child support payments.

But incidents like these across the country offer glimpses of the less visible trade-offs:

¶At a car dealership in northern New Jersey, 15 employees used the company's access to the Big Three credit bureaus —

Equifax Inc., Trans Union and TRW Inc. — to find strangers with good credit histories, living as far away as Alaska and Washington. They opened credit accounts in the customers' names, ordered thousands of dollars in products and left the victims to struggle to restore their credit ratings. What made the 1993 case unusual was that the culprits were caught. Quick credit and ready access to Social Security numbers have made "theft of identity" one of the fastest growing forms of credit fraud, according to the U.S. Public Interest Research Group, a consumer advocacy organization. Officials at Trans Union said the credit bureau gets 45,000 to 50,000 calls a month from people complaining that their accounts have been taken over.

¶A convicted child rapist working at a Boston area hospital in 1995 was accused of using a former employee's computer password to rifle through nearly 1,000 confidential files of patients for telephone numbers he used to make obscene calls to girls as young as 8 years old. Like many hospital systems, this one neither locked out defunct passwords nor triggered a warning when one person called up an unusual number of files. In an even more startling case, reported by The New York Times last year, a convicted pedophile in a Minnesota prison was accused of compiling a computerized data base of more than 5,000 children and babies, annotated with descriptions like "cute," "latchkey kids" and "Little Miss pageant winner." The lists, apparently pieced together from items in small-town newspapers, were stored with child pornography obtained over the Internet.

¶Earlier this year, the Sara Lee Corporation asked a health maintenance company to survey and screen all 500 employees in its Mesilla Park, N.M., hosiery factory, for signs of depression that might underlie sick days and affect job performance. The plan was for the employees' personal physicians to consider prescribing antidepressants, according to an account in Fortune magazine that stressed the potential medical cost savings of the pilot project by Lovelace Health Systems, a subsidiary of the Cigna Corporation. Later, Anne Munsen, a spokeswoman for Lovelace, said the magazine account caused the project to be put on hold: the employees at the nonunion factory were not supposed to know the true purpose of the survey. "They didn't want it to be seen as a depression screening," she said, "they wanted it to be seen as a health-risk screening."

According to successive polls conducted by Louis Harris for Equifax in 1994 and 1995, 4 out of 5 Americans are concerned about threats to their personal privacy. This is a growing public relations problem for business, which has its own brand of privacy concerns: the ability to keep proprietary information "private" in a networked world competing for a data edge.

But a strong undercurrent dismisses privacy as "the ultimate subjective, touchy-feely issue," as Robert J. Posch, Jr., a vice president at Doubleday and marketing law specialist, put it. In the trade magazine Direct Marketing, he scoffed that privacy was "just some notion of the right to be left alone. Spare me."

Both legal scholars and computer scientists who advocate more privacy rights for individuals contend that in the information economy, privacy is less about seclusion than about power, and the personal autonomy necessary to democracy.

"Through the use of data banks, the state and private organizations can transform themselves into omnipotent parents and the rest of society into helpless children," wrote Paul M. Schwartz and Joel R. Reidenberg, two American lawyers who were commissioned by the European Union to study American data privacy law and who published their critical findings in a book last year. "Companies take the position that the use of personal information is in the best interests of customers. Yet these companies deny consumers the opportunity to judge for themselves."

The Clinton Administration has called for a balance between individual privacy and the needs of an increasingly information-driven economy, but like the two previous administrations, it has made industry self-regulation the centerpiece of its privacy policy.

Critics contend that self-regulation amounts to little more than public relations, and that the titans of information are despoiling democracy's inner landscape with as little restraint as the coal barons and oil trusts showed during laissez-faire industrial growth.

Ms. Dennis's case offers a rare look at the human dimension of the conflict, and provides a road map to the hidden places along the way where gold is spun from the raw data of people's lives.

A Prison

In a Growth Industry, Inmates Process Data

In the heat-soaked shimmer of an August noon in 1996, in a field outside a Texas penitentiary, prisoners with hoes stood double file, before a lone guard on horseback. It was a tableau from an earlier era.

Okra and cotton are still raised by some of the 136,000 inmates serving time in the fifty-two prisons within the Texas Department of Criminal Justice. License plates still clatter from noisy machines manned by convicts inside the big Huntsville prison, southeast of Dallas, where visitors are given a bumper sticker that reads "Texas — It's Like Another Country." But since 1968, when a Records Conversion Facility opened at the Wynne prison unit in Huntsville, information has been part of Texas prison industries.

