



**THE CENTER FOR ADVANCED STUDIES
IN SCIENCE AND TECHNOLOGY POLICY**

SCIENCE AND TECHNOLOGY: IDENTITY THEFT: POLICY IMPLICATIONS



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Overview

- Privacy = Identity Theft
- Current remediation efforts are doomed to failure
 - Data security is not a solution
 - Breach notification is not a solution
 - Federal preemption is a mistake and is not necessary
- A new model: Identity Registrar
 - Eliminates Identity Theft
 - Protects Privacy

Introduction

- What is identity?
 - Who I say I am
 - Who you say I am
 - Who others say I am
- For our purposes:
 - Identity is a set of claims for counterparty use
 - Reputation is the authentication of those claims
- The “privacy” problem, who “owns” PII?
 - Subject “owns” identity (rivalrous)
 - Counterparties “owns” reputation (non-rivalrous)

Privacy (secrecy) = ID Theft

- Use of identifiers as authenticators
 - SSNs, DOBs, MMN, etc.
- System is based on wide-spread sharing of “semi-secrets”
 - But “secret” is a one-way street (info wants to be free)
 - Demise of practical obscurity - ubiquitous, persistent and proximate
- ID theft is claims/risk business process problem not a privacy problem (default=permit to default=deny, makes ID valuable)
- Thus, trying to enforce secrecy of PII increases ID theft

Remediation - Data Security

- There is need for data security
 - Encryption for data
 - Best practices for systems
 - Liability vs. regulation
- But data security is not ID-theft solution
 - Trying to enforce “secrecy” of “shared secrets”
 - Secrecy is brittle and not recoverable
 - Focus on data security exacerbates the problem
 - Creates greater “theft value”
 - False sense of security ~ complacency

Remediation - Notice

- Notice as choice
 - Prior to disclosure - notice is actionable (FIPs)
 - After breach - ??? (externality problem)
- Practical problems/effects
 - What trigger (define and decide)
 - What risk (data breach/stolen laptop ~ ID theft)
 - Notice overload
 - Proven ineffective

Remediation - preemption

- Preemption = lock in
 - Of existing business models
 - Of existing market participants
 - LCD vs best practices
 - Precludes innovation and experimentation
 - Undermines Federalism
- Preemption is unnecessary
 - Based on outmoded mfg./product compliance model
 - Technical solution - rules-based processing - is not only possible ...
but needed through-out IS (jump-start market)

Identity Registrar

eliminates identity theft and protects privacy

- Identity Registrar
 - Voluntary system, accommodates all existing business models
 - Create an authoritative site/system (DNS) (FTC, ICAAN, ?)
 - Make your name, SSN, and certain protected contact information publicly available
 - Designate your claims - point to Identity Broker
 - Subject gains authoritative control over identity
 - Service providers (credit issuers, etc.) who use the system retain their current exemption from legal liability for misidentification
 - Additional source not exclusive source (more information is good)
 - Counterparty retains control over reputation assessment
 - Service providers who did not use the system would be liable for misidentification (defamation, invasion of privacy, negligence)

Identity registrar (cont.)

- Identity Broker would be authorized repository for authentication and could offer varying levels of service
 - Verification services
- Multiple identities for specific purposes. Brokers could be employers, unions, banks, data aggregators, etc.
- Controlled contact (cut-out, filter) (verified counterparty, call back, etc.)
- Subject (~ind) designated verification (and disclosure) process
 - Fraud alert, file freeze, opt out/opt in, extensible/scalable/auto
- Minimal required legislation

Conclusions

The solution to ID Theft is
business process change

What is needed is a technologically-enabled
information society paradigm to replace the paper-
dependant manufacturing model in use