

QUESTIONS & ANSWERS

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IAPP

IAPP-CIPP-C

*Certified Information Privacy Professional/ Canada
(CIPP/C)*

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Question: 42

What is the most important action an organization can take to comply with the FTC position on retroactive changes to a privacy policy?

- A. Describing the policy changes on its website.
- B. Obtaining affirmative consent from its customers.
- C. Publicizing the policy changes through social media.
- D. Reassuring customers of the security of their information.

Answer: B

Explanation:

Reference: <https://iapp.org/news/a/what-does-the-ccpas-purpose-limitation-mean-for-businesses/>

Question: 43

What is the main purpose of the CAN-SPAM Act?

- A. To diminish the use of electronic messages to send sexually explicit materials
- B. To authorize the states to enforce federal privacy laws for electronic marketing
- C. To empower the FTC to create rules for messages containing sexually explicit content
- D. To ensure that organizations respect individual rights when using electronic advertising

Answer: D

Explanation:

Reference: <https://www.ftc.gov/tips-advice/business-center/guidance/can-spam-act-compliance-guide-business>

Question: 44

SCENARIO

Please use the following to answer the next QUESTION

Noah is trying to get a new job involving the management of money. He has a poor personal credit rating, but he has made better financial decisions in the past two years.

One potential employer, Arnie's Emporium, recently called to tell Noah he did not get a position. As part of the application process, Noah signed a consent form allowing the employer to request his credit report from a consumer reporting agency (CRA). Noah thinks that the report hurt his chances, but believes that he may not ever know whether it was his credit that cost him the job. However, Noah is somewhat relieved that he was not offered this particular position. He noticed that the store where he interviewed was extremely disorganized. He imagines that his credit report could still be sitting in the office, unsecured.

Two days ago, Noah got another interview for a position at Sam's Market. The interviewer told Noah that his credit report would be a factor in the hiring decision. Noah was surprised because he had not seen anything on paper about this when he applied.

Regardless, the effect of Noah's credit on his employability troubles him, especially since he has tried so hard to improve it. Noah made his worst financial decisions fifteen years ago, and they led to bankruptcy. These were decisions he made as a young man, and most of his debt at the time consisted of student loans, credit card debt, and a few unpaid bills. All of which Noah is still working to pay off. He often laments that decisions he made fifteen years ago are still affecting him today.

In addition, Noah feels that an experience investing with a large bank may have contributed to his financial troubles. In 2007, in an effort to earn money to help pay off his debt, Noah talked to a customer service representative at a large investment company who urged him to purchase stocks. Without understanding the risks, Noah agreed. Unfortunately, Noah lost a great deal of money.

After losing the money, Noah was a customer of another financial institution that suffered a large security breach. Noah was one of millions of customers whose personal information was compromised. He wonders if he may have been a victim of identity theft and whether this may have negatively affected his credit.

Noah hopes that he will soon be able to put these challenges behind him, build excellent credit, and find the perfect job.

Consumers today are most likely protected from situations like the one Noah had buying stock because of which federal action or legislation?

- A. The rules under the Fair Debt Collection Practices Act.
- B. The creation of the Consumer Financial Protection Bureau.
- C. Federal Trade Commission investigations into "unfair and deceptive" acts or practices.
- D. Investigations of "abusive" acts and practices under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Answer: D

Question: 45

SCENARIO

Please use the following to answer the next QUESTION:

Cheryl is the sole owner of Fitness Coach, Inc., a medium-sized company that helps individuals realize their physical fitness goals through classes, individual instruction, and access to an extensive indoor gym. She has owned the company for ten years and has always been concerned about protecting customer's privacy while maintaining the highest level of service. She is proud that she has built long-lasting customer relationships.

Although Cheryl and her staff have tried to make privacy protection a priority, the company has no formal privacy policy. So Cheryl hired Janice, a privacy professional, to help her develop one.

After an initial assessment, Janice created a first of a new policy. Cheryl read through the draft and was concerned about the many changes the policy would bring throughout the company. For example, the draft policy stipulates that a customer's personal information can only be held for one year after paying for a service such as a session with personal trainer. It also promises that customer information will not be shared with third parties without the written consent of the customer. The wording of these rules worry Cheryl since stored personal information often helps her company to serve her customers, even if there are long pauses between their visits. In addition, there are some third parties that provide crucial services, such as aerobics instructors who teach classes on a contract basis. Having access to customer files and understanding the fitness levels of their students helps instructors to organize their classes.

Janice understood Cheryl's concerns and was already formulating some ideas for revision. She tried to put Cheryl at ease by pointing out that customer data can still be kept, but that it should be classified according to levels of sensitivity. However, Cheryl was skeptical. It seemed that classifying data and treating each type differently would cause undue difficulties in the company's day-to-day operations. Cheryl wants one simple data storage and access system that any employee can access if needed.

Even though the privacy policy was only a draft, she was beginning to see that changes within her company were going to be necessary. She told Janice that she would be more comfortable with implementing the new policy gradually over a period of several months, one department at a time. She was also interested in a layered approach by creating documents listing applicable parts of the new policy for each department.

What is the best reason for Cheryl to follow Janice's suggestion about classifying customer data?

