

**VERIZON COMMENTS IN CONNECTION WITH
THE FEDERAL TRADE COMMISSION'S ROUNDTABLE SERIES:
EXPLORING PRIVACY
[Privacy Roundtables – Comment, Project No. P095416]**

Verizon¹ recognizes the Federal Trade Commission's longstanding commitment to consumer privacy, and shares its goal of determining how best to protect consumer privacy while supporting beneficial uses of information and technological innovation. We appreciate the opportunity to provide comments in connection with this important series of roundtable discussions.

At Verizon, protecting the privacy of customer information is an important and longstanding priority. We remain committed to maintaining strong and meaningful privacy protections for consumers in this era of rapidly changing technological advances. We know that consumers will use the full capabilities of our communications products, services and networks only if they trust that their information will remain private. Trust that a company has strong privacy practices and respects consumers' privacy preferences is important to many consumers as they select an organization with which to do business. We were gratified when independent privacy experts recently ranked Verizon the most trusted communications company for privacy, reinforcing our longstanding commitment to giving our customers the high standard of privacy protection they deserve.²

As discussed below, we believe that while there may be challenges posed by the vast array of 21st century technology and business practices that collect and use consumer data, innovations in information use and technology have enriched the consumer experience and will continue to do so as long as they recognize consumer privacy concerns and are coupled with robust privacy protections.

**I. RISKS, CONCERNS, AND BENEFITS ARISING FROM THE
COLLECTION, SHARING, AND USE OF CONSUMER INFORMATION**

**A. Retail or other commercial environments involving a direct
consumer-business relationship.**

The collection, sharing, and use of consumer information in the direct retail consumer-business relationship is critically important to Verizon's ability to provide high-quality

¹ In addition to Verizon Wireless, the Verizon companies participating in this filing ("Verizon") are the regulated, wholly owned subsidiaries of Verizon Communications Inc. While preserving its rights under the common carrier exemption of the FTC Act, Verizon welcomes the FTC's initiative with regard to these privacy roundtables.

² Ponemon Institute and TRUSTe Rank America's Most Trusted Companies in Privacy, Sept. 16, 2009, available at: http://www.truste.com/about_TRUSTe/press-room/news_truste_2009_most_trusted_companies_for_privacy.html.

products and services to our customers, to develop and offer new products and services, and to create a positive experience for our customers and Web visitors. We collect and use information about our customers and Web site visitors for a variety of purposes. Information may be obtained when customers order and use our products and services, when they make customer service inquiries, or when consumers visit our Web sites. We use this information to deliver, provide, and repair products or services; establish and maintain customer accounts and billing records; better direct specific offers or promotions to customers and Web site visitors; monitor Web site statistics; monitor our customer service employees; or authenticate customers' online accounts. By doing so, we facilitate their ability to receive efficient, responsive, and timely service on a 24/7 basis, and ensure our ability to provide the desired products and services.

We recognize that consumers may have concerns about the use of their information for marketing purposes. Therefore, we provide customers with a range of choices about how we share and use information for such purposes. Verizon does not sell, license, or share information that individually identifies customers with third parties for their own marketing purposes. If customer information is shared with third-party vendors or agents who do specific work on Verizon's behalf, our contracts prohibit them from using the information for any other purposes. Our privacy practices for certain services also are subject to Federal Communications Commission ("FCC") regulations, including regulations regarding Customer Proprietary Network Information ("CPNI"). Consistent with existing CPNI regulations, customers may instruct us not to use their CPNI for marketing categories of services different from those they currently have. In addition, consumers may opt out of receiving marketing solicitations from Verizon via calls, emails, postal mailings, text messages, or door-to-door contact.

The collection, sharing, and use of customer information come with a concomitant obligation to protect the security of that information. At Verizon, we have technical, administrative and physical safeguards in place to help protect against unauthorized access to, use or disclosure of customer information we maintain. Employees are trained on the importance of protecting privacy and on the proper access to, use and disclosure of customer information. Under our security practices and policies, access to personally identifiable information is authorized only for those who have a business need for such access, and records are to be retained only as long as necessary for business or legal needs. Sensitive personally identifiable records are to be destroyed before disposal. Recognizing that no program can be 100 percent secure, Verizon has incident response plans in place to handle incidents involving unauthorized access to personal information. Verizon also has a strong commitment to Internet safety, and provides educational resources and tools to help customers protect themselves from phishing, spam, pretexting, viruses, and other scams that they may encounter and that might threaten their private information.

