

MEMORANDUM

TO: TOM FREEDMAN, MARY L. SMITH

FROM: DREW HANSEN

RE: FEDERAL GOVERNMENT PRIVACY ISSUES

DATE: AUGUST 12, 1997

Some examples of privacy issues within the federal government:

- **IRS.** Since late 1994, more than 700 IRS employees have been punished for improperly accessing agency information. Richard W. Czubinski, a former KKK member, used his position at the IRS to look up returns of a political opponent, a family adversary, and two associates in the white supremacist movement. His conviction was thrown out because the prosecution did not prove that he used the information or disclosed it to anybody. A GAO report released on April 10, 1997 contended that the IRS system to track "browsing" is cumbersome and cannot produce well-targeted results. Recently addressed by P.L. 105-35 (August 5, 1997).
- **Social Security Administration.** The SSA shut down its Internet site in April after complaints that individual records were not adequately protected. The SSA is considering measures such as digital signatures, passwords, and PIN numbers to secure the site. In 1996, a caseworker in the New York City Human Resources Administration persuaded ten SSA employees to provide him with personal information from the files of 11,000 Americans. The caseworker then used this information in a credit fraud scheme.
- **Federal Prisons.** Federal prisoners are engaged in data entry for the IRS and other public agencies. Inmates in 27 state prison systems handle public records. Convicted rapists and pedophiles often have access to personal information, allowing them to conduct detailed harassment campaigns.
- **Law Enforcement.**
 - In late 1996, the telecommunications industry fought the FBI over an FBI proposal to mandate the installation of technology that would allow the determination of cellular phone locations within a half second. The industry said that the plan overstepped the authority given to the FBI in a 1994 law that modernized telecommunications law enforcement technology.
 - In 1995, a group of law enforcement, defense, and intelligence agencies

proposed the creation of a computer program to screen the records of 700,000 or more electronic funds transfers involving U.S. institutions and flag suspicious transactions for further investigation.

- The use of federal telephone wiretaps has increased markedly during recent years: from 340 in 1992 to 672 in 1995.
- Legislation proposed in 1996 to combat terrorism allowed the expansion of “roving” or “multipoint” wiretapping, a procedure that allows the government to tap lines besides the home and office lines used by suspects. The removal of the current safeguard (allowing multipoint wiretaps only if the suspect uses multiple phone lines in an effort to evade surveillance) could give the government access to conversations unrelated to the matter under investigation.
- **Privatization of Background Checks.** In 1996, OPM eliminated 700 jobs by making the employees responsible for background checks in several federal agencies members of an employee-owned private enterprise. At the end of three years, the contracted services would be opened to a bidding process including other private firms. Critics charge that there are inadequate safeguards in the privatization of background checks. (DEA and Customs currently contract out background checks as well.)
- **Federal Databases.** Proposals for the creation of new federal databases to track crime and immigration, similar to the National Directory of New Hires, could be a step on the way to the creation of a National Identification Card, warns Robert Ellis Smith, publisher of the *Privacy Journal*.
- **“Smart” Highways.** Automated toll collection, weight monitoring, photographing of license plates, and other measures are often undertaken without proper safeguards on the use of collected information.
- **Alleged EPA Leak.** In 1995, an EPA employee might have leaked a document about an individual involved in a property-rights case to the Sierra Club for the purpose of casting aspersions on the individual’s claims.
- **Measures to Combat Food Stamp Fraud.** In response to claims of food stamp fraud, there were proposals in 1995 that would have required retailers to supply considerable additional information (such as income-tax returns) to the Department of Agriculture as a condition for participation in the food stamp program.
- **SEC.** The SEC reveals Social Security numbers provided voluntarily on certain forms contained in its online “Edgar” database.

- **Home Addresses of Federal Employees.** In 1996, after federal government shutdowns made it difficult for union representatives to communicate with federal employees, OPM decided to turn over the home addresses of its employees to federal unions.
- **Child Support Enforcement.** Vigorous measures to combat non-payment of child support, such as tracking of employee records, utility bills, and professional licenses, are underway in states such as Maryland.

Civil penalties for criminal —

NYC / Ford