

1 CALIFORNIA PRIVACY PROTECTION AGENCY BOARD

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9 PRE-RULEMAKING STAKEHOLDER SESSION - LOS ANGELES

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11 AUDIO TRANSCRIPTION OF RECORDED PUBLIC MEETING

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APPEARANCES :

- Present: ASHKAN SOLTANI, Executive Director
PHILIP LAIRD, Meeting Counsel
NEELOFER SHAIKH, Attorney for CPPA
KRISTEN ANDERSON, Attorney for CPPA
MEGAN WHITE, Deputy Director for Public and External Affairs
LISA KIM, Senior Privacy Council and advisor
ZACH PEREZ, Professional Artist
NOEMI LUJAN PEREZ, President and CEO of ECODiversity
LINDSEY TONSAGER, Covington & Burling
ALBERT LOWE, UFCW Local 770
ANDREW DRULY YOUNG, Artist
TASIA KEEFER, LA County Business Federation
ELIZABETH GUILLOT, CrowdStrike
TOM ROSS, Board member of the United Chambers of Commerce, Government Affairs Committee, and San Fernando City Chamber of Commerce member
KRISTEN WALKER, Professor of Marketing and MBA Director at Cal State University, Northridge
MANUEL PLANK, Illustrator
SOP KAMAL
KIM OWENS, Entrepreneur

1 MR. SOLTANI: Hey everyone. Thank you for coming.
2 My name is Ashkan Soltani. I'm the Executive Director of
3 the California Privacy Protection Agency. Excited to have
4 you all attend our first stakeholder session on this
5 session. As you all know, Automated Decision-making and
6 Privacy are important issues that touch nearly like every
7 aspect of Californian's lives. We're eager to hear from you
8 all about your thoughts on our regulations.

9 Just for background, for those not familiar with
10 our Agency, California Privacy Protection Agency was
11 established in 2020 when the voters voted to approve Prop
12 24. Our Agency is tasked with free missions, rulemaking,
13 raising awareness and enforcement of the California privacy
14 -- California consumer privacy, and the first comprehensive
15 consumer privacy law in the US.

16 Already, our Agency has taken following steps to
17 fulfill our mission, including passing, implementing
18 regulations in March, 2023, but further clarify consumers'
19 rights with respect to the CCPA and business' obligations
20 under that law. We're also working on developing
21 regulations that govern Automated Decision-making
22 Technology, including those leveraging artificial
23 intelligence as well as Risk Assessments and Cybersecurity
24 Audits. As you may be aware, the Agency has been working on
25 this topic because quite some time. Starting in fall 2021

1 we brought our initial pre-rulemaking on this topic.

2 Today is yet another important step in the
3 stakeholder engagement that leads to the final regulations.
4 This is an opportunity to learn and provide preliminary
5 feedback on the Agency's proposed regulations. So just an
6 overview, just so -- and a reminder, these are draft
7 regulations, and I don't speak for the Agency or the Board,
8 not at the Board taken formal position on these regulations.
9 We today wanted to simply help outline our approach and
10 importantly hear from you. The next steps pursuant to the
11 CPA Board's -- CPPA Board's direction, we may move into the
12 formal rulemaking step, but that's the next step being a
13 longer process.

14 During that -- during that process, you'll have
15 another opportunity to provide formal comment. Once draft
16 regulations enter the formal rulemaking process. And again,
17 you don't want to take away from the legal team's
18 presentation. They'll go over at length at this point on.
19 But everyone now, this is just an opportunity to hear from
20 us and from us to hear from you. I'm joined here my
21 wonderful staff today. Here with me are our general
22 counsel, Phil Laird, Neelofer Shaikh, our attorney, Kristen
23 Anderson, attorney, Lisa Kim our senior privacy council and
24 advisor and Megan White in public affairs.