- A. It will help employees stay better organized
- B. It will help the company meet a federal mandate
- C. It will increase the security of customers' personal information (PI)
- D. It will prevent the company from collecting too much personal information (PI)

Answer: C

Explanation:

Reference: https://eits.uga.edu/access_and_security/infosec/pols_regs/policies/dcps/

Question: 46

SCENARIO

Please use the following to answer the next QUESTION:

You are the chief privacy officer at HealthCo, a major hospital in a large U.S. city in state A. HealthCo is a HIPAA-covered entity that provides healthcare services to more than 100,000 patients. A third-party cloud computing service provider, CloudHealth, stores and manages the electronic protected health information (ePHI) of these individuals on behalf of HealthCo. CloudHealth stores the data in state B. As part of HealthCo's business associate agreement (BAA) with CloudHealth, HealthCo requires CloudHealth to implement security measures, including industry standard encryption practices, to adequately protect the data. However, HealthCo did not perform due diligence on CloudHealth before entering the contract, and has not conducted audits of CloudHealth's security measures.

A CloudHealth employee has recently become the victim of a phishing attack. When the employee unintentionally clicked on a link from a suspicious email, the PHI of more than 10,000 HealthCo patients was compromised. It has since been published online. The HealthCo cybersecurity team quickly identifies the perpetrator as a known hacker who has launched similar attacks on other hospitals C ones that exposed the PHI of public figures including celebrities and politicians.

During the course of its investigation, HealthCo discovers that CloudHealth has not encrypted the PHI in accordance with the terms of its contract. In addition, CloudHealth has not provided privacy or security training to its employees. Law enforcement has requested that HealthCo provide its investigative report of the breach and a copy of the PHI of the individuals affected.

A patient affected by the breach then sues HealthCo, claiming that the company did not adequately protect the individual's ePHI, and that he has suffered substantial harm as a result of the exposed data. The patient's attorney has submitted a discovery request for the ePHI exposed in the breach.

What is the most significant reason that the U.S. Department of Health and Human Services (HHS) might impose a penalty on HealthCo?

- A. Because HealthCo did not require CloudHealth to implement appropriate physical and administrative measures to safeguard the ePHI
- B. Because HealthCo did not conduct due diligence to verify or monitor CloudHealth's security measures

- C. Because HIPAA requires the imposition of a fine if a data breach of this magnitude has occurred
- D. Because CloudHealth violated its contract with HealthCo by not encrypting the ePHI

Answer: B

Question: 47

What privacy concept grants a consumer the right to view and correct errors on his or her credit report?

- A. Access.
B. Notice.
C. Action.
D. Choice.

Answer: B

Question: 48

The Family Educational Rights and Privacy Act (FERPA) requires schools to do all of the following EXCEPT?

- A. Verify the identity of students who make requests for access to their records.
B. Provide students with access to their records within a specified amount of time.
C. Respond to all reasonable student requests regarding explanation of their records.
D. Obtain student authorization before releasing directory information in their records.

Answer: B

Explanation:

Reference: <https://www2.ed.gov/policy/gen/guid/fpco/pdf/ferpa-disaster-guidance.pdf>

Question: 49

In March 2012, the FTC released a privacy report that outlined three core principles for companies handling consumer data .

Which was NOT one of these principles?

- A. Simplifying consumer choice.
B. Enhancing security measures.
C. Practicing Privacy by Design.
D. Providing greater transparency.

Answer: B

Explanation:

Reference: <https://www.ftc.gov/news-events/press-releases/2012/03/ftc-issues-final-commission-report-protecting-consumer-privacy>

Question: 50

SCENARIO

Please use the following to answer the next QUESTION

Matt went into his son's bedroom one evening and found him stretched out on his bed typing on his laptop. "Doing your homework?" Matt asked hopefully.

"No," the boy said. "I'm filling out a survey."

Matt looked over his son's shoulder at his computer screen. "What kind of survey?" "It's asking QUESTION NO:s about my opinions."

"Let me see," Matt said, and began reading the list of QUESTION NO:s that his son had already answered. "It's asking your opinions about the government and citizenship. That's a little odd. You're only ten."

Matt wondered how the web link to the survey had ended up in his son's email inbox. Thinking the message might have been sent to his son by mistake he opened it and read it. It had come from an entity called the Leadership Project, and the content and the graphics indicated that it was intended for children. As Matt read further he learned that kids who took the survey were automatically registered in a contest to win the first book in a series about famous leaders.

To Matt, this clearly seemed like a marketing ploy to solicit goods and services to children. He asked his son if he had been prompted to give information about himself in order to take the survey. His son told him he had been asked to give his name, address, telephone number, and date of birth, and to answer QUESTION NO:s about his favorite games and toys.

Matt was concerned. He doubted if it was legal for the marketer to collect information from his son in the way that it was. Then he noticed several other commercial emails from marketers advertising products for children in his son's inbox, and he decided it was time to report the incident to the proper authorities.

Depending on where Matt lives, the marketer could be prosecuted for violating which of the following?

- A. Investigative Consumer Reporting Agencies Act.
- B. Unfair and Deceptive Acts and Practices laws.
- C. Consumer Bill of Rights.
- D. Red Flag Rules.

Answer: B

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