

MEMO# 14096

October 31, 2001

CALIFORNIA ENACTS LEGISLATION RESTRICTING USE OF SOCIAL SECURITY NUMBERS

[14096] October 31, 2001 TO: INVESTMENT ADVISER ASSOCIATE MEMBERS No. 17-01 INVESTMENT ADVISER MEMBERS No. 27-01 OPERATIONS MEMBERS No. 23-01 PENSION MEMBERS No. 33-01 PENSION OPERATIONS ADVISORY COMMITTEE No. 69-01 SEC RULES MEMBERS No. 71-01 SMALL FUNDS MEMBERS No. 31-01 TAX MEMBERS No. 25-01 RE: CALIFORNIA ENACTS LEGISLATION RESTRICTING USE OF SOCIAL SECURITY NUMBERS

Governor Davis of California recently signed into law Senate Bill 168 that, in part, restricts the use of social security numbers. Importantly, the newly enacted law “does not prevent the collection, use, or release of a social security number as required by state or federal law or the use of a social security number for internal verification or administrative purposes.” (See Section 1798.85(d).) Other uses of a social security number are, however, prohibited. In particular, the law, which is intended to preserve the confidentiality of social security numbers (SSNs) prohibits any person on or after July 1, 2002 from:

- Intentionally communicating or making available to the general public any individual’s SSN;
- Printing an individual’s SSN on any card required for the individual to access products or services provided by the person or entity;
- Requiring an individual to transmit his or her SSN over the Internet unless the connection is secure or the SSN is encrypted;
- Requiring an individual to use his or her SSN to access an Internet web site unless a password or unique personal identification number or other authentication device is also required to access the Web site; and
- Printing an individual’s SSN on any materials that are mailed to the individual unless state or federal law requires the number to be on the document to be mailed. (Emphasis added.)

Notwithstanding this provision, applications and forms sent by mail may include a SSN. The above prohibitions may be found in newly enacted Section 1798.85(a) of the California Civil Code. Subsection (c) of this new section provides that a person or entity that used an individual’s SSN prior to July 1, 2002 in any manner that is inconsistent with the 2 prohibitions of Subsection (a) may continue to use the individual’s SSN in that manner on or after July 1, 2002 if all of the following conditions are met:

- The use of the SSN is continuous. If the use is stopped for any reason, the above prohibitions apply;
- The individual is provided an annual disclosure, commencing in the year 2002, that informs the individual that he or she has the right to stop the use of his or her SSN in a manner inconsistent with the above prohibitions;
- A written request by an individual to stop the use of the SSN shall be implemented within 30 days of receipt of the request. There shall be no fee or charge for implementing the request; and
- A person or entity shall not deny services to an individual because the individual makes a written request pursuant to Subsection (c). Pursuant to Section 17200 et seq. of California’s Business and Professions Code, a person violating Section 1798.85 may be subject to an injunction or a civil fine not

to exceed \$2,500 per violation. A copy of Section 1798.85 is attached. Tamara K. Reed Associate Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 14096, or call the ICI Library at (202) 326-8304 and request the attachment for memo 14096. Attachment (in .pdf format)

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