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Technology has changed the way we do business and the way we think about privacy and computer security in the 21st century. Businesses must protect their information assets along with those of their employees, customers and business partners. At the same time, they must protect information on the Web, wireless services and PDAs, and ensure the security of around-the-clock information operations. Identity thefts, stolen laptops, unauthorized entries into electronic databases and attacks on company-held personal data are on the rise and have resulted in myriad new statutes aimed at the protection of personal information. These statutes create new corporate compliance obligations and new potential liabilities for companies, regardless of size. Privacy and security are becoming a legal issue, rather than a best practices issue.

Businesses need to develop effective privacy and information security programs. A program should be appropriate to the size and complexity of the company, the nature and scope of the company's activities, and the sensitivity of the information at issue to the customer or employee. An effective program must ensure the privacy and security of customer, employee and business partner information, and it should protect against "any reasonably anticipated threats" to privacy and security or the integrity of the information.

One employee should be designated to successfully manage the company's program and coordinate privacy and security. An internal audit must be performed to identify foreseeable risks and assess the value of current privacy and security controls and protections. The program should treat privacy and security interests with due diligence and require contractual privacy and security standards from anyone with access to the company's data.

Security protection is a developing area of the law. The Federal Trade Commission has filed unfair practices claims against companies that have disclosed private information to others. It is expected that there will be legislation requiring security programs, so it makes sense for a business to develop its program now.

Generally, it is expected that legislation will require a business to notify customers if there is a breach, and that the company implement an effective privacy and information security program for sensitive personal information that uses administrative, technical and physical safeguards. It is also anticipated that the program will need to develop procedures for verifying the credentials of any third party seeking to obtain sensitive personal information of another person, and that appropriate disposal and transfer procedures are developed to protect that personal information.

Businesses can comply with best practices by beginning to develop the company's information security program today.

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