

Confidential

31 August, 1986

The Editor
Technology Review
Room 10-140
M.I.T.
Cambridge,
Massachusetts, 02139

Dear Editor:

The recent article on "Encryption" touched lightly on a matter that has been of considerable concern to me as a social scientist and that is perhaps worthy of further examination even in a scientific journal.

The author referred to private credit agencies; to the fact that proponents say their record keeping makes the modern credit economy more efficient; that this convenience exacts its price in a steady erosion of personal privacy; [and] that the records kept are of dubious accuracy; data is often seriously flawed.

It seems to me that privacy, while a terribly important issue and the one most often cited, is by no means the sole important issue with which to be concerned. The "dubious accuracy" and "seriously flawed" records exact a social price and I have yet to see anyone seek to quantify it.

The law governing the activities of credit profile providers seems unclear and weighted in their favor. Let me be both anecdotal and personal about a recent situation and then seek to draw a broader conclusion from the evident shortfalls in the system.

I was recently turned down for an extension of a needed line of credit. When I read the profile which caused the bank to turn me down I could not fault them; I would have turned me down on the basis of what was provided.

The profile vendor (and this has happened more than once with this same one) provided a wrong Social Security number (in one instance two different and wrong ones in the same profile); addresses at which I have not lived for years; job titles and positions I have not held for twenty years as current; my ex-wife's current address as mine; credit cards - including one reported as delinquent and turned over to a collection agency - which I have never held.

Several years ago, by threatening this vendor with a lawsuit for slander of credit, I forced them to correct all of the above, only to have much of it creep back into the computer record a few months ago.

To my way of thinking, this state of affairs raises several important and interesting public policy issues.

The burden of correcting the record falls not on the vendor of such profiles, but on the individual. The vendor sells these profiles, presumably at a profit. The bank, which presumably would like to lend money to qualified individuals not only pays for this garbage but, in turning down an application, loses money it might otherwise have made.

It was up to me, for example, to have several stores write letters to the profile vendor attesting that I had never held a credit card with them. It is true that some cards had been issued in the name of Mrs. Bert Cowlan, but I'd suggest that a computer that is used for decision-making and cannot distinguish gender (where it is a matter of importance to establish legal identity) is not worth much.

(Of course, I know it is not the computer, but the operator. Although, in this case, one tape - from a department store - was simply transferred intact, even though out of date - to the tape of the profile vendor. Or, so they claim.)

In any event, how does one force a store. however good the reasons and just the cause, to write such a letter? (The situation was exacerbated by the fact that one store had gone bankrupt and its records taken over by another.) How, for that matter, does one force a credit profile vendor, however noble sounding the Consumer Protection Act, to answer its phone or respond in writing to letters, even certified ones?

Fortunately, I had some time during business hours, have a typewriter and telephone, had legal advice available, am reasonably articulate and was highly-motivated in this case. I wonder how someone not so well situated would fare? And, I suspect this will get worse.

Thank you.

Sincerely,