On this day, thousands of boxes of public records were passing through the vast, low-slung steel-frame building, one of five such prison operations in the state, and one of dozens across the country. Under hanging fluorescent lights, an acre of men in dingy prison whites turned documents from public agencies into microfilm images and computer bytes.

"Anything and everything could be in here," said DeeWayne Beckham, the assistant plant manager. At random, he picked up a record from the Bexar County courts in San Antonio. It was a petition in a 1991 divorce case asking for child support for a girl named Megan.

There were patient progress reports from the Brenham State School for the mentally disabled in Brenham, Tex., motor vehicle titles from the Texas Department of Transportation, criminal investigation records from police and the state attorney general's office. The last were stacked high behind a special wire mesh cage, for fear, Mr. Beckham said, that inmates would steal crime scene photographs and sell them.

"I've got murderers, and whatever else you can imagine," Mr. Beckham said cheerfully, passing a man with tattoos on three fingers in a group unstapling and sorting documents at a long table. Other prisoners fed the pages into microfilm machines that capture as many as 17,000 pages a day.

Nearby, inmates typed at computer keyboards, producing computer tapes from 30,000 applications for the government's Women, Infants and Children nutrition program for low-income pregnant women and young children.

This was the data-entry section where, under the unit's first and only private sector contract, inmates in three shifts handled thousands of the Metromail "Shoppermail" questionnaires each day in 1993 and 1994, as well as other Metromail surveys commissioned by Seventeen magazine, L'Oreal, Six Flags, Days Inns, R.J. Reynolds and Time-Life. The prison was paid $150,000 for the work.

Hal Parfait, the inmate serving seven years for breaking into a woman's house and raping her after threatening to kill her children, was transferred elsewhere after he wrote letters to at least two women whose identities and habits he had learned from the surveys.

But for about three months after his letter to Beverly Dennis came to light in 1994, the work continued pretty much the same way, records show. Then the Texas Legislature, responding to news accounts, barred sex offenders from record-entry work in prison. Overnight, Mr. Beckham lost 167 of his 430 inmate employees, and eventually 187 of them.

It was the same in the other Texas prisons, said John Benestante, director of state prison industries. "We lost some damn good programmers — pedophiles," he said. "Some of our best computer operatives were sex offenders."

But now Ms. Dennis was suing the Texas prison, and Mr. Benestante, a 6-foot-3 former air traffic controller, was deep in a review of all prison industry operations, especially those handling information for other public agencies, which pay by shifting public funds to the Department of Corrections.

Problems in the past had ranged from obscene "nasty-grams," inserted at random by prisoners stuffing envelopes for the Texas tourism department, to a ring accused of supplying car thieves with motor vehicle titles on commission. Well before the Dennis case, an inmate had used information on a motor vehicle title to contact a woman, and in a different department, an inmate managed to memorize a supervisor's Social Security number from a time sheet and ruin his credit rating.

