

CFPB Data Collection May Rival that of the NSA

January 31, 2014 - The NSA is apparently not the only federal agency engaged in snooping on the lives of average Americans. It has now come to light that the Consumer Financial Protection Bureau is data mining nearly 1 billion American credit card accounts and 53 million home mortgages. And although the agency's director vehemently denies that his agency is engaged in a practice that can jeopardize the privacy of American citizens, the head of the data collection efforts for home mortgages has already said that anyone gaining access to the agency's database would be able to identify individual borrowers. The CFPB effort is building a massive database that will inevitably become a target for hackers and which could be used by the government to unconstitutionally examine the financial lives of every single American.

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The two databases - one for credit cards and the other for mortgages - are supposedly being used by the CFPB to determine if lenders are complying with federal credit regulations. But the databases contain large amounts of personally identifiable information. The credit card database apparently contains every single credit card purchase that everyone in the US makes. And the mortgage database contains details on every single American mortgage issued since 1998.

Both databases are being assembled as a result of the Dodd-Frank financial reform law. The government is gathering all of the information contained in them based on statute but without a search warrant or subpoena. Legally, the information in them probably can't be used in law enforcement investigations until a specific warrant is issued. But if the government is able to obtain a warrant, it will already have the information on hand. And there is nothing barring the FBI from issuing a National Security Letter to gain access to the data; a procedure that requires no court supervision.

The prospect for misuse of the databases is nothing less than frightening. Yet is congressional testimony yesterday,

CFPB Director Richard Cordray became almost indignant when it was suggested that the CFPB was in competition with the NSA to see which agency could collect the most information on American citizens. Cordray appeared to dodge questions about whether or not the aggregate data collected could be reverse engineered to identify individual borrowers and then used for fraud or identity theft. He simply stated that everyone at the CFPB was too busy to engage in such activities.

But according to Bob Avery, who is the project director for the FHA's National Mortgage Database, reverse engineering the data contained in the database could easily be reverse engineered. Once that is done, it would be a fairly simple matter for hackers to use the database for ID theft and fraud. Since the CFPB is using the FHA database, anyone with a mortgage should be concerned.

In his testimony yesterday Cordray said, "We're collecting aggregated information," Cordray told the committee while defending the bureau's data-mining efforts.

But when he was asked, "Can you, Mr. Cordray, personally guarantee that the consumer information is 100 percent secure?" he said that he could not. He went on to say that the CFPB "attempt[s] to safeguard any information we have about the American public."

Later in the hearing, Rep. Sean Duffy (R-WI) asked Cordray, "Would you object to getting permission from consumers, those people who you work for, before you collect and monitor their information?"

"That would make it impossible to get the data," Cordray responded.

"You can't even opt out," Duffy replied. "The NSA does not ask Americans' permission to collect their phone records and emails and texts. The CFPB does not ask permission to collect information on America's financial consumers."

by Jim Malmberg

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