



Peter B. Davidson
Senior Vice President
Federal Government Relations

1300 I Street, NW Suite 400 West
Washington, DC 20005
Phone: 202-515-2512
Peter.B.Davidson@verizon.com

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VIA EMAIL AND HAND DELIVERY

The Honorable Joe Barton
The Honorable Edward Markey
United States House of Representatives
Washington, D.C. 20515

Dear Representative Barton and Representative Markey:

I am writing in response to your letter of October 6, 2011 to Lowell McAdam, President and CEO, Verizon, and Dan Mead, President and CEO, Verizon Wireless, in which you inquired about the new business and marketing programs we have recently introduced.

These programs, which do not disclose individually identifying information about any of our customers, are designed to allow advertisers and other companies to better understand consumers or to better tailor their messages. E-commerce and online advertising contribute an estimated \$300 billion to the US economy each year and employ 3.1 million Americans,¹ and online advertising has funded the creation of content and fueled Internet growth to the benefit of consumers. From a privacy perspective, these new programs are similar to others already used by other companies. The only novelty are the steps Verizon and Verizon Wireless took to notify its customers individually, to publicly disclose the details of these programs, and to provide a clear and easy way for customers to decline to participate in these programs. Verizon and Verizon Wireless have worked hard to ensure that these programs are administered appropriately, and have implemented industry best practices in this area.

¹ Deighton & Quelch, *Economic Value of Advertising Supported Internet Ecosystem*, at 4, 12 (June 10, 2009), available at <http://www.iab.net/media/file/Economic-Value-Report.pdf>.

I am happy to answer the specific questions you raised and would also welcome the opportunity to discuss these matters further if you believe that would be helpful.

Background: We recently introduced two new programs that do not disclose any personal information about our customers. In one of our programs, Verizon Wireless will create business and marketing reports by compiling data into aggregated reports. Since these reports are aggregate, nothing about an individual customer can be determined from these reports, much less disclosed by them. This collective consumer data includes information about which websites have been visited, mobile device locations, and other aggregated information such as demographic data (for example age range or gender) and customer interest information (for example “pet lovers” or “tennis enthusiasts”) that we obtain from other companies. The reports may provide businesses with insights about groups or categories of consumers and could indicate, for example, how many people with certain demographic characteristics attend a specific event or how many commuters pass a specific outdoor billboard. Or we could prepare a report for a web publisher that wants to develop content that is more appealing to users, or to help advertisers better select the ads they will display on outdoor billboards or at other venues. We also may share information related to device location that is not individually identifiable with other companies that may create their own limited aggregate reports. For example, data we provide could be combined with like data obtained from other wireless providers to create traffic congestion reports. *But each and every report contains no information that can be used to personally identify an individual and report data cannot be re-identified to obtain information about any specific member of the group upon which a report is based.*

In the other program we have introduced, Verizon Online and Verizon Wireless will help brands tailor the type of advertising Verizon customers see online or on their mobile devices. The Verizon Online advertising program will use customers’ postal addresses to identify which customers are within a particular geography requested by an advertiser. The Verizon Wireless advertising program similarly will use the postal address and certain other consumer information, such as device type or demographic information, to help advertisers tailor more relevant ads to potential customers. *These advertising programs do not use customers’ web surfing history, application usage, or device location data.* It is important to note that customers will see online or mobile ads regardless of these new programs. The difference is that, with these advertising programs, the ads customers see may be more relevant to them based on their postal address or their interests. For example, residents of Arlington, Virginia might receive an ad offering a special discount at a local dry cleaner, similar to the way that direct mailing campaigns have operated using the US Postal Service for many years.

The relevant advertising programs will be offered under a services agreement with Bering Media. The Bering Media architecture is double-blind, meaning that neither Verizon nor the participating advertiser or ad server learns any new personal information. Ontario’s Information and Privacy Commissioner, Dr. Ann Cavoukian, has praised Bering Media for developing technology that provides “zero disclosure of potentially personally-identifiable information about subscribers.”²

² Ann Cavoukian, Ph.D., Information and Privacy Commissioner, Ontario, Canada, *Redesigning IP Geolocation: Privacy by Design and Online Targeted Advertising*, PRIVACY BY DESIGN, 1 (Oct. 2010), available at <http://www.ipc.on.ca/images/Resources/pbd-ip-geo.pdf> (last visited Oct. 10, 2011).