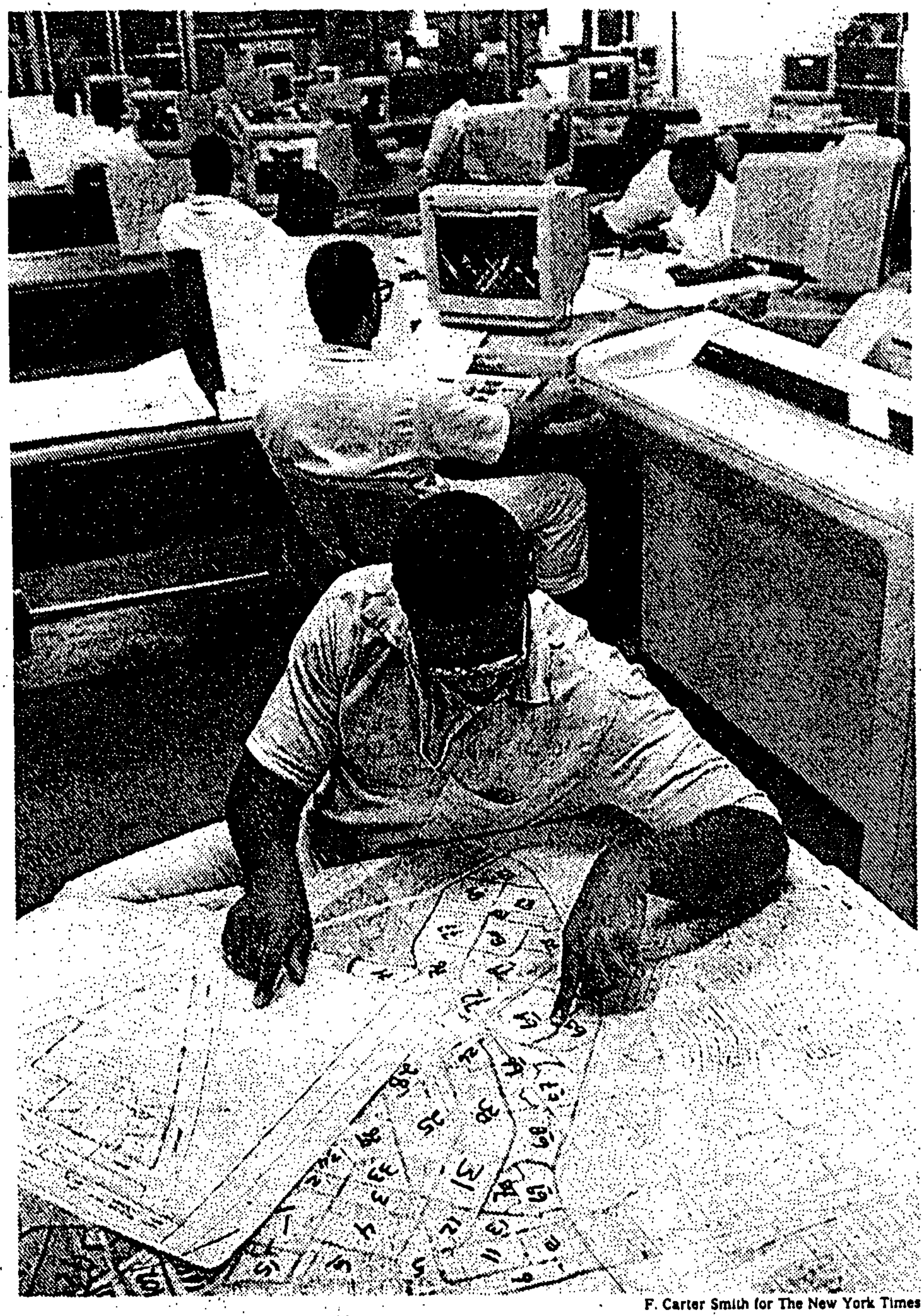
Aside from the risks, he said, there were signs of shrinking demand, as more public agencies kept their records computerized from the start. But private companies were still eager to extract and compile valuable information from public records.

So Mr. Benestante had found a new high-tech information field with a promising commercial market, and had put the Ferguson prison, near Midway, Tex., ahead of the curve. Its former boot factory was a site for work in Geographic Information Systems, or G.I.S., a cutting-edge technology putting detailed maps and high resolution aerial photographs into computerized form.

How detailed? Plat records for Dallas show the location of the gas meter on each parcel. Aerial photographs of the city of Bryan, Texas, show the exact footprint of each house.

