

U.S. House of Representatives Committee on Energy & Commerce

Subcommittee on Innovation, Data, and Commerce

Hearing on Addressing America's Data Privacy Shortfalls: How a National Standard Fills Gaps to Protect Americans' Personal Information"

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Commerce Committee Chair McMorris Rodgers, Ranking Member Pallone, Subcommittee Chair Bilirakis, Ranking Member Schakowsky, and Members of the Subcommittee.

Thank you for inviting me to testify. My name is Donald Codling, and I am a Senior Advisor to Rego Payment Architectures, Inc. ("REGO") for Cybersecurity and Privacy. For over 23 years, I worked in the FBI in various investigative programs focusing on International Cyber Crime and Cyber National Security Operations. These programs particularly emphasized cybersecurity challenges that impact the global financial services, energy, and healthcare industries. I was the principal liaison officer to DHS US-CERT and ICS-CERT for the FBI and was the lead supervisor for the Cyberstorm II and III national cyber exercises. I also served as the FBI's chairman of an international cybercrime working group consisting of the heads of Cyber Investigative Departments in Australia, Canada, New Zealand, the United Kingdom, and the United States.

Currently, I work as a CISO or CPO advisor to various FinTech companies, such as REGO. Using my experience in cybercrime, I advise companies' employees and Executive Management staff to craft a comprehensive cybersecurity and data privacy digital platform, combining core cyber hygiene, cyber threat intelligence, social media, and data privacy compliance tools.

My experience in cybersecurity and the FBI have taught me to identify areas of cyber risk and assess its threat. What we are experiencing now in the financial industry is the convergence of several trends that, though individually benign, will collectively cause unnecessary harm to our nation's children. The first trend is the rapid adoption of mobile devices by children under the age of 18. [According to Statista](#), 97% of children under the age of 8 have either a smartphone or tablet they use exclusively. This is up from 41% in 2011. Secondly, the COVID-19 pandemic doubled consumer adoption of cashless payments, [according to a report by Mastercard](#), citing 79% of survey respondents prefer contactless payments post-pandemic. Finally, the purchasing power of the under-18 demographic has significantly increased in recent years. According to a [report by the National Retail Federation](#), 87% of a family's purchases are influenced by their children. In the same report, pre-teens are reported to spend their own money at over twice the

volume as they did 10 years ago. Retailers, advertisers, and fintech companies know that the under-18 market is big business. However, what has not been in place is the legal framework to incentivize kids' privacy by design in the financial industry.

This "perfect storm" of financial and technology trends is exacerbated by the fact that federal laws and regulations have not kept up with the advent of a cashless society. It is true that the Children's Online Privacy Protection Act of 1998 (COPPA) makes it unlawful for online companies to collect and share the personal information of children under 13 without a parent's consent. This is an opt-in process, where the parent must actively agree to such data collection and sharing. However, most fintech companies that provide financial service products to children adhere to the privacy protections of the Gramm-Leach-Bliley Act of 1999 (GLBA). Under GLBA, companies must offer an opt-out option for **non-affiliate** data sharing, but there is no opt-out for **affiliate** sharing. This means the default setting for these websites and financial apps allows for collecting and sharing data of children 13-17 with non-affiliated third parties unless the parent proactively opts out. Of even greater concern, there is no ability for parents to opt out of the sharing of their child's financial transactions between affiliated companies.

How much data is being collected? According to [a report by SuperAwesome](#), a London-based company that helps app developers navigate child-privacy laws, by the time a child reaches age 13, mobile apps have collected over 72 million data points from that one individual. What kind of data? Names, birth dates, email addresses, GPS location history, purchase history, likes, dislikes, behavioral profiles and more – all designed to deliver targeted ads – all without the parent's consent.

Though federal laws are currently not adequate to make it unlawful for such behavior, it must be the responsibility of companies to take steps to protect our children's privacy. I'm proud to be an advisor for REGO, who has developed the only certified COPPA and third-party GDPR compliant financial platform for families and children of all ages. Since its inception in 2008, REGO has invested millions of dollars to build the technological framework that not only protects and safeguards the data and privacy of kids, but a family digital wallet experience that cannot function without the explicit consent and approval of the parent. The core of REGO was built around the concept of data minimization, where the only information collected for children under 17 is date of birth, and only because the app stores of Google and Apple require it. Strict parental controls are applied to every aspect of the REGO experience, such as requiring parental approval for others to deposit money into their child's account or restricting kids to purchase items from only parent-approved vendors – critical security features that popular mobile payment apps do not have but should.

