

**Statement of
Chairman Michael G. Oxley
Financial Services Committee**

**Subcommittee on Financial Institutions and Consumer Credit
H.R. 3997, the Financial Data Protection Act
November 9, 2005**

This morning, the Committee meets to hear from a number of leading business and consumer groups on H.R. 3997, the Financial Data Protection Act. This bipartisan bill is the product of the hard work and leadership of Representatives LaTourette, Hooley, Castle, Pryce and Mr. Moore of Kansas. I congratulate them on their accomplishment and also thank the Subcommittee Chair and Ranking Member for spotlighting this issue in their hearings. This issue will be a priority for the Committee when we return next year, and I look forward to working with the sponsors as well as the Subcommittee Chairman and the Ranking Member.

In recent years, criminals in the United States and abroad have become increasingly inventive in finding ways to access and exploit information systems in order to commit identity theft. According to a Federal Trade Commission estimate, over ten million Americans are victimized by identity thieves each year, costing consumers and businesses over \$55 billion per year.

Several recent high-profile security breaches have focused public attention as never before on the vulnerabilities of companies' data security systems. This year alone, we have seen nearly 75 breaches impacting over 50 million Americans. As a result of these numerous breaches, Congress needs to review how information is handled and what happens when it's mishandled.

The Financial Services Committee has worked tirelessly over the past several years to identify and enact solutions to improve data security protections. In 1999, many of the senior members of this Committee helped enact the first data security laws in the Gramm-Leach-Bliley Act applying to financial firms. In 2003, the gentleman from Alabama, Mr. Bachus, led the Committee in expanding on this effort by securing the passage of the Fair and Accurate Credit Transactions Act, or FACT Act, which greatly expanded consumer identity theft protections.

A number of other committees in the House and in the Senate are also working on legislation to address data security protections. This Committee must do its due diligence by producing legislation that sets national protection for consumers and supports the financial services marketplace.

We can build on the work we did on the FACT ACT to achieve a unified product coming from this Committee. We have a great deal of expertise on this Committee on these issues, and I expect that our legislation will be a significant portion of any final House product. We seek to achieve a uniform national standard that protects consumers to a greater overall degree than they are protected now.

H.R. 3997 requires all businesses with sensitive information on consumers to adopt data security policies and procedures, investigate data security breaches, make uniform notification and provide mitigation to consumers where there is a likelihood of harm to the consumer. I applaud the bipartisan cosponsors for putting together a balanced, fair, and reasonable approach for our Committee, and look forward to further consideration of this legislation going forward.

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