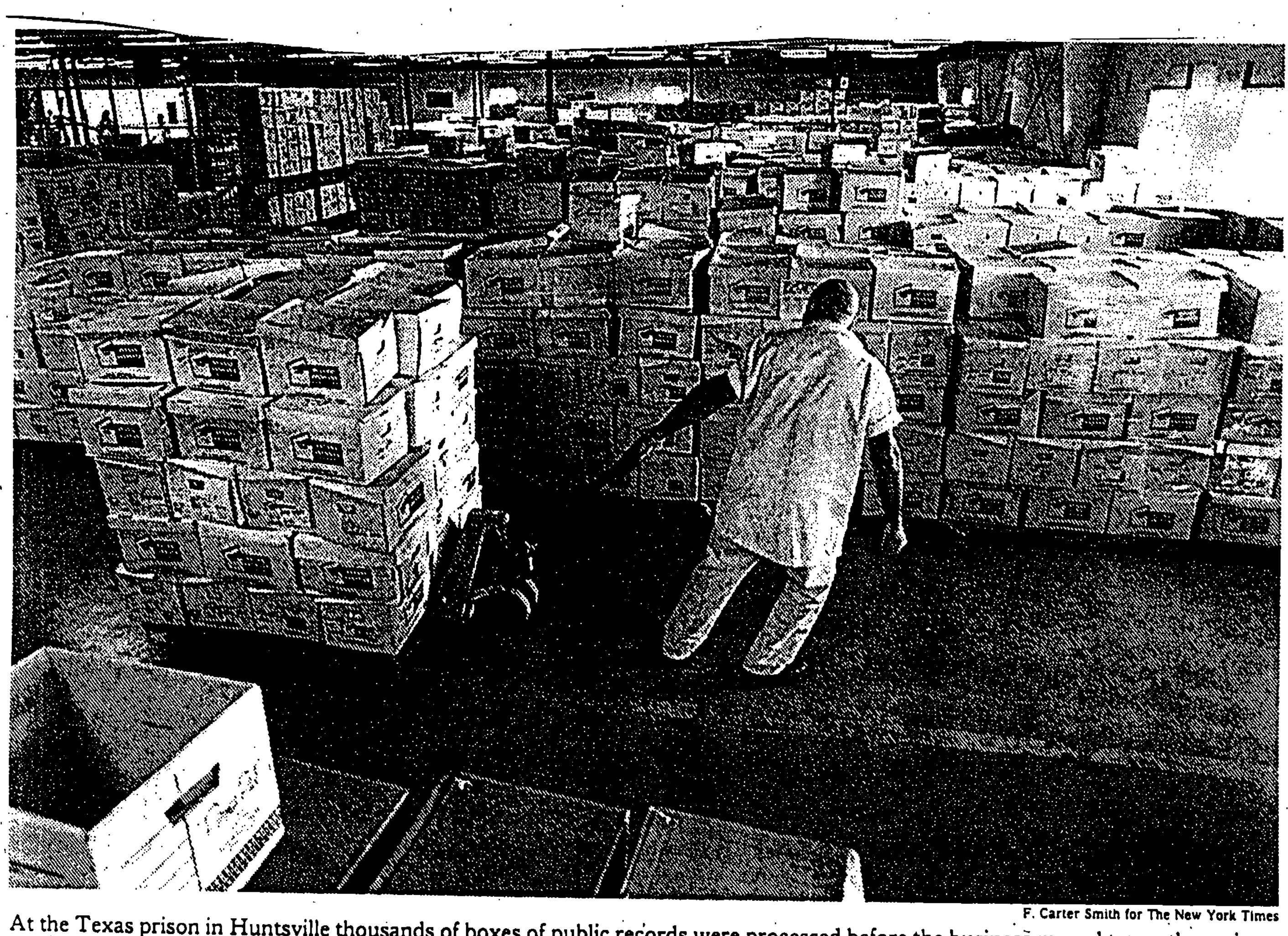
After the computer maps leave the prison, explained Robert Laake, the assistant administrator of the Ferguson "automated mapping-G.I.S." operation, "the Dallas planning and development department will place unique identifiers in each lot that will give them all the information they need — who lives there, what that block is worth."

The Ferguson prison has floor-to-ceiling



F. Carter Smith for The New York Times

At the Ferguson state prison near Midway, Tex., inmates use a cutting-edge technology to put detailed maps and aerial photographs into computerized form.



F. Carter Smith for The New York Times

At the Texas prison in Huntsville thousands of boxes of public records were processed before the business moved to another prison.

crash gates and tiers of two-man, 5-by-9-foot cells. The work site can be reached only by passing through a shower area lined with urinals, and walking across a yard where the men are routinely strip-searched on their way to and from the job. On the day of the visit, no inmates were at work because of a "lock-down" imposed after a rash of stabbings.

But inside the building, one could have been in any office. Supervisors demonstrated the simple computer tasks performed by the inmates, 120 men with an average sentence of 32 years. The price of their work was right. The unit was digitizing Van Zandt County's maps for $19,880, compared to a private sector bid of $60,000.

"If you don't send this here, the next stop is India," said Marilyn Beckham, the plant manager, referring to "information sweatshops" in Asia, Mexico and the Caribbean where much data entry is now done.

The strong privacy concerns raised about G.I.S. have little to do with using prisoners for the grunt work. This technology is proving an astonishingly powerful and lucrative commercial tool to crunch information from public records and private sector data banks and to spit out house-by-house information that can include everything from the tax assessment and the occupant's driver's license photograph, to details of consumer behavior collected by the likes of Metromail.

