

Jack Cooper Logistics, LLC



"Always striving to be the best"



May 19, 2017

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue N.W.
Suite CC-5610 (Annex A)
Washington, D.C. 20580
Filed Electronically
at <https://ftcpublic.commentworks.com/ftc/connectedcarsworkshop>

Re: Connected Cars Workshop P175403

Dear Secretary:

Please accept this submission in response to the Request for Comments on the above captioned workshop on behalf of Jack Cooper Holdings, Corp. Jack Cooper is the largest over-the-road transporter of new and used vehicles in North America, and, through its subsidiary Jack Cooper Logistics, LLC, provides a wide array of services in the vehicle remarketing industry to Original Equipment Manufacturers ("OEMs"), auto lenders, commercial and rental fleets, auto auctions, and dealers.

We are members of various industry associations, we regularly attend or speak at conferences, and we follow with much interest the discourse around new vehicle features and how they will impact the consumers. It is our observation that so far the discussion has excluded the impact of those technologies before and after a vehicle is bought. Specifically, while Regulatory agencies interact frequently with vehicle manufacturers, parts suppliers, technology companies, and consumers on the topic of connected vehicles, we are writing to raise the FTC's and NHTSA's awareness of the potential impact some current and many future vehicles have on commercial fleets, auto lenders, vehicle wholesalers, vehicle auctions, and other vehicle service providers in the remarketing industry (collectively, the "auto remarketers").

In the United States over 17 million new vehicles, but also over 40 million used vehicles are sold per year. Of those used vehicles, circa half are sold at the wholesale level by consignors as large as OEMs, captive finance companies, and large banks, and as little as local mom and pop dealerships, through a variety of wholesale channels. The auto remarketing industry plays a key role in trading

those assets in a more fluid and transparent manner, which in turns enables consumers to have a wider and more affordable choice of used vehicles. As a consequence of these exchanges' efficiency, it is not uncommon for a vehicle to be bought, sold, or traded multiple times and to be processed by several parties over its lifetime (which now averages over 11 years in the USA).

Increasingly, these vehicles store, locally and/or remotely, a significant amount of information about their location history, driving behavior, and identity of their driver. By means of example, in the second half of 2016 Jack Cooper Logistics analyzed a sample of over 100 vehicles that our company inspected that either had been repossessed due to a lease default or were been disposed by a fleet via wholesale auto auctions. We found that about a quarter of the navigation systems still stored the home address of the previous driver/owner (almost all of those vehicles had in-car garage door remotes, although it was not possible to verify if they were in working condition). We'd like to point out to the FTC and NHTSA that we estimate circa 66% of the used vehicles for sale in the United States have Bluetooth (89% for models 2016 and newer) and 28% of all vehicles have navigation (34% for model 2016 and newer). We made that estimate by analyzing in Q4 2016 the online used car listings on a prominent website. Our analysis for simplicity looked only at the OEM navigation system and only at the "home" address, but there is a large and rapidly growing set of hardware and software (both from OEMs and third parties) that can track and store information about the vehicle.

Likely most consumers who sell their vehicle are not aware that the wholesaler, auction, dealers, and individual or company who buy that vehicle may have access to their electronic information. Similarly, most consumers who buy a used vehicle do not realize the possibility that their vehicle could be tracked and potentially unlocked or hacked by the previous owner of another party who had access to the vehicle in the past – something that some media outlets are starting to notice (see for example CNN Tech's article "Why buying used cars could put your safety at risk" <http://money.cnn.com/2017/02/17/technology/used-car-hack-safety-location/>).

While we believe vehicle owners should have the responsibility to remove their personally identifiable information ("PII") before they transfer the vehicle, we are concerned that, unlike personal information that is physically located inside a vehicle when it is remarketed (for example, legal documents left behind by the user), for electronic information there are no established practices, regulations, and compliance frameworks for safeguarding the privacy of the data.

As a player in the vehicle remarketing industry, our objective is to contribute to the workshop and the future discussions about connected cars and privacy so that regulators can keep in mind the need to preserve a fluid used vehicle market. Likely any effort to track, maintain, and purge electronic information will add processes and costs which ultimately will be impacting the consumer, hence our desire is to help shape the discussion so pragmatic and inexpensive solutions can be

identified and implemented.

By means of example, we have been proposing the adoption by all OEMs of a standard process (e.g. press and hold the "home" button for 10 seconds) to erase all driver-specific data from a vehicle. That would be a far superior process than the current need to navigate the make, model, and year-specific electronic menu of the on-board computer, which makes it complex to implement to scale in a wholesale environment. It is similarly conceivable that all players storing driver data in their data centers may, upon receiving a notice that the vehicle has changed ownership and needs to be reset, wipe of the previous driver's private data.

If you have any thoughts or questions regarding this correspondence, do not hesitate to contact me. I look forward to attending your workshop, continuing the conversation, and receiving your direction on how to efficiently and effectively improve the security and privacy of today's connected cars.

Thank you for your personal attention.

Sincerely,
Jack Cooper Logistics, LLC

Andrea Amico
President

