



Top Myths About ChoicePoint

There are many common “myths” about ChoicePoint that have surfaced in recent years, all of which are inaccurate in some way.

ChoicePoint provides information and technology tools that help companies, government agencies and non-profit organizations make decisions related to economic or physical risks. More than 70% of the company’s annual revenue is derived from activities that clearly benefit a consumer and the overwhelming majority of that activity is initiated directly at the request of the consumer him/herself.

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MYTH: Some critics say ChoicePoint helps the U.S. government spy on innocent citizens.

FACT: False. ChoicePoint creates reports of available information for businesses, non-profit organizations and government agencies that help them make decisions.

The majority of the reports that ChoicePoint generates are initiated by consumers to assist them in getting jobs, insurance or apartments. For example, we help millions of Americans every year get the job they seek by providing employers with applicant-authorized pre-employment background checks that verify the information provided by the job-seeker. We also help non-profit organizations improve the safety of their programs for children through permission-based volunteer background checks – every two days, on average, these checks have identified a registered sex offender who has failed to disclose his or her conviction.

Some reports are ordered by law enforcement agencies to assist them in their active investigations. For example, ChoicePoint helped Maryland police identify the “D.C. sniper” serial killers in 2002 and our data helped identify and capture a serial rapist and killer in Colorado.

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MYTH: ChoicePoint is engaged in "data mining" on behalf of the U.S. government. Aren't you allowing the government to gather data on Americans that the government, itself, is not allowed to do?

FACT: False. The information we gather is predominantly public information that comes from government records and public sources. Neither we nor our customers “mine” the data in our information search systems. Instead, we gather data and compile reports in response to a specific request by clients who have a permissible purpose for accessing that data. For example, law enforcement agencies are allowed to access to information as part of an investigation of a known or suspected crime or to enforce a law or regulation. But all the information obtained by law enforcement officials through ChoicePoint is information they are legally able to gather on their own – ChoicePoint simply makes it faster and cheaper for law enforcement agencies.

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MYTH: ChoicePoint is the U.S. government's favorite data company and has the inside track on no-bid contracts.

FACT: False. As required by government procurement laws, contracts that ChoicePoint receives are either obtained through a competitive bid or are granted based on other appropriate government authority.

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MYTH: ChoicePoint conspired to elect George W. Bush in 2000.

FACT: False. ChoicePoint never has been and never will be involved in the voting process in the United States or any other country. The confusion arises from the fact that the company bought Database Technologies (DBT), a company that was under a publicly bid contract to review Florida voter registration rolls from 1998 through 2000. ChoicePoint was not in the voter registration review business before the DBT acquisition and discontinued the product. For more information on this issue, please see the U.S. Civil Rights Commission report on the 2000 presidential election (<http://www.usccr.gov/pubs/vote2000/report/ch5.htm>).

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MYTH: ChoicePoint maintains a “dossier” on every adult American.

FACT: False. ChoicePoint gathers public information from government agencies, from other public sources including phone books, and we purchase address histories and basic identity information from the three major credit bureaus. We also manage information for certain industries only for the use of companies in those industries. We compile this information into specific reports we provide to our customers. However, there is no “file cabinet” in which you would find a folder of all information on John or Jane Doe. ChoicePoint also does not maintain credit reports, banking records, credit card purchase data or any other private financial, health or lifestyle information on consumers.

If you would like to see the kinds of reports we generate, visit www.ChoiceTrust.com. Through the Web site, you can obtain a series of free reports about yourself: a seven-year history of insurance losses reported to your auto or home insurer (if such insurer is a ChoicePoint customer), a pre-employment or tenant screening report we may have created if you applied for a job or a rental home with one of our customers, and a public record search report.

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MYTH: ChoicePoint maintains financial records on American consumers, including what I buy with my credit card.

FACT: False. ChoicePoint does not maintain credit reports, banking records, credit card purchase data or any other private financial or lifestyle information on consumers. With a consumer's permission, ChoicePoint will acquire credit reports from the major credit bureaus on behalf of customers and provide them for a permissible purpose such as a background screening if a prospective employee would be handling money.

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MYTH: Isn't it true that ChoicePoint opposes any legislation that would allow consumers to freeze their credit or would force ChoicePoint to promptly and fully notify people affected by a data breach?

FACT: No. ChoicePoint does not oppose any legislation that would allow consumers to freeze their credit file. In fact, we support national legislation on this issue so that there is a consistent standard throughout the country. We are on the record as seeking federal legislation that would create a national standard of conduct concerning consumer information for a range of companies, educational and charitable institutions and government agencies, including a requirement that consumers be notified of security breaches and be given a right of access to public record information products.

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MYTH: ChoicePoint information is inaccurate and not up-to-date.

FACT: False. Most of the time, the information included in reports compiled by ChoicePoint is what exists in government records, such as court documents and property records, and information that has been provided by you, the consumer. Other sources of information are highly credible and include companies where you have an existing relationship, such as your insurance company, which supplies records of any auto or home insurance claims you have filed.

Government records can and do contain errors. ChoicePoint does not create this information and does not have the right or ability to change information in government records. We will, however, do what we can to help consumers identify and correct errors, often by contacting the appropriate public agencies. So consumers can see what public information would be in their public records search reports, we provide free reports at www.ChoiceTrust.com. We also support federal legislation that would ensure all information companies give consumers access to their public record information.

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MYTH: ChoicePoint has my DNA / fingerprints / blood type.

FACT: False. ChoicePoint previously operated a forensic DNA laboratory that did not retain any information on the DNA samples that were processed for its clients, which included law enforcement agencies. The DNA samples were not identified by name; rather, by codes supplied by law enforcement. All samples were returned to the client agency following the analysis. ChoicePoint divested this company in 2007.