But Angela Pugh, a supervisor for the G.I.S. project at Ferguson, shrugged off the issue.

"Is the government going to sacrifice the money that can be made for a little bit of privacy?" Ms. Pugh asked.

A Business Technology

Using Compiled Data To Map Out Profiles

On an idyllic campus in Orono, Me., a professor who helped nurture the technology known as G.I.S. now wrestles with its dangers.

As Harlan Onsrud tells it, G.I.S. is a case study on the way new technology can change old stores of information into commercial gold and social dynamite. The story of its success, he said, underscores that both technological advances and sweeping business mergers have exploded old boundaries, leaving in the dust the sector-by-sector privacy legislation of the last three decades.

G.I.S. started as a way to map land, sea and sky across space and time. It has had enormously beneficial social uses, from pinpointing the origin of Legionnaire's disease to helping South Florida communities coordinate emergency relief after Hurricane Andrew.

But "there is no doubt that some uses, although currently legal, would be considered by most citizens in the U.S. to be highly intrusive and inappropriate," contended Mr. Onsrud, chairman of the University of Maine's department of Spatial Information Science and Engineering, part of the National Center for Geographic Information and Analysis.

In one G.I.S. application, businesses can feed car license numbers from a parking lot into a program and retrieve a customer's name, address, census tract information and demographic characterizations like "Hardscrabble," "Sharecroppers," and "Furs and Station Wagons." Another program transforms a telephone number into a detailed profile of each prospective customer who calls an 800 number.

Public spaces are increasingly monitored electronically — for convenience, safety and traffic planning. But G.I.S. allows the results of this surveillance to be mapped with precision, identified by an individual's name or vehicle number without their knowledge, and correlated to a wealth of other information, including data culled from computerized public records of the kind the Texas prisoners have processed for 30 years.

Increasingly, cash-strapped government agencies are selling packaged public information to businesses or entering joint ventures to make the information more attractive to marketers.

Only a decade ago, when the Federal Bureau of Investigation sought clearance to enter all national databases, Congress said no.

"Now the commercial market has done it for them," Mr. Onsrud said. Government agencies like the F.B.I. "just have to pay like anybody else."

In the last three years or so, G.I.S. has spawned a booming "Geo Business" industry that applies its power to profile people and households for data-based marketing, health care, insurance, real estate and financial services. All three major credit bureaus and other giants in the information field have acquired or merged with G.I.S. mapping companies. They have forged new partnerships with big suppliers of data and data-mining software, and bought companies that deliver information to desktop computers on CD's or over the Internet. Their products include data bases that are continuously updated and parsed to yield an unprecedented level of detail on nearly everyone in the nation.

If information is like money, a company called the Acxiom Corporation is one of the merchant bankers of the age. Set in an industrial park in Conway, Ark., north of Little Rock, the corporate headquarters has a cathedral lobby with a facade of glass. But its heart is behind the locked doors of what a guide calls "the production war rooms," low-ceilinged bunkers where six robots inside small linked silos match data tapes at 60 miles an hour, while 20 mainframe computers swallow 1.3 billion bytes of data a second. G.I.S. is just part of the information infrastructure.

Acxiom's revenue grew by almost 50 percent in fiscal 1997, to $402 million. Its top customers include data kings like the AT&T Corporation, Wal-Mart Stores, Citibank, a unit of Citicorp, I.B.M., the Allstate Corporation and Automatic Data Processing Inc., which handles half the payrolls in America. The company now crunches all data for Trans Union. And last year R. R. Polk and Company, which says it collects and markets automotive and consumer information on 95 percent of the nation's households, used eight tractor-trailers to move its mother lode of data tapes from Michigan to a special warehouse in Conway.

This is a place where visitors are issued badges that turn purple if they leave the building — part of the aura of security Acxiom wants to convey to customers nervous about leaving their treasured customer data bases where their competitors also come to buy and barter for more data on their own customers, more names to "populate" computer models of their best prospects.

Many members of the information industry say technology is simply recreating the intimacy of small-town America in the days when the storekeeper knew all his customers by name, habit and history. But Mr. Onsrud, whose village in coastal Maine actually embodies that small-town ideal, flatly rejects the analogy.

"It's not an equal or mutual relationship,' he said. "We have information insiders and outsiders."