In the Verizon Online process, Bering Media acquires the audience criteria for an advertiser's campaign, for example, a restaurant that seeks to provide advertising to consumers residing within a 10 mile radius of its location. Bering Media assigns a random ID for the campaign and provides the ID and coded campaign criteria to Verizon. Verizon creates a pool of IP addresses that match the campaign criteria and associates them with the random ID. When a customer visits a website where he or she could see an ad, the ad server queries Bering Media with an IP address and Bering Media responds with a real time yes/no indication of whether that IP address fits within defined campaigns by returning the matching campaigns' random IDs. The ad server then chooses the advertisement to display and delivers the ad to the site. *The customer's postal address (or any other personal information) is never shared with Bering Media, the advertiser or the ad server.* Neither Verizon nor Bering Media store historical information about IP addresses and campaign IDs.

The Verizon Wireless relevant advertising program works in the same way, but ads appear on a mobile device instead of online websites, and a hashed identifier is used rather than an IP address. In addition, the ad campaign criteria may include certain consumer information as well as postal address. *The consumer information used by Verizon Wireless for relevant ads does not include Customer Proprietary Network Information, web browsing history, application usage information, or the current location of the device.* In short, Verizon Wireless' program is the same double-blind process that ensures no disclosure of a customer's postal address or any other personal information.

We are proactively providing our customers with straightforward, easy-to-read notice of these programs in a number of different ways. Customers may choose not to participate in these programs and they have easily accessible means to do so. Specifically, we have added new information to our websites as well as to Verizon's Privacy Policy (available at www.verizon.com/privacy) about these programs. We started notifying customers of these changes during the last week of September (see attachments). Customers can change their privacy settings with Verizon Wireless on their account page at www.vzw.com/myprivacy or by calling 1-866-21-0874; Verizon Online customers can visit www.verizon.com/myaccount to change their privacy preferences.

- 1. In the service update, Verizon indicates that consumers "may" see ads of greater relevance. Please explain why Verizon and Verizon Wireless decided to create this program if it is possible the consumer will not benefit from it. How will Verizon benefit from this new program?**

Many consumers appreciate advertisements that are more tailored to the area where they live and their interests. Our notice states that consumers "may" see advertisements of greater relevance because we do not assume that advertisements customers see through this program are *necessarily* of greater interest to a particular individual. In addition, there are many different advertising sources available. An individual customer, therefore, may receive its advertisements from these alternative sources, rather than the Verizon relevant ads programs.

We are introducing these two initiatives that do not share any individually identifiable information to provide value in the marketplace and create additional sources of revenue for Verizon, additional value for our shareholders, and enhanced opportunities for the billboard and venue advertisers, product developers, website operators, and a variety of third parties that will benefit by a better understanding of the demographic composition and potential interests of their audiences and potential customers.

2. As noted in the service updates, customers who do not wish to have their personal information used as part of these new data sharing programs can opt out. Why did the companies choose to require customers to opt out rather than enabling them to affirmatively opt in to participate in the data sharing programs?

We are not sharing any personal information as part of these programs. Because neither Verizon Online nor Verizon Wireless will share any information that could be used by others to identify a customer personally under any of these initiatives, we are not requiring “opt-in” consent for these programs. As you note, however, customers may choose not to participate in these programs by opting out through one of the methods detailed above. Additionally, customers may change their privacy choices at any time. Our privacy policy and prominent and easy-to-understand notices explain our data collection, use, and sharing practices as well as choices customers have with regard to certain use and sharing practices. Through these policies and notices, we are helping our customers to easily understand our data practices and exercise control over our use of their information for these initiatives.

3. How do these new programs differ from the current program? Is Mobile Usage and Consumer Information used in Verizon’s current program?

Prior to this program, Verizon Wireless did not make aggregate reports based on the mobile usage and consumer information data described in our notices available to others. Specifically, the new reports are based on – but do not disclose – “Mobile Usage Information” (including addresses of web sites visited, application and device feature usage, and device location) and “Consumer Information” (including information about your relationship with Verizon Wireless, such as data and calling features and device type, as well as demographic and interest information provided to us by other companies). None of the reports will contain information that identifies individuals personally.

The new relevant advertising programs we have described in our notices do not use “Mobile Usage Information” to assist in the delivery of relevant ads, but the Verizon Wireless program will use certain “Consumer Information.” The new advertising programs do not replace existing programs and are not extensions of them. We currently use certain high level demographics about our customers to direct third party advertisements that appear on Verizon’s properties. For example, we might use demographic data to assist third parties with the placement of their banner advertisements for customers in specific geographic areas on our Verizon.net property. Similarly, Verizon Wireless may use demographic information obtained from third parties to assist advertisers with the delivery of relevant ads served on Verizon

Wireless' mobile web properties. As with the new programs we are offering, no personally identifiable information is shared as part of these processes.

