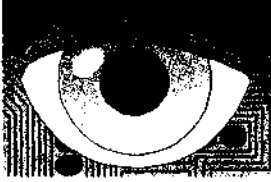


# PRIVACY IN THE COMPUTER AGE



Previous articles in this series appeared on July 18, Part 1, "Privacy Issue Caught in Credit Net"; July 25, Part 2, "Computers Help Target Buyers."

Next Wednesday, August 8: Part 4, proposed changes to the Fair Credit Reporting Act and actions individual consumers can take to protect their privacy.

ILLUSTRATIONS BY GUY STUART



## PART 3 OF A FOUR-PART SERIES

# From Database to Blacklist

Computer records let employers and landlords discriminate against unsuspecting applicants

By **Simson L. Garfinkel**

Special to The Christian Science Monitor

BOSTON

**I**N Baton Rouge, La., H. J. Robinson runs a service for employers that keeps track of workers' compensation lawsuits. The service, say consumer advocates, keeps employees who have filed claims against one employer from getting a job with another.

In Van Nuys, Calif., Harvey Saltz operates a computer database designed to keep tenants who have skipped out on one landlord from finding other apartments. A pending lawsuit charges that mismatches have kept innocent tenants from securing housing.

In Brookline, Mass., a 90-year-old company called MIB maintains confidential health records on more than 15 million people in the United States.

The services provided by these and similar companies are often double-edged swords, say privacy experts. While arguably helping to prevent fraud, they can also function as electronic blacklists. The databanks often operate without the knowledge or consent of the individuals on whom they maintain records, and for the most part they operate without regulation from the US Fair Credit Reporting Act (FCRA).

### Finding fibbers and frauds

Mr. Robinson, president of Employers Information Service (EIS), says his not-for-profit corporation lets employers know before they hire a new worker if that person has ever filed a workers' compensation claim. Robinson says that employers are bested by people who apply for jobs and later fake injuries in order to collect compensation settlements.

"A guy comes in, puts the application in, and swears that he has never had an injury. You turn him around, screen him, and he has had three total infirmities in the past year. It's fraud," says Robinson. "Confidentially, we are finding that a lot of these people have an attorney before they are even injured."

The data in the computer come from court records and reports filed by EIS's "member employers." The company covers New Mexico, Texas, Oklahoma, Louisiana, Alabama, and Tennessee. Robinson won't say how many records he has on file. Industrial Foundation of America, a similar company in Odessa, Texas, has more than 2 million reports, according to the company's promotional material. To

use either system, employers must have job applicants provide their Social Security number and sign a waiver.

David Czernik, executive director of the Louisiana Consumers League, says that the purpose of these databases is punitive: to punish people who have dared to file workers' compensation claims. And businesses that reject applicants don't always tell them about the negative listing, he says.

"Families have been devastated because people have been denied employment, and they don't know why," says Mr. Czernik. Because of a loophole in the FCRA, employers do not need to tell applicants about the database if they deny employment for a reason other than the database search.

"Since they convey information about an individual over the phone in a minute to employers, proving employment denial as a consequence of EIS's information is difficult," says Czernik.

### Tenant screening

Similar databases that record disputes between landlords and tenants are being maintained by more than a dozen companies in metropolitan centers throughout the country. The databases contain reports of eviction filings and settlements, as well as, in some cases, accusations by landlords about tenants who had damaged apartments or owed money when they left.

For Alice Arias, a mother of



four sons to Los Angeles, a common last name made her the unsuspecting victim of a database mismatch. In 1984, when Ms. Arias started searching for a new apartment, she discovered that another woman with the same name was on file at the U.D. Registry (UDR), in Van Nuys, Calif.

"We have the same name and we both lived in Montebello," remembers Arias. "I lived on Bradley. She lived on Bradeley." The other Arias, who lived with four daughters, had been evicted

and ordered to pay \$1,400 in back rent. Arias—the one with the sons—wrote a letter to UDR asking that the registry correct its records. "They never responded to me," she says.

From 1984 to 1986, Arias lived in a motel room with her possessions in storage. She said she saw more than 100 apartments, each landlord turning her down because of the report at UDR.

Arias receives disability assistance. But her monthly check of \$455 is not enough to pay \$600 a month for a motel room and \$100 a month for storage. She got behind on her storage payments, and the company sold her furniture, appliances, and photos of her deceased father for \$312.

Arias is one of nine tenants who filed suit against the UDR in 1987. The case is pending.

One reason for mismatches, says Diana Smith, owner of the Renter Index tenant-screening service in Dallas, is that court records do not include identifying information such as Social Security number or driver's license number. But even if the matching could be performed perfectly, say those familiar with tenant screening, simply reporting eviction filings is tantamount to tenant blacklisting.

"Once a landlord hears that another landlord had an eviction action filed against [a tenant], they don't want to hear anything else. They just don't rent to you," says Paul Lee, a lawyer who worked on the UDR suit.

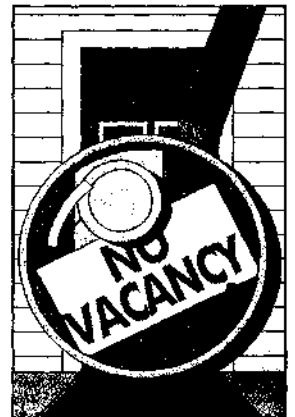
Some screening services allow landlords to report that tenants damaged their apartments or had loud parties; no corroborating evidence is required. Landlords Credit Data Service in Pawtucket, R. I., records the names from every New England newspaper of people arrested in conjunction with violent crime or drugs.

People who need low-cost or public housing are often forced to forfeit their rights to privacy, says Jeffery Purcell, an attorney with the Greater Boston Legal Services.

Prospective public-housing tenants must sign broadly written release forms. The statement from one project reads: "I authorize any public or private custodian of records to disclose to the . . . Housing Authority . . . any income records or information, about me or my family, relative to: Public Assistance, Social Services, Mental Health Evaluation & Supportive Services, Public Housing or Housing Rental Assistance application, or payments claim, during the period of my tenancy."

"They basically play a videotape of your life, and if they find

anything you have done that they don't like, you don't get public housing," says Mr. Purcell. And information often leaks from administrators to security guards, custodians, and other residents in the project. "If your kid has a [criminal or psychiatric] problem,



then everybody else in the building knows about it."

### Insurance risks targeted

Perhaps one of the most mysterious consumer-reporting companies is MIB, formerly the Medical Information Bureau, in Brookline, Mass.

"It's a very difficult company to learn very much about," says Massachusetts state senator Lois Pines. "They don't want people to know that they exist or what they do."

"The purpose of MIB is to help keep the cost of insurance down for insurance companies and for consumers by preventing losses that would occur due to fraud or omissions," says MIB's president Neil Day. MIB's files are used by more than 750 insurance companies throughout the United States and Canada.

MIB stores its records in a specially coded format, which the company refuses to share with regulators, legislators, or consumer groups. There are codes for medical conditions and mental health, as well as nonmedical conditions like "hazardous sport participation" and "hazardous driving records."

In the past, says Robert Ellis Smith, editor of the Privacy Journal, other MIB codes have stood for "sexual deviance" and "sloppy appearance." Mr. Day refuses to release a list of the current codes used by his company, saying that to do so would compromise his firm's confidentiality.

Although MIB will tell a person if he or she has medical records on file, it will send those records only to a medical profes-