A Life and a Lawsuit

A Woman's Privacy Invaded By Industry

Beverly Dennis grew up in almost preindustrial scarcity in a house her grandfather built himself. It had no electricity, no running water, and no indoor toilet to the day he died at 99. He never owned a car.

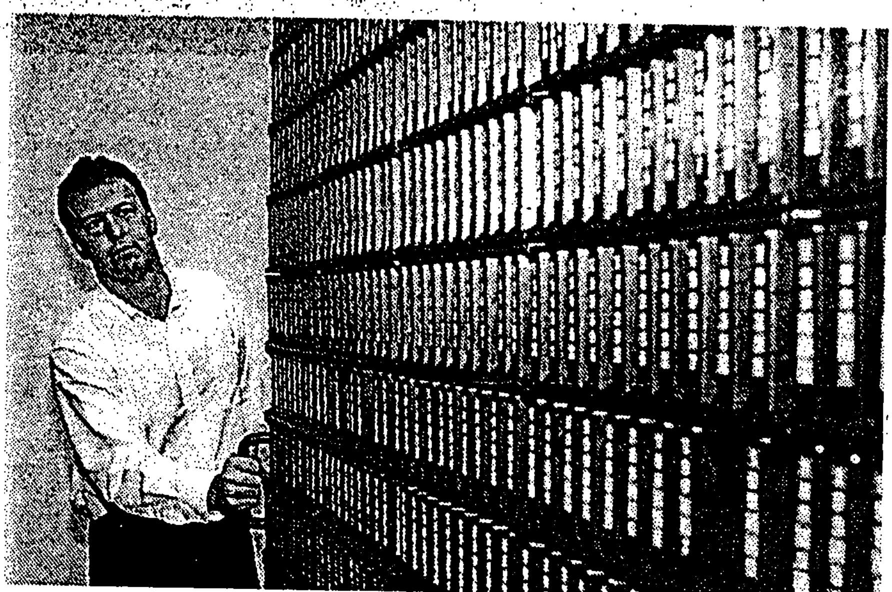
"I was raised very poor," Ms. Dennis said, sitting at the dining table in her carefully tended home. "My grandma used to boil her clothes on a stove, scrub on a washboard in the cold of winter. We didn't have much, but there was so much love."

Now Ms. Dennis has all the creature comforts of the industrial revolution, but she works standing at a noisy machine, stamping out 1,500 plastic bobbins an hour for less than $80 a day. "It's fast-paced work," said Ms. Dennis whose finger was recently mangled on the job. "I don't know how long I'll be able to do it."

For a few months several years ago, she had happily joined the brave new information economy at the Canton, Ohio, office of a national collection agency, G.E. Capital, owned by the General Electric Company. Computers automatically dialed telephone numbers from a disk, and each debtor's name, address, and payment history appeared on her computer screen. Ms. Dennis

Tony Dejak for The New York Times

Beverly Dennis, of Massillon, Ohio, filed a class-action suit against Metromail, a data-marketing company, after an inmate processing its information used it to harass her.



Karen van Donge/The Arkansas Democrat-Gazette

Byron Mabry works for Acxiom, an information-processing company based in Conway, Ark., whose clients include AT&T, Allstate, I.B.M. and Wal-Mart Stores.

was monitored electronically as she followed a script demanding payment for everything from Apple Macintosh computers to children's shoes.

She failed to pass probation. "They told me I was too nice to be a collector," said Ms. Dennis, who raised two daughters on her own.

But this soft-spoken woman has a stubborn sense of justice, and it has carried her through tough times in a lawsuit that is trying to break new ground.

Last August, two of Metromail's lawyers questioned her for almost seven hours during a deposition in Austin, Tex. They wanted to know her Social Security number, her unlisted telephone number, when she had last dated and whether she drank. They probed into her health care and medication history, and had her name all her fellow employees. One of the Catch-22's of privacy litigation is its sacrifice of privacy.

Ms. Dennis, who earns less than $16,000 a year, said after she learned the identity of the inmate, she borrowed money to put in security lights, deadbolt locks, new windows and an alarm system in an unsuccessful effort to allay her pervasive sense of fear. Mr. Parfait, originally due to be released in 1995, is now to be freed next year.

"It's made me a different person," she said, describing sleepless nights, more frequent migraines and lost wages. "I can only tell you that I would give everything that I have if this would never have happened to me, because I am scared each and every day of everything, and I trust nobody after this."