REGO was primarily designed as a white label offering for banks and credit unions, giving them the ability to provide a secure family banking platform that is fully branded and integrated into the financial institution. Through partnerships with banking core and technology providers, banks and credit unions can now more easily offer parents useful financial literacy tools with the comfort of knowing their children's data is not being collected or shared. Individual users can experience REGO by downloading Mazoola, an

award-winning family digital wallet app that was built on the certified COPPA and third-party GDPR compliant platform.

In my experience, no other financial technology platform has child data and privacy protection so integrated in its core offering than REGO. That is only the result of over a decade of development, and a deliberate strategy to offer the most secure product regardless of the regulatory environment.

For these reasons, I am pleased to see recent bipartisan efforts to improve our nation's stance on protecting the data privacy of Americans, including our children. During her opening statements at the House Committee on Energy and Commerce on April 19, 2023, Chair Cathy McMorris Rodgers stated, "The American Data Privacy and Protection Act included the strongest internet protections for children of any legislation last Congress."

Ranking Member Jan Schakowsky, in the same hearing, added, "Most Americans worry about their data privacy and are concerned it is not being protected. I wanted to call attention to the American Data Privacy and Protection Act in which we say that we would require all data brokers to register...and with one push of a button, you can take yourself out."

Representative Kathy Castor remarked that, "The U.S. has fallen too far behind in prioritizing the protection of all people online, but especially young people. Because we do not have a national data privacy standard, we are currently stuck with this patchwork of state laws and narrow protections that leave a wide swath of our neighbors vulnerable to privacy abuses, including by data brokers."

I testify today, on behalf of REGO, regarding the importance of Congress passing comprehensive federal privacy legislation that will include updating privacy laws to protect children of all ages and in all circumstances. We support legislation that provides greater transparency to how our data is being used and the ability to control how that data is shared. Most importantly, we support legislation that provides a legal incentive and framework for companies to incorporate the kind of critical data protection processes and technologies to safeguard our children's data, especially as more young Americans are becoming active in the consumer marketplace at an earlier age. It was the sole purpose of protecting children's financial data and privacy that led to the creation of REGO. We sincerely hope to serve as an example of what can and should be done. We urge other companies to join us in our commitment to preserve the future safety of America's children.

Thank you again for giving me the opportunity to participate today. I look forward to your questions.



REGO is the first and only **COPPA certified** and **GDPR compliant** e-commerce solution enabling the under-18 age group to **manage and spend** money within a **parent-controlled** environment.



Family digital wallet platform

Capabilities of REGO



BANKING

Checking, savings and investing

Custodial Accounts on COPPA and GDPR Compliant Platform. Offers FI Custodial Accounts with Mobile Wallet across age groups



RETAIL

In-store and ecommerce

COPPA and GDPR compliant commerce buy flow and transactions (private). White Label Option for FI eCommerce integration for online child shopping.



SOCIAL

Secure purchase platform

Enables social platforms with COPPA and GDPR compliant finance transaction capabilities. Unlocks Gen-Z purchase potential with parent-control ecosystem.



ANALYTICS

Compliant customer insights

COPPA and GDPR Compliant data capture and persona views and insights. API access to COPPA and GDPR compliant datasets

Security and Privacy

REGO was built with child privacy at its core



COPPA

Certified by PRIVO

REGO is the first and only family wallet to be COPPA certified by [PRIVO](https://www.ftc.gov/enforcement/rules/rulemaking/rulings/staff-notice-2013-01), one of 6 organizations authorized by the FTC to provide the Safe Harbor seal



GDPR

Compliant by PRIVO

REGO has also been determined by PRIVO to be compliant with GDPR, the world's leading standard of data privacy.



PARENTS FIRST

Secure Platform

REGO empowers parents with financial literacy tools that manage where their children spend, save and give.



SECURE TECH

Patented Technology

Through patented technology, only REGO provides unique tools for age verification, parental controls and wish list capabilities.