

FTC Charges Data Brokers with Facilitating Theft from Consumer Accounts

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Late last year the FTC brought a case against a group of data brokers (SiteSearch Corp – formerly LeapLab Corp, LeadsCo, LeapLab – formerly DirectROI, and the companies’ owner/CEO John Ayers) for selling payday loan applications that contained financial account numbers, social security numbers, and other sensitive information to unauthorized third parties. Those third parties included Ideal Financial Solutions, which used the information to illegally make debits from consumers’ financial accounts. According to the FTC, the data brokers knew that Ideal Financial was making these unauthorized charges. As part of their legitimate business, the brokers sold the loans to online lenders. However 95% of the information was sold to non-lender third parties like Financial Solutions, who had no legitimate need for the information, according to the FTC’s complaint.

TIP: This case is a reminder of the FTC’s emphasis on consumer protection, as well as a reminder to companies to think about the third parties to whom they give sensitive consumer information.

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