Ms. Dennis said she wanted to warn other people so they would not make her mistake.

But Shannon H. Ratliff, a lawyer for Metromail, suggested she had shown indifference to her privacy by giving her unlisted telephone number to Mark DeMarino, an investigative reporter at the Cleveland television station WJW-TV who helped her uncover the Metromail link, and by appearing with him on Geraldo Rivera's television show. The lawyer even asked why she had not sued the local station, since information from its reporter had upset her.

This was a line of attack rooted in the weaknesses of privacy case law, which has tended to see privacy as a "right to be left alone," in Justice Louis D. Brandeis's famous phrase — and to let that right collapse the moment personal information is surrendered for any reason.

But the critical issue today, privacy law experts agree, is usually not whether personal data should be collected and processed, but how data should and should not be used. Preserving privacy in this context is about the autonomy necessary to make decisions. That, too, has been recognized as a privacy interest by the Supreme Court — most notably in its decisions on abortion and contraception — but has not been developed much beyond decisions involving family and sex.

Privacy laws have been so narrow and spotty that the names of the movies rented at the video store where Ms. Dennis works on weekends are legally protected, but pay-per-view movies ordered at home are not. Medical and pharmacy records are not protected either and though the privacy of credit reports has been a matter of Federal law since 1970, a huge market in the information they contain [illegible] grown through its loopholes.

"The law of privacy has not kept up with the modern advances in technology, the modern rise of data transfer and information collection," Michael Lenett, Ms. Dennis's lawyer at the Cuneo Law Group in Washington, argued when the suit was filed last year. "This is the first case squarely to present the issue, who owns your personal and private information? Who controls it?"

But in April, when Mr. Lenett was still battling to get internal company documents, a judge in Travis County threw out the case's claim against the prison; an appeal is planned. The court ruled in part that misuse of information did not constitute misuse of property under the Texas Tort Claims Act, which makes the state immune from most damage suits.

"She's not complaining that somebody took a data-entry machine and whacked her on the head with it," explained Lin Hughes of Austin, Tex., a lawyer for Metromail.

The ruling leaves the claims against Metromail and its former parent, R. R Donnelley & Sons: that the company unjustly enriched itself, and violated the privacy interests of the members of the class by fraudulently inducing them to provide personal information without disclosing how it would be processed and sold, and that it recklessly endangered their safety and inflicted emotional distress by negligently allowing felons to handle the information. The lawsuit seeks damages to be determined later and injunctive relief, including notification to all whose surveys went through the prison.

The company insisted in an unsuccessful motion to dismiss the case that it had no legal duty to tell consumers that the surveys would be processed by inmates. The facts consumers disclosed were not "highly intimate or embarrassing," the company argued, nor were they disclosed to the public at large.

Another cause of action recognized in Texas is conduct so "extreme and outrageous" that it is intolerable, and inflicts severe emotional distress. But, the company argued, "The mere receipt of a letter in the mail from an incarcerated inmate is not so extreme as to satisfy this standard."

Outside the courtroom, the company said its subcontractor was responsible for the prison work, and said that the job was stopped the same day Metromail learned of it. Internal documents tell a different story: Data tapes and surveys at the Texas prison were among the assets Metromail bought in 1993 when it acquired CMT, a marketing list company, and shipments and letters between the prison plant and Metromail continued until the work was finished, about three months after the letter came to light.

Documents gained through discovery also brought the four additional named plaintiffs to the case.

"I know the potential is out there to abuse people's information, but I really never gave it too much thought until I realized that my own information passed through the hands of a rapist or murderer," said one plaintiff, Patricia Mendiola, a part-time hospital lab technician in Wheaton, Ill., who is married to a systems analyst and has two children. "It made me so mad, the realization that all of this information ends up in a big data bank."

Robert DeSantis, who lives in Silicon Valley and was a civilian employee of two California military bases that closed, said that as a gay man, he worried about hate groups that could use such data bases to harass minorities.

Frenchie Holmes, a former fraud investigator for Pacific Bell in San Jose, Calif., who is now on disability, said she had been gullible. "You think they're going to send you products and trash that information, but they sell it. You fill out just one questionnaire and all of a sudden the whole world knows who you are."

