

November 17, 2017

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Dear Sirs:

This letter is prompted by recent quarterly earnings reports from TransUnion and Equifax. According to TransUnion CEO Jim Peck, the company had a “very strong quarterly performance,”¹ with revenue up 13.8% on a year-over-year basis and exceeding analysts’ expectations. Even Equifax reported its second-best quarter ever, with sales rising and earning \$835 million, or just 2% below what the company projected.²

We—the undersigned consumer and advocacy groups—are concerned that part of this growth is off the back of millions of Americans harmed by the Equifax data breach, and that your companies are profiting from direct-to-consumer products as a result of this terrible event. Indeed, TransUnion CEO Jim Peck had the confidence to predict the Equifax breach would not harm its direct-to-consumer business because “If anything there is probably more engagement from the consumer when these kinds of things happen.”³ Furthermore, we have seen reports that some consumers have ended up with paid identity theft prevention or credit monitoring subscriptions when they were trying to access free services or a one-time security freeze.⁴

¹ TransUnion's (TRU) CEO James Peck on Q3 2017 Results - Earnings Call Transcript, Oct. 27, 2017, available at <https://seekingalpha.com/article/4117600-transunions-tru-ceo-james-peck-q3-2017-results-earnings-call-transcript?>

² Stephen Gandel, Equifax's Core Results Prove Hack-Proof, Bloomberg News, Nov. 9, 2017, at <https://www.bloomberg.com/gadfly/articles/2017-11-09/equifax-earnings-business-cruises-along-with-a-bump-or-two>; Equifax (EFX) CEO Paulino Barros on Q3 2017 Results - Earnings Call Transcript, Nov. 13, 2017, available at <https://seekingalpha.com/article/4124226-equifax-efx-ceo-paulino-barros-q3-2017-results-earnings-call-transcript?>

³ TransUnion's (TRU) CEO James Peck on Q3 2017 Results - Earnings Call Transcript, Oct. 27, 2017, available at <https://seekingalpha.com/article/4117600-transunions-tru-ceo-james-peck-q3-2017-results-earnings-call-transcript?part=single>.

⁴ See, e.g., Teresa Dixon Murray, Want to freeze your TransUnion file? You may end up paying \$19.95 a month by mistake or locking it instead, Cleveland Plain Dealer, Sept. 22, 2017, available at http://www.cleveland.com/business/index.ssf/2017/09/want_to_freeze_your_transunion.html.

Even before the Equifax breach, identity theft and credit monitoring products generated huge profits for your companies and others, to the tune of a whopping \$3 billion in 2015 and 2016.⁵ While many of these products are sold by third parties such as LifeLock, even then they benefit your companies finally because they include a credit monitoring component.⁶

To determine whether your company is profiting from the Equifax data breach, our organizations request the following information:

1. (a) How much has your company earned in revenue from products sold directly by your company during September and October 2017 from:

- Identity theft or credit monitoring products
- Security freezes

(b) How does this compare to revenue for the same or similar products during September and October of 2016?

2. (a) How much have you earned in revenue during September and October 2017 from third party companies that sell identity theft or credit monitoring products, such as AllClear ID, CSID, ID Experts, IDShield, LifeLock, and Winvale?

(b) How does this compare to revenue for the same or similar products during September and October of 2016?

If you have any questions about this letter, please contact Ed Mierzwinski (edm@pirg.org).

Sincerely,

*Americans for Financial Reform
Consumer Federation of America
Consumers Union
National Association of Consumer Advocates
National Consumer Law Center (on behalf of its low-income clients)
U.S. PIRG
Woodstock Institute*

⁵ Government Accountability Office, Identity Theft Services: Services Offer Some Benefits but Are Limited in Preventing Fraud, GAO-17-254, March 17, at 9, *available at* www.gao.gov/assets/690/683842.pdf.

⁶ *Id.* at 5 (GAO noting that that all but 3 of the 26 identity theft service providers GAO reviewed provided some level of credit monitoring.) Any provider that is not a credit reporting agency must contract with one of your companies to provide access to consumer credit reports; thus, your companies make money even when your competitors sell a subscription product that includes credit monitoring.