4. How do these new programs compare to common industry practices?

While we do not know the exact details of other companies' practices, there is nothing unusual or ground breaking in Verizon's programs. What is noteworthy is the extent to which we are proactively explaining the programs to our customers and providing them with choices about whether to participate in these programs. As explained above, Verizon Online and Verizon Wireless both sent or are sending notices to customers describing the programs and detailing the choices they have about participating. Customers can choose not to participate in any or all of the new programs.

Based on privacy policies and information available in the marketplace, we believe that other companies prepare aggregate reports that they share or sell to help businesses gain knowledge about their customers or potential new customers. For example, media reporting companies prepare aggregate reports of web media usage. These aggregate reports help advertisers place ads where consumers are likely to see them, so they can purchase the advertisers' products. These types of reports also help web publishers understand usage of their products and design their web pages based on the aggregate characteristics of visitors to their sites.

In addition, when customers use their computers or mobile devices to browse the web, they often see advertisements on websites and apps. These ads can be for a variety of products and are not always of interest to them. There are many types of advertising models in place in the online and mobile environments today. Some advertisers may rely on data they receive from website publishers or other strategies to enable relevant ads. Other advertisers use ad serving companies who collect data across multiple unrelated sites to create profiles that are then used to assist advertisers in placing advertisements related to online behavior. A variety of practices are discussed on the websites or in the privacy policies of advertisers, web publishers, and ad serving companies.

Other web advertising programs vary with respect to the offering of consumer choices. We are not aware of opt-out opportunities similar to the one we are offering with regard to the creation of aggregate reports.

5. Does Verizon or Verizon Wireless plan to sell, rent or otherwise make available this customer information to outside companies? If yes, to which firms?

There is nothing in the two programs we describe above that involves selling or renting customer information that is personally identifiable. Under one program, Verizon Wireless will create business and marketing reports by compiling data into aggregate reports and provide those reports to web publishers, advertisers and other businesses. Verizon Wireless may also permit other companies to prepare limited aggregate reports (for example traffic reports) from mobile device location information that is not personally identifiable. Under the second program, Verizon Online and Verizon Wireless will work with Bering Media using a double-blind process

to identify customers who meet the criteria for an advertiser's online or mobile device campaign. As previously stated, we are introducing these two initiatives that do not share any individually identifiable information to provide value in the marketplace and create additional sources of revenue for Verizon, additional value for our shareholders and enhanced opportunities for the billboard and venue advertisers, product developers, website operators, and a variety of third parties which will benefit by a better understanding of the demographic composition and potential interests of their audiences and potential customers.

- 6. How do these new programs comport with Section 222 of the Communications Act of 1934: Privacy of Customer Information?**
- 7. If Verizon and Verizon Wireless assert that Section 222 permits disclosure or access to aggregate customer information, how are the companies ensuring that only aggregate, rather than individually identifiable, customer information will be used or disclosed as part of the new data sharing program?**

Section 222 of the Communications Act of 1934, as amended, limits the ways in which telecommunications carriers may use, disclose, and permit access to individually identifiable customer proprietary network information ("CPNI"). In addition, Section 222 explicitly states that telecommunications carriers may use, disclose, and permit access to aggregate customer information for purposes other than those detailed in Section 222. The new initiatives from Verizon Online and Verizon Wireless are both consistent with Section 222.

The business and marketing reports contain only aggregate customer information, not individually identifiable CPNI. Section 222 explicitly exempts aggregate customer information from its limitations on the use, sharing, and disclosure of CPNI. In implementing this provision, the Commission found that "when CPNI is transformed into aggregate customer information, carriers . . . are free to use the aggregate CPNI for whatever purpose they like . . . without customer approval."³ Prior to any processing of customer information for the purpose of creating business or marketing reports, Verizon Wireless will remove individually identifiable information. This data will then be used to create aggregate business or marketing reports. These aggregate reports are not reversible.

The relevant advertising programs, on the other hand, do not use CPNI at all. Instead, Verizon Online and Verizon Wireless use only customer information that falls outside the definition of CPNI to assist with the delivery of more relevant advertising to customers. For example, Verizon Online and Verizon Wireless use postal addresses to identify advertising criteria, not call location information, call destination information, or any other type of CPNI. In addition, Verizon Wireless may use certain consumer information, such as device type or language preference, but does not use information that fits the definition of CPNI. As such, Section 222, which generally applies only to CPNI, is not implicated by the Verizon Online and Verizon Wireless relevant advertising programs.

³ *Implementation of the Telecommunications Act of 1996: Telecommunications Carriers' Use of Customer Proprietary Network Information and Other Customer Information*, CC Docket Nos. 96-115 & 96-149, *Second Report and Order and Further Notice of Proposed Rulemaking*, 13 FCC Rcd 8061, ¶ 149 (1998).