Tim Fitzpatrick, a Metromail spokesman, said such sentiments were not common. "We certainly do not feel there's a class of people harmed as a result of this," he said. "Millions of people every year utilize direct marketing as a way to get things done. Millions of people are benefiting from it."

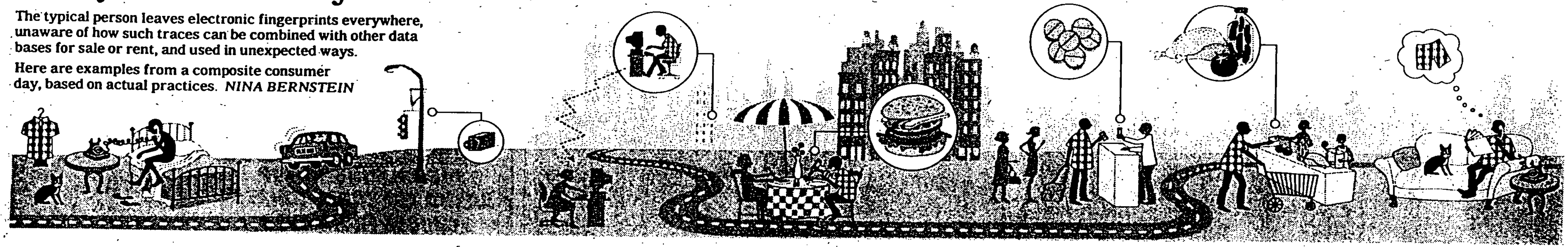
Indeed, Ms. Dennis counts herself as one of them. With two jobs, she shops by mail. "A new pair of curtains can make me so happy," she said. She does not know why the price should include her privacy.

"They are making millions of dollars off other people's lives who don't even know what they're doing," Ms. Dennis said. "They have tu[rned] my whole life upside down."

A Day in the Life of Joe Consumer

The typical person leaves electronic fingerprints everywhere, unaware of how such traces can be combined with other data bases for sale or rent, and used in unexpected ways.

Here are examples from a composite consumer day, based on actual practices. *NINA BERNSTEIN*



	Telephoning	**Driving**	**Sending E-mail**	**Dining**	**Getting Prescriptions**	**Shopping**	**Mail Ordering**
ACTIVITY	Joe calls an 800 number to check the pollen count.	Rushing to work, Joe inadvertently runs a red light.	At work, Joe criticizes his boss in E-mail to a friend.	Joe eats lunch at a restaurant that records each order on a computer.	Joe stops at the pharmacy to fill a tranquilizer prescription.	At the supermarket, Joe uses a discount shopper's card.	Before bed, Joe orders cufflinks and silk boxer shorts from a catalogue.
DATA CAPTURE	Joe's number is caught through Caller ID; his name and address are pulled from a public records data base.	Though the intersection is empty, a video camera captures his license number.	Joe's company reviews employee Internet activity and keeps copies of all E-mail.	Joe pays by credit card, linking his account number to his order of a bacon cheeseburger and fries.	His name, the drug and his doctor become part of the data base of the pharmacy chain.	The card links Joe's identity to every item he buys.	He pays by American Express, which adds his name to lists of "buyers of expensive jewelry."
FIRST USE	Joe is put on a list of allergy sufferers; it is sold to a drug company marketing allergy pills.	Joe is sent a traffic ticket in the mail.	After Joe's boss reads the E-mail, Joe is dismissed.	The restaurant checks his credit standing and sends him a discount offer.	The chain is part of a pharmaceutical company that combines the data with lists of magazine subscribers.	The supermarket chain uses a data-mining service to create profiles of its most profitable customers.	The catalogue company puts his name on a list of "male buyers of sexy lingerie" and trades it with other companies.
LATER USE	The list is linked with a profile of Joe and he is sent a coupon for the company's allergy medication.	Joe's insurance company finds the violation in a data base search and raises his rates.	Joe's unsuccessful lawsuit to regain his job shows up when a prospective employer uses an Internet investigation service.	The restaurant goes bankrupt and its list of men who are bacon cheeseburger lovers goes on the information market.	A rival tranquilizer company advertises in Joe's favorite magazine; company mailings urge Joe's doctor to switch.	Joe is deemed a prized customer and gets electronically-generated discounts; less loyal customers pay more.	Within two weeks Joe will receive four jewelry catalogues, five lingerie catalogues and a sex-videotape offer.

The New York Times; Illustration by Megan Jaegerman