B. The mobile environment.

As mentioned above, we provide our customers with choices about the sharing and use of their information, including in the mobile environment. Advances in wireless

technology, especially the growing availability of location-based services, hold great potential for consumer benefit – including convenience and safety – but also bring new concerns about how customer information is used and shared. As a member of CTIA, Verizon Wireless follows the industry Best Practices and Guidelines for Location-Based Services,³ whose hallmarks are user notice and consent. Toward that end, we provide our wireless customers with clear notice regarding how these types of services work and require that they make the choice about whether specific location-tracking features available on their phones are turned on when using their wireless phones. Customers are given the opportunity to choose where and when to turn specific location-based services on and off.

In addition, Verizon Wireless does not support or participate in the development of a national wireless phone number directory. We do not publish directories of our customers' wireless phone numbers, and we do not provide or make them available to third parties for listing in directories unless customers request that we do so.

C. Behavioral advertising.

The use of consumers' Web-surfing data to foster targeted online advertising raises important issues regarding online privacy. Consumers deserve clear and transparent notice of the types of targeted advertising practices that service providers and Web sites employ. If certain practices cause consumers to be concerned that their privacy will not be protected, or that their preferences won't be respected, they will be less likely to trust their online services, thereby diminishing the consumer benefits provided by the Internet.

Verizon believes that any technology that is used to track and collect consumer online behavior across non-affiliated Web sites for the purposes of behavioral advertising – regardless of the company doing the collecting – should only be used with the customer's knowledge and consent in accordance with appropriate self-regulatory safeguards and best practices. We believe that transparent customer notice requires conspicuous, clearly explained disclosure to consumers about the types of data collected and the purpose for which that data is being used. With that disclosure, consumers should be able to exercise meaningful choice and control, on an ongoing basis, as to whether their information may be collected and used for online behavioral advertising. In addition, we believe that any company engaged in tracking and collecting such information must have appropriate security controls in place to guard against unauthorized access to any personal information.

Consistent with these beliefs, Verizon participated in the development of the cross-industry Self-Regulatory Principles for Online Behavioral Advertising⁴ announced this summer by leading advertising industry associations. The Principles represent a

³ CTIA Best Practices and Guidelines for Location-Based Services, April 2, 2008, available at http://files.ctia.org/pdf/CTIA_LBS_BestPracticesandGuidelines_04_08.pdf.

⁴ Self-Regulatory Principles for Online Behavioral Advertising, July 2009, available at <http://www.iab.net/media/file/ven-principles-07-01-09.pdf>.

comprehensive effort to establish and commit to consumer-friendly practices for online advertising across the entire advertising industry, including Web publishers, advertisers, advertising networks, and companies that provide services such as Internet access, tool bars, Web browsers and other comparable desktop applications and client software.

The Principles serve as the online advertising industry's initial response to the FTC's call to action regarding online behavioral advertising, which urged industry to raise the bar and do better with respect to transparency and consumer choice. Once implemented, the Principles will provide consumers with greater transparency, choice and control regarding the use of their Web-surfing activities for online behavioral advertising purposes. The Principles also include an important commitment to consumer education, giving consumers a consistent understanding of online behavioral advertising practices regardless of the company or Web site with which they are interacting. We believe that widespread and uniform adoption of these Principles will greatly enhance the public trust, address privacy concerns, and serve as a foundation for further discussion with policymakers and consumer groups.

Verizon also recognizes that policymakers and consumer groups have expressed concerns regarding new technologies that might be employed to gather information about customers' Web-surfing activities across unrelated Web sites for the purpose of interest-based advertising. Verizon does not gather information from our customers' use of our broadband access services to determine their Web-surfing activities across non-Verizon sites for the purpose of providing them with interest-based advertisements. If Verizon engages in this type of online behavioral advertising, we will provide customers with clear and meaningful notice of our practice and obtain their affirmative consent.

D. Sensitive information.

Verizon's corporate policies require heightened protection of sensitive data. As mentioned above, we often are in possession of sensitive information, such as Social Security numbers and financial account numbers, to provide and bill for our products and services. As a major employer, we also maintain an array of employee data. We maintain strong controls for the protection of such data.

