

Daily Privacy & Consumer Regulatory Alert

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FEDERAL DEVELOPMENTS

CFPB Settlement

On May 29th, the Consumer Financial Protection Bureau (CFPB) announced a [settlement](#) with Texas-based mortgage serving company BSI Financial Services and its operating company Service One, Inc. Under the consent order, BSI must pay a \$200,000 civil penalty and \$36,500 in restitution to affected consumers. It also must establish and maintain a data integrity program to ensure the accuracy of its loan data. According to the CFPB, BSI allegedly violated the Consumer Financial Protection Act, the Real Estate Settlement Procedures Act, and the Truth in Lending Act by:

- Handling mortgage servicing transfers with incomplete or inaccurate loss mitigation information;
- Handling mortgage servicing transfers with incomplete or inaccurate escrow information;
- Inadequately overseeing service providers;
- Failing to promptly enter interest rate adjustment loan data for adjustable rate mortgage loans into its servicing systems; and
- Maintaining an inadequate document management system.

COURT CASES

Georgia Supreme Court Case

On May 20th, the Georgia Supreme Court [ruled](#) in *McConnell v. Georgia Department of Labor* that the state government does not have an obligation to protect the privacy of individuals' data. According to the article, the Georgia Department of Labor inappropriately exposed the data of the plaintiff, Thomas McConnell, and 4,756 other individuals when a Department of Labor employee accidentally emailed a spreadsheet with the individuals' personally identifiable information (PII) to 1,000 unintended email recipients. The spreadsheet contained the PII of unemployment beneficiaries over the age of 55, including name, Social Security number, telephone number, email address, and age. The plaintiff alleged that the Department of Labor breached its fiduciary duty and invaded the privacy by publicly disclosing the PII of the affected beneficiaries, which caused undue burdens. The court ruled that the plaintiff failed to state a claim.

OTHER DEVELOPMENTS

Intel Federal Privacy Law Proposal

On May 27th, Intel published its [third draft](#) of recommendations for a comprehensive federal privacy law. The recommendations are in the form of a draft bill for a member of Congress to introduce. In its third draft, Intel recommends that a comprehensive federal privacy law:

- Empower the Federal Trade Commission and state attorneys general to enforce the privacy law;
- Grant the FTC narrow and tailored rulemaking authority;
- Grant the FTC authority to seek civil penalties for violations; and
- Increase staffing and resources for the FTC to investigate allegations.

ITIF Data Flow Recommendations

On May 27th, the Information Technology and Innovation Foundation (ITIF), a technology policy think tank, released a [report](#) recommending that G20 countries adopt trans-border data flow principles that include strong data protection standards. ITIF proposed four core principles for the G20 countries to consider at the G20 Ministerial Meeting on Trade and Digital Economy, which would promote trans-border data exchange while protecting the privacy of the individuals' data. ITIF recommends that countries:

- Hold organizations accountable for managing data that they collect, regardless if a third party stores or processes that data;
- Amend the processes for law enforcement requests for access to data stored in another country's jurisdiction;
- Develop legal and administrative policies to allow Internet service providers to block data flows that involve illegal distribution of unlicensed content; and
- Support encryption in securing data flows and digital technologies.

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