I hope these answers have been responsive, and please contact me if you have additional questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "David M. White", with a long horizontal flourish extending to the right.

cc: Karen Zacharia, Chief Privacy Officer, Verizon



Service Update



Dear Valued Customer,

[en español](#)

Your privacy is an important priority at Verizon. We want to let you know that Verizon will soon participate in a program that will improve the ability of advertisers to reach our Verizon Online customers based on your physical address. The goal is to provide online ads that may be more relevant to you.

This program uses your address to determine whether you reside in a local area an advertiser is trying to reach. However, Verizon won't share your address with advertisers as part of this process. Advertisers won't know it's you specifically or where you actually live. If you do not want us to allow advertisers to send you ads based on your geographic area you can let us know by selecting [here](#).

What does this mean for you?

Certain ads you'll see while browsing the Internet may be directed to you and other Verizon Online customers in your area, so these ads may be of more interest to you. For example, a pizza chain may want to deliver their ad to give a special offer to people living in a particular area. Using this program, national brands and local businesses can tailor their offers, coupons, and incentives to your local area.

Protection of Your Personal Information

Verizon protects your personal information as described in our [privacy policy](#). You can learn about Verizon's ad practices or let us know that you do not want to participate by selecting [here](#). If you don't want to participate, you will need your User ID and Password to access the opt-out page. Please note that declining to participate won't impact the number of ads you see, just their potential relevance to you.

For answers to your frequently asked questions, select [here](#).

Sincerely,

Verizon

Having trouble with the links in this email? You can also copy and paste the following address into your browser to view your account:
<http://www.verizon.com/myaccount>

Ensure Verizon emails reach your inbox by adding verizon-notification@verizon.com to your "safe" email list. Your email or Internet provider can provide instructions on how it works.

This email has been sent from an auto-notification system that cannot accept incoming email.

[Sign In](#)

[Forgot Your Password?](#)

[Customer Service](#)

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IMPORTANT UPDATE ABOUT HOW VERIZON WIRELESS USES INFORMATION

Why am I getting this notice?	Your privacy is an important priority at Verizon Wireless. Our Privacy Policy (available at www.verizon.com/privacy) informs you about information we collect and how we use it. Today we want to tell you about some important updates relating to two new uses of information. Verizon Wireless will begin using the information described below for (1) certain business and marketing reports and (2) making mobile ads you see more relevant. If you do not want us to use this information for these purposes, you can let us know by using one of the options described in the "Your Choices" section of this notice. This supplements our Privacy Policy.
What information are we talking about? Under these programs, we will <u>not</u> share any information that identifies you personally.	Verizon Wireless will use the following categories of information: Mobile Usage Information <ul style="list-style-type: none"> ▪ Addresses of websites you visit when using our wireless service. These data strings (or URLs) may include search terms you have used. ▪ Location of your device ("Location Information") ▪ App and device feature usage Consumer Information <ul style="list-style-type: none"> ▪ Information about your use of Verizon products and services (such as data and calling features, device type, and amount of use) ▪ Demographic and interest categories provided to us by other companies, such as gender, age range, sports fan, frequent diner, or pet owner ("Demographics")
Is my information shared?	Under these new programs, we will not share outside of Verizon any information that identifies you personally.

How information will be used	Description	Example
To create business and marketing reports.	We will combine Mobile Usage Information and Consumer Information in a way that does <u>not</u> personally identify you. We will use this information to prepare business and marketing reports that we may use ourselves or share with others.	A report might state that 10,000 mobile users visited a sports website in a month and 60% were men.
For other companies to create business and marketing reports.	We may also share Location Information with other companies in a way that does <u>not</u> personally identify you. We will allow these companies to produce limited business and marketing reports.	The data we provide could be combined with data provided by other wireless carriers to create a report on the number of mobile users who take a particular highway during rush hour.
To make mobile ads you see more relevant.	When you use your wireless device, you often see ads on websites and apps. Using certain Consumer Information (such as your Demographics, device type, and language preference) and the postal address we have for you, we will determine whether you fit within an audience an advertiser is trying to reach. This means ads you see may be more relevant to you. We will <u>not</u> share any information that identifies you personally.	A local restaurant may want to advertise only to people who live within 10 miles, and we might help deliver that ad on a website without sharing information that identifies you personally.

Your choices.	If you do not want us to use your information for any of the purposes described above, please let us know at any time by: <ul style="list-style-type: none"> ▪ Visiting www.vzw.com/myprivacy Or <ul style="list-style-type: none"> ▪ Calling 1-866-211-0874 	You will receive mobile ads whether you participate or not, but under the advertising program, ads may be more relevant to you. If you have a Family SharePlan* or multi-line account, you must indicate your choice for each line. If you add a line or change a telephone number, you will need to update your privacy choices.
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