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MYTH: ChoicePoint will sell any data to anyone for a price.

FACT: False. ChoicePoint's business is to help businesses, non-profit organizations and government agencies make decisions using information, software and technology. To use our data-based products, customers must have a permissible purpose such as conducting pre-employment background screenings or on-going criminal investigations.

Most of our products require consumers to give their permission before their data can be shared with or verified for our customers. Customers are put through a rigorous credentialing process that helps ensure they are a legitimate business or organization. We also use technologies and audit tools to help ensure customers are using information responsibly, including contacting consumers at random to confirm that they gave their permission to have their information released for a specific purpose, such as an employment application.

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MYTH: ChoicePoint claims histories (C.L.U.E.® reports) caused my insurance rate to go up / policy to be canceled.

FACT: False. ChoicePoint claims history reports play no part in a decision to increase existing policy premiums, cancel, or non-renew coverage because the carrier already has the claims histories for existing customers.

When an individual applies for property or auto insurance, he or she authorizes the insurance company to verify the information on the application so the company can develop appropriate quotes. ChoicePoint's role is to verify information provided on the application such as previous insurance claims or driving records as well as provide information the insurance company requests, such as insurance scores or credit reports. It is the insurance company that decides whether to provide coverage and at what premium.

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MYTH: ChoicePoint kept me from getting a job.

FACT: False. Federal law requires that employers provide notice and obtain an applicant's permission prior to requesting an employment-related background check. In 2005, we helped more than six million Americans get the job they wanted. Some small percentage of those screened have a criminal record or some other disqualifying piece of information in their background. Nevertheless, the decision to not give them the job was that of the company to which they were applying, not ChoicePoint.

ChoicePoint also helps non-profit organizations around the country to screen their volunteers and paid staff. When we examined a three-year period of 1.6 million background checks requested by non-profit organizations, we found more than 86,000 people had applied to work with children or at-risk populations who had an undisclosed criminal conviction. Some crimes were relatively minor but many were not, including 500 sex offenders who were applying to work with children.

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MYTH: Once ChoicePoint does a background check on me, there's nothing I can do about it if something is wrong.

FACT: False. By federal law, a consumer can challenge a background check governed by the Fair Credit Reporting Act. Once a challenge is made, the costs associated with doing another background check are borne by ChoicePoint and a new report that confirms the information or corrects it is issued as quickly as possible, but no later than 30 days from the date the report is disputed.

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Myths Related to the ChoicePoint Fraudulent Data Access Incident

In February 2005, ChoicePoint disclosed an incident in which criminals committed fraud by using falsified business licenses and other documents to gain access to a limited set of ChoicePoint data. This incident generated its own set of myths, some of which follow.

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MYTH: ChoicePoint tried to cover up the fraud incident and didn't notify consumers until they were forced to do so.

FACT: False. ChoicePoint notified law enforcement officials that we had found suspicious activity by a few of our small business customers in the Los Angeles area. Based on this, law enforcement officials started an investigation and ChoicePoint, in accordance with California law, notified California consumers who may have been affected and then voluntarily did so nationwide. We also built on the California law by offering assistance to consumers, including setting up toll-free numbers and Web sites to provide information to potentially affected consumers and offering them free credit reports and one year of free credit monitoring.

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MYTH: Thieves hacked into ChoicePoint's systems.

FACT: False. Hackers did not access ChoicePoint's system. As stated in our public filings, access to products containing personal information was gained by criminals who fraudulently opened ChoicePoint accounts by using stolen identities and altered documents. Separately, ChoicePoint reported a few instances of legitimate customer IDs and passwords that were misused by customer personnel.

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MYTH: Thieves accessed consumer credit and financial information.

FACT: False. ChoicePoint does not keep or maintain credit reports, banking records, credit card transaction data, cell phone records or any other private financial information on consumers.

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MYTH: The ChoicePoint fraud incident resulted in hundreds of thousands of identity theft victims.

FACT: False. As stated in our public filings, while we sent notices to approximately 163,000 individuals who may have had their information viewed, we are learning that a much smaller number of individuals were actual victims of identity theft. In fact, the Los Angeles County District Attorney indicted a perpetrator on 22 counts involving 16 victims.

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MYTH: ChoicePoint charged victims to access their personal information.

FACT: False. ChoicePoint gives consumers the ability to order a free search report of their own public records information. To do so, visit www.Choicetrust.com.

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MYTH: Data brokers like ChoicePoint are unregulated and do not support legislation that would regulate them.

FACT: False. Nearly 60% of ChoicePoint's revenue come from transactions that consumers request, such as applying for home or auto insurance, a job, or ordering goods over the internet. A majority of these products are subject to the Fair Credit Reporting Act (FCRA) and the Fair and Accurate Credit Transactions (FACT) Act.

In regard to legislation:

- ChoicePoint supports accountability for all entities that handle personal information – including the public sector, academia and other private sector organizations.
- We support a preemptive, nationwide notification law.
- We also support increased penalties for those criminals who commit identity theft and business fraud.
- We support giving consumers free access to public record search reports about themselves. In fact ChoicePoint already voluntarily does so.

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MYTH: The first and biggest data breach disclosed under the California law was from ChoicePoint.

FACT: False. ChoicePoint was not the first company to disclose a security breach. In fact, there were several disclosures of U.S. data breaches in 2004 and in 2005 prior to ChoicePoint's notification in mid-February. As stated in our regulatory filings and public disclosures, we sent notices to approximately 163,000 individuals who may have been potentially affected by fraudulent and improper access to ChoicePoint information services. Various consumer advocacy groups report that since the beginning of 2005, data incidents have been disclosed by more than 550 companies, colleges and universities, government agencies, and non-profit organizations that have potentially affected more than 140 million people.