

ONE HUNDRED TWELFTH CONGRESS
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Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
“Sony and Epsilon: Lessons for Data Security Legislation”
Subcommittee on Commerce, Manufacturing, and Trade
June 2, 2011

I would like to thank Chairman Bono Mack and Ranking Member Butterfield for following this important issue. Data security is not a partisan issue. It is an issue that affects all of us because sooner or later everyone is vulnerable to cyber attacks: private sector companies of all sizes; federal, state, and local governments; and the American public.

Just yesterday, we learned of an attempted attack on Google email accounts that included efforts to steal email passwords and other information from high-ranking government and military officials – a stark reminder of the financial and national security risks posed by hackers.

At last month’s hearing entitled, “The Threat of Data Theft to American Consumers,” we reviewed how the federal government investigates data breaches and what it should do to ensure that private sector companies protect the personal information of their consumers.

Today we are going to hear from Sony and Epsilon, two companies that recently suffered massive data breaches.

We have all heard the numbers: the personal information in over 100 million user accounts was compromised in the Sony breach. The customers of more than 50 major corporations were affected by the Epsilon breach, including customers of Target, Best Buy, JP Morgan, and US Bank.

While we will delve into the specifics of these two breaches, the point isn’t to make an example of these two companies. But we do need to know how these breaches happened and to find out what these companies are doing and what they can do better. And we need to understand the appropriate federal role in this area. We need a government that can partner with companies to make sure they do a better job protecting the information they demand of consumers.

As I said at the last hearing, the private sector can, and must, safeguard personal information. If companies do not take reasonable steps to guard their data and they suffer a cyber attack or data breach, the cost to consumers can be immense.

When it comes to data security, prevention is the best medicine and certainly the cheapest. Yet too many companies are not doing enough prevention and consumers are paying the price.

We in Congress also have a role; we can conduct oversight and legislate when needed. The recent attacks on Sony, Epsilon, and now Gmail are proof that it is indeed time to legislate. In particular, Congress should pass the Data Accountability and Trust Act, H.R. 2221 from the 111th Congress.

The bill requires companies to have reasonable data security measures in place and notification to consumers once a breach has occurred. It passed the House last Congress with strong support from both sides of the aisle. We should take swift action to pass it in this Congress.

I look forward to today's hearing and working together to ensure that the private sector is doing all that it can to protect the personal information of the American people.