

SCHWARTZ & BALLEN LLP
1990 M STREET, N.W. • SUITE 500
WASHINGTON, DC 20036-3465
(202) 776-0700

FACSIMILE
(202) 776-0720

www.schwartzandballen.com

M E M O R A N D U M

December 21, 2004

To Our Clients and Friends

Re: California SB 27 Effective Date

California's SB 27 (the "Act"),¹ which addresses the disclosure of personal information of customers to direct marketers, becomes effective January 1, 2005. The Act provides that a business that has an established business relationship with a customer that is a resident of California and that has disclosed the customer's personal information in the preceding calendar year to third parties shall, upon the customer's request, provide information about the categories of information disclosed and to whom it was disclosed if the business knows or should know that the third party used the personal information for direct marketing purposes.

Businesses subject to the Act must implement certain compliance procedures, including providing contact information for receiving requests and disclosing customers' privacy rights on the businesses' websites as specified under the Act.

A business that discloses in its privacy policy that it does not disclose personal information to third parties unless the customer first opts in to disclosure, or that it will not reveal the information if the customer opts out of disclosure, need only notify the customer of the ability to opt in or opt out to prevent disclosure and provide a means to do so without cost to customers.

Certain disclosures are exempt from the requirements of SB 27. These include servicing arrangements with third parties that do not involve direct marketing and certain joint offerings of products or services that are subject to written agreements.

¹ Codified at Cal. Civ. Code § 1798.83.

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Further details on California SB 27's provisions can be found in our September 26, 2003 memorandum at <http://www.schwartzandballen.com/privacy.html>.

If you have any questions, please call Gilbert Schwartz, Robert Ballen or Tom Fox at (202) 776-0700.