We also believe that heightened protections should be required with regard to the collection or use of sensitive data for purposes such as online advertising. We join the FTC and others in recognizing, however, that the term "sensitive data" needs to be more precisely and carefully defined. While sensitive personal information such as Social Security numbers or financial account numbers should not be collected for purposes of behavioral advertising, a one-size-fits-all prohibition on the use of broad categories of information could have unintended consequences, including undermining Internet users' experience.

In addition, special attention should be given to protecting information of a sensitive nature (e.g., accessing medical Web sites). This information should not be collected and used for online behavioral advertising unless specific affirmative consent and customer

controls are in place to limit such use. Specific policies may be necessary to deal with this type of information.

Consistent with our longstanding policies and practices, Verizon also believes that the content of communications, such as email, instant messages, or VoIP calls, should not be used, analyzed, or disclosed for purposes of Internet-based targeted advertising.

II. CONSUMER EXPECTATIONS ABOUT HOW INFORMATION CONCERNING CONSUMERS IS COLLECTED AND USED

Our understanding of consumer expectations about the collection and use of their information help drive Verizon's actions with regard to privacy. For example, understanding our customers' preferences led Verizon Wireless to vigorously oppose plans to create a national wireless directory. We also know that consumers often look for certain signs that allow them to feel confident about their privacy when they use our Web sites. To meet those expectations, Verizon Web sites contain a link to our comprehensive privacy policy, display the TRUSTe and Better Business Bureau ("BBB") Online seals, and use the "lock icon" and the "https" prefix to assure customers that their credit card and other sensitive information is transmitted securely. Likewise, as we developed our recently revised comprehensive privacy policy, we listened to consumer feedback we obtained through surveys and meetings. The feedback regarding consumer readability and ease-of use, for example, were instrumental in our decisions regarding both the structure and content of the policy.

While our efforts to respond to consumer privacy expectations have been recognized by consumers and privacy experts alike, we remain acutely aware that consumer expectations evolve rapidly as new technologies and services become available. For example, privacy expectations and concerns may be changing with the introduction of social media services and new wireless applications, and may vary across generations. As discussed above, Verizon believes that our continuing strong commitment to transparency, customer choice and consumer education will ensure that we remain in the forefront of privacy protection.⁵

III. EXISTING LEGAL REQUIREMENTS AND SELF-REGULATORY REGIMES IN THE UNITED STATES TODAY

Verizon believes that current legal authority, coupled with robust enforcement where appropriate, will continue to be effective in protecting consumer privacy interests, and

⁵ The highly competitive nature of our industry and our direct-to-consumer relationship reinforce this commitment. Competition spurs good privacy practices where consumers have a direct relationship with the privacy-protecting entity and understand what it is doing to protect them from privacy threats. Pamela Jones Harbour & Tara Isa Koslov, *Section 2 in a Web 2.0 World: An Expanded Vision of Relevant Product Markets*, 76 ANTITRUST L.J. ____ (2010) (forthcoming).

urges careful consideration before proceeding with additional laws or regulations. An extensive body of state and federal law – ranging, for example, from state data-breach notification statutes to the federal Children’s Online Privacy Protection Act to the FCC’s CPNI regulations to the FTC’s Section 5 authority – provides a solid framework for safeguarding consumer privacy. This existing framework has proven capable and effective in addressing challenges arising from innovations in information use and technology.

Where additional protections are necessary, self-regulatory regimes act as a powerful and effective complement to governmental action, as demonstrated by the BBB Advertising Review Services,⁶ the CTIA Best Practices and Guidelines for Location-Based Services, and the recently released Self-Regulatory Principles for Online Behavioral Advertising. Members of a particular industry are uniquely positioned to understand the way in which their business works, and how best to effect the sector-wide response necessary to protect consumer privacy while allowing market and technical innovations to continue. Self-regulation also can offer greater flexibility in responding effectively and promptly to new concerns, helping industry stay a step ahead of emerging threats.

IV. CONCLUSION

Verizon supports the FTC’s continuing examination of how best to protect consumer privacy while supporting beneficial uses of information and technological innovation. We look forward to participating in this important dialogue.

⁶ BBB Advertising Review Services, available at <http://www.bbb.org/us/Advertising-Review-Services/>.