25 Just to give you a brief overview of today's

1 agenda, our legal team will provide 45 minute presentation
2 around our approach to Automated Decision-making,
3 Cybersecurity and Risk Assessments. Then we'll open up some
4 comments from you all. Megan will provide a bit more detail
5 on our presentation, but each member of the public will have
6 five minutes to speak. If you think there's more that you
7 want to share or something else we should hear about. We
8 also are having two other stakeholder sessions, one in
9 Fresno next Wednesday, and then one again in Sacramento next
10 week and that being will be hybrid. So you can join in
11 person or via Zoom.

12 In some instances, we may respond to a question at
13 the end of the event, but our primary purpose today is to
14 listen and hear your feedback. Now, please note we can't
15 get legal advice and these portfolio regulations are draft,
16 so there's some limitation to what we can share. So a
17 couple other notes. This video is not being live streamed,
18 but it is being recorded and the recordings will be posted
19 to the CPPA website after the meeting, so others can hear
20 questions and answers. Now with that, I'll hand it over to
21 Megan, talk about a little bit of housekeeping.

22 MS. WHITE: Hi everybody. My name is Megan White.
23 I'm the Deputy Director of Public and External Affairs.
24 Thank you so much, Ashkan. Just a couple of housekeeping
25 notes for everybody. As you can tell, we don't have mics

1 here, so if you have trouble hearing, obviously there's
2 seats up here. Feel free to come up closer or you can
3 always raise your hand. Our team members will definitely
4 try and project a little bit more. Emergency exit for any
5 reason we'll head out those doors and back out the front
6 just as you probably came through, so right by the metal
7 detectors.

8 If you need a restroom right through these doors.
9 And then you're going to make a right. There's the men's
10 and the ladies room as well. If you didn't have a chance,
11 you can grab our handouts. We have them in English and
12 Spanish on the front table. And if you'd like to sign up
13 for any of our e-mail links, you can certainly add your
14 e-mail there. We're happy to add you.

15 Regarding public comment, we would love it if you
16 felt comfortable to come up to the podium. It's going to
17 help us capture what you said (inaudible) because we want to
18 make sure that we're capturing everybody's feedback. It's
19 optional, but we prefer if you did that because the mic will
20 be able to pick you up a little bit better. You're going to
21 have five minutes for public comment, so as soon as you
22 begin, I'll start the timer. I'll do my best to get your
23 attention and tell you when you have one minute left and
24 then you'll hear it ding when you're at five and we'll have
25 to wrap you up.

1 And if we have any non-English speakers here,
2 Spanish is your preferred language. We have our wonderful
3 translator, Diego in the back. He's happy to translate for
4 you. So if you feel comfortable, please let us know if
5 you'd like translation services and we have that here for
6 you. Outside of that, any general questions anybody has at
7 this point, just housekeeping stuff. Okay, lovely. Then
8 I'm going to pass it over to our team to get you going.

9 MR. LAIRD: Good afternoon, everybody. As
10 mentioned earlier, I'm Phil Laird, the general counsel here
11 at the Privacy Protection Agency. And welcome to the first
12 of our first three pre-rule making stakeholder sessions that
13 we're doing statewide. Now we're hosting these for two main
14 reasons. The first is we really want to provide more
15 information about these draft regulations to a broader
16 population. We want to reach more consumers, more
17 businesses, and more practitioners about what we're doing
18 right now and the top on the topics of Automated
19 Decision-making Technology, Risk Assessments, and
20 Cybersecurity Audits.

21 But second, we also really do want to hear from
22 you about our draft regulations before we move into formal
23 rulemaking, we'll be explaining kind of what that means and
24 where we are in this process. But this is to say feedback
25 now is welcome. Feedback later is welcome. All the

1 feedback we can get is great. We really are happy to have
2 you here and we're looking forward to hearing that feedback
3 once we've gone through our presentation on what these
4 regulations do.

