

FTC Proposal Could Lead to a Manufactured Data Breach

May 22, 2015 – We typically tend to think of data breaches as an accidental leak of our personally identifiable information. After all, even in the worst data breaches on records, the companies involved didn't set out to make their customer information public. But is it possible to manufacture a data breach – one that is perfectly legal and for which no notification is required? Apparently, the answer is "yes" when you involve a bankruptcy court and the FTC.

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s.src = 'http://widgets.digg.com/buttons.js';
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})();
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The bankruptcy proceedings for Radio Shack have taken an interesting turn. The company's database of over 100 million consumers is considered an asset of the company. For obvious reasons, the court and the company's creditors would like to see it sold.

But that database was developed because consumers wanted to remain in contact with Radio Shack. Not so they would be spammed to death by some unknown party that they've never done business with.

That isn't stopping the FTC. They are now proposing that the database be made available for sale with some restrictions similar to those imposed on another company in 2000. Those restrictions would include that it could only be sold to a business and only along with other assets of the company.

Interestingly enough, it isn't even clear if the database actually belongs to Radio Shack. Both AT&T and Apple are claiming ownership based on their operating agreements with the company. That's something that the court will have to sort out first.

If the court doesn't rule in favor of at least one of the companies claiming ownership, then it is a fairly good bet that the database will be sold and that consumers will have little or no say in the matter. There really should be a law to prevent this kind of thing. Write your congressional representatives if you are concerned. After all, they are currently crafting a national data breach bill. While the working drafts of that bill are terrible news for consumers, we might be able to get them to include language preventing future sales of consumer data in bankruptcy proceedings.

by Jim Malmberg

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