5 And then, because I'm the lawyer, I also have the
6 lawyer's disclaimer. So before we get started in earnest, I
7 do want to be clear, and you've already heard our director
8 say this that the CCPA requires us to issue these
9 regulations on Automated Decision-making Technology, Risk
10 Assessments, and Cybersecurity Audits. I'm going to go
11 ahead and do us a favor right now and tell you instead of
12 saying Automated Decision-making Technology time and time
13 again, I'm just going to refer to it as ADMT going forward.
14 So will my colleagues as well. But that's what we're
15 referring to when we use that acronym.

16 Now when we talk about these regulations, where we
17 are at this point is we have drafted these regulations as an
18 Agency, but we have not yet started formal rulemaking. And
19 the formal rulemaking process in California does have many
20 steps and there are additional opportunities for public
21 comment during that period which we'll talk about more at
22 the end.

23 But our presentation today is to explain the draft
24 regulations so you can understand them and to help you
25 participate in the rulemaking process once it kicks off. So

1 again, to be clear, these regulations are not in effect
2 today. These regulations haven't even been approved by our
3 Board to go into effect at a future date. They are draft
4 regulations that the Board is currently considering and that
5 there will be further discussion and activity by the Agency
6 and by the Board on these regulations going forward.

7 And finally, as mentioned before, even though it's
8 three lawyers up here, we are not actually providing legal
9 advice to any of you. Businesses seeking to ensure
10 compliance with the law should consult the statute
11 regulations that are currently in effect and their own legal
12 counsel. And finally, I'll note that the opinions we
13 express today are our own and not necessarily those of the
14 Agency, it's Board or any individual Board members. The way
15 it works is our Agency is overseen by five Board members and
16 only those five Board members can collectively make
17 decisions for our Agency including on whether or not to
18 adopt these draft regulations.

19 Okay. So you've already heard our agenda a few
20 times. You've maybe seen it. I'm going to run through it
21 very quickly one last time. So as you can see from the
22 slide, we're going to cover several topics today. First, we
23 are going to provide a little background on our Agency, who
24 we are and why we're talking about these things. And then
25 we're going to walk you through these draft regulations I've

1 been referring to on ADMT, Risk Assessments and
2 Cybersecurity Audits. And then we will conclude with
3 information about how you can participate in that formal
4 rulemaking process that I was referring to earlier.

5 But after we're done, we still want an opportunity
6 now, since you're all here to hear from you now on these
7 draft regulations. And as was mentioned, we will limit
8 comments to five minutes person. But really we're excited
9 to hear from you. This is meant to be a listening session
10 and we'll be -- we'll be eagerly kind of taking notes and
11 kind of listening to all the feedback we get today.

12 Okay. So to give you a quick background on the --
13 our Agency as well as the law we enforce and our current
14 activity, I'm just going to give you now a brief history of
15 who we are and why we're here today. So as you can see, we
16 have this great little timeline of events. The California
17 Consumer Privacy Act, the CCPA, it's a lot of acronyms, I
18 apologize for that. But it passed in 2018. It went into
19 effect in 2020. And it was the first comprehensive consumer
20 privacy law in the nation. It gave consumers rights over
21 the personal information that businesses collect about them,
22 and it required businesses to inform consumers about how
23 they collect, use, disclose, and retain personal
24 information.

25 Now, jump forward to November, 2020 and you might

1 have remembered that there was Proposition 24 on the ballot
2 and California voters approved Proposition 24, which enacted
3 something called the California Privacy Rights Act, the
4 CPRA, which amended the CCPA. This is all to say lots of
5 acronyms for the law though that we enforce, which is the
6 CCPA, the California Consumer Privacy Act.

7 And so those amendments then took effect in 2023.
8 And now the CCPA additionally provides privacy protections
9 to employees, independent contractors and job applicants,
10 which is sort of a rare feature in privacy laws across the
11 country. And it also now includes new rights for consumers,
12 the right to correct inaccurate personal information that a
13 business might have about you, the right to limit a
14 business' use and disclosure of your sensitive personal
15 information. And as we'll be discussing today, the right to
16 access information about and opt out of a business' use of
17 Automated Decision-making Technology or ADMT including
18 profiling. We'll define that later and explain what that
19 means.

20 The amendment's also created in our Agency, the
21 California Privacy Protection Agency. The Agency is tasked
22 with implementing and enforcing the CCPA, the law I was
23 referencing earlier, and that includes regulations that
24 implement the CCPA's requirements. So we're here today
25 because we're going to talk about some of those draft

1 regulations that we are considering here at the Agency.

2 So as an Agency, we have actually a lot of sort of
3 components to our mission, but it boils down really to three
4 key roles and that is rulemaking the kind of regulations
5 work we're talking about to today, promoting public
6 awareness about these very important privacy rights that all
7 Californians have, and an auditing and enforcement function
8 to ensure that businesses are complying with these laws and
9 regulations and it gives us the ability to investigate and
10 enforce any violations that are discovered.

11 So moving on into what we're doing today we're
12 kind of doing the first two things I mentioned. We're
13 talking about regulations and we are also trying to promote
14 public awareness. As we've been saying today, these
15 regulations are not in effect and we haven't started the
16 formal rulemaking process. We are what we would consider
17 the preliminary rulemaking stage. During preliminary
18 rulemaking, we invite public input.

19 At this stage, we're seeking feedback on these
20 draft regulations and once we're through this presentation,
21 we'll invite you to share your thoughts. Later during
22 formal rulemaking, there'll be another opportunity to make
23 additional public comment and I'll explain that in a little
24 bit. And so with that said, I'm going to stop talking and
25 I'm going to turn it over to my real better halves over

1 here. Beginning with I believe Kristen, you're -- Neelofer,
2 you're kicking it off. All right.

3 MS. SHAIKH: Thank you. So as our general
4 counsel mentioned the CCPA directs our Agency to issue
5 regulations governing access as opt-out right, related to
6 business' use of Automated Decision-making Technology. So
7 today we're going to spend some time talking about what ADMT
8 actually is, so what it includes and what it does not
9 include. We'll also talk about when a business would need
10 to comply with the proposed requirements for Automated
11 Decision-making Technology. Importantly, these requirements
12 would not apply to just any use of ADMT, it would only apply
13 to certain uses that we'll be talking more about. Lastly,
14 we'll talk about what those specific requirements for those
15 uses of ADMT would be.

16 All right. So turning now to what is Automated
17 Decision-making Technology that is mouthful. And so we're
18 just going to break it down into four components. So the
19 first thing is that it has to actually be a technology that
20 processes personal information. So it needs to collect,
21 use, retain, disclose, or otherwise handle personal
22 information in some way. It also needs to use computation
23 and most importantly, needs to use that computation to
24 replace or substantially facilitate human decision making.

25 So we use that term substantially facilitate.

1 That means that the output of that technology is a key
2 factor in a human's decision making. So for example, if the
3 business is using technology to generate scores about
4 consumers that a human reviewer then uses as a primary
5 factor to make a decision about that consumer, that would be
6 a type of ADMT because that technology is substantially
7 facilitating human decision making.

8 Lastly, ADMT includes profiling, which we're --
9 we'll talk more about on the next slide. Examples of
10 Automated Decision-making Technology includes things like
11 resume screening tools that businesses use to decide which
12 applicants they want to hire, facial recognition
13 technologies that businesses use to verify the identity of
14 consumers as they enter, for instance, a workplace, and
15 tools that place consumers into audience groups to target
16 advertisements to them.

17 Lastly, please note that ADMT does not include
18 routinely used technologies. So things like calculators,
19 spell checks, spreadsheets, these things are generally
20 excluded from the definition of ADMT. And if you want that
21 full list of the technologies that are excluded, you can
22 look at our proposed regulatory text, which is available on
23 the CPPA's website.

24 All right. Now what is profiling? As I mentioned
25 previously, ADMT includes profiling, that generally is

1 broken down into two elements. So first you need to be
2 engaging in automated processing of personal information and
3 that automated processing has to be done to evaluate
4 someone. So that includes, for instance, analyzing or
5 predicting a consumer's ability to do or be something, their
6 reliability, their health, their economic situation, their
7 interest, their behavior, their location. That is what is
8 an -- you need to be doing automated processing to evaluate
9 a person in those ways to be engaging in profiling. And
10 that would be a use of Automated Decision-making Technology.

11 Now, as I mentioned before, even if a technology
12 is Automated Decision-making Technology, that does not mean
13 that it would be subject to the proposed requirements.
14 Generally, you first need to be a business under the CCPA.
15 That businesses generally are for-profit entities that meet
16 certain requirements under the CCPA. So for example, making
17 over a certain amount of money in annual gross revenue could
18 lead to you being a business. And for those of you who are
19 unsure, if you are a business under the CCPA, we have
20 helpful fact sheets available on our website. And of course
21 you're always welcome to look to the existing law, including
22 our regulations.

23 Now, assuming you are a business under the CCPA,
24 you also need to be using ADMT in one of three ways, which
25 we're going to talk more about. That would be using ADMT

1 for a significant decision to engage in extensive profiling
2 or for training uses of Automated Decision-making
3 Technology. Turning to the first use case, a business using
4 ADMT for a significant decision concerning a consumer.

5 So what is a significant decision? These are
6 decisions that have important consequences for consumers.
7 So for instance, the decision to terminate them or suspend
8 them from their job would be a significant decision. We
9 provided a list of examples on this slide of what different
10 types of significant decisions are, and you're again,
11 welcome to look at the full list on both our fact sheet and
12 in our proposed regulation.

13 As an example, if a business is using a video
14 screening technology as part of its job interview process
15 and that technology is analyzing job applicant's body
16 language, their facial expressions or their gestures to
17 determine whether they would be a good employee and should
18 be hired, this would be a use of ADMT to make a significant
19 decision, in this case, hiring about a consumer. Next
20 slide.

21 The second use case we're going to talk about is
22 the use of ADMT for extensive profiling. As I mentioned
23 before, profiling generally refers to that automated
24 processing personal information to evaluate someone such as
25 their personality, their interests, their behavior. We're

1 going to talk about three types of profiling as extensive
2 profiling. The first is work or educational profiling.
3 This is profiling someone who's acting as a job applicant, a
4 student, an employee, or an independent contractor through
5 systematic observation. So for instance, using a
6 productivity monitoring software to track how quickly
7 workers are completing projects would be an example of work
8 profiling.

9 The second is public profiling. So this is
10 profiling consumers through systematic observation of a
11 publicly accessible place. So for example, deploying a
12 facial recognition technology in a stadium or in a mall.
13 Lastly, profiling for behavioral advertising. This is
14 profiling a consumer to target advertisements to them. So
15 those three would be extensive profiling.

16 Training for the last use case, which are the
17 training uses of ADMT. A business would be subject to the
18 ADMT requirements, which we'll talk about next for training
19 uses of ADMT, which generally means that a business is using
20 consumer's personal information to train an ADMT for certain
21 purposes, specifically to make significant decisions. So
22 for instance, that would be training ADMT that's used to
23 make decisions about which consumers would be offered
24 business loans. To identify people, so that could be
25 training of facial recognition technology. For physical or

1 biological identification or profiling, we're going to talk
2 a little bit more about that term.

3 But this would include for instance, training a
4 technology that analyzes people's facial expressions or
5 gestures to infer their emotional state. And lastly, to
6 generate deepfakes, which some of you may have heard about
7 in the news, this would be training ADMT that could
8 generate, for instance, fake images of real people that are
9 presented as truthful or authentic.

10 Now my colleague, Ms. Anderson, is going to talk
11 about what the actual proposed requirements would be for
12 these three uses of ADMT by businesses.

13 MS. ANDERSON: So only if a business is using ADMT
14 for significant decision, extensive profiling or training
15 uses, would it have to comply with (inaudible) requirements
16 for ADMT. Specifically, the business would have to provide
17 a pre-use notice to the consumers whose personal information
18 it wants to process using the ADMT. It would have to give
19 consumers an easy way to opt-out of its use of the ADMT, and
20 it would have to give consumers an easy way to access
21 information about how the ADMT was used with respect to
22 them, which the consumer can exercise later if they proceed
23 with the business's use of ADMT. We'll now talk about each
24 of these requirements in a little bit of more detail.

25 So the first is before business can use ADMT in

1 any of those ways that we just discussed, it must provide a
2 pre-use notice to the consumer so that the consumer can
3 decide whether to opt-out or to proceed and whether to
4 access more information about the business' use of the ADMT.
5 The pre-use notice would have to include why the business
6 wants to use the ADMT and it would have to be the specific
7 purpose, not something like to improve our services. It
8 would also have to provide information about how the ADMT
9 would work. That includes information such as the logic
10 used in the ADMT, including the key parameters that affect
11 its output. It would have to include the intended output of
12 the ADMT.

13 So for example, if the ADMT creates a score or
14 does it place them into a specific profile or segment, that
15 would be the output. It would also have to include how the
16 business plans to use that output, including a role of human
17 involvement. For example, if a business plans to use the
18 output score that a resume screening tool generates to
19 determine who will be offered an interview, the business
20 would need to disclose that that's how it's planning to use
21 the tool and the role of any human reviewers in that
22 process.

23 The previous notice would also have to include a
24 description of a consumer's right to opt-out and how they
25 could exercise that right. It would also include a

1 description of the consumer's right to assess, more
2 information about how the business used the ADMT with
3 respect to the consumer if consumer proceeded with the use
4 of ADMT at that time.

5 Finally, the pre-use notice would have to include
6 that the business is prohibited from retaliating against
7 consumers for exercising their CCPA rights. If a consumer
8 opts out at the pre-use notice stage, so before the business
9 uses the ADMT, the business is not allowed to start
10 processing the personal information, using that ADMT. If
11 the consumer went ahead with the business' use and decides
12 to opt out later, then the business has to immediately stop
13 processing their personal information using the ADMT and
14 inform anyone else that may have involved in that ADMT such
15 as service providers or vendors that they need to stop as
16 well.

17 There are exceptions to when a business must
18 provide an optout, which we'll talk about next. One thing
19 to note here though is that there's no exception to
20 profiling for behavioral advertising or for those training
21 uses of ADMT. A business would always have to provide an
22 opt-out from its use of those types of ADMT. Next slide.

23 The first exception is a security fraud prevention
24 and safety exception. It applies when a business wants to
25 use the ADMT for profiling in the workplace or in

1 educational settings or in public.

2 In these cases, a business would not be required
3 to provide the ability to opt-out of its use of ADMT if it
4 was using it only for security, fraud prevention and safety.
5 To rely upon this exception, the business cannot be using
6 the ADMT for any other purpose besides security, fraud
7 prevention and safety. The second exception is a human
8 appeal exception. It would apply when a business wants to
9 use the ADMT can make a significant decision concerning a
10 consumer. The business would not be required to provide the
11 opt-out if it provided the consumer with the ability to
12 appeal the decision to a human decision maker.

13 To qualify for this exception, the business would
14 have to generally provide the consumer with a method to
15 appeal to a qualified human reviewer who has the authority
16 to overturn the decision. The business also would have to
17 clearly describe to the consumer how they could submit their
18 appeal and enable them to provide information for the
19 reviewer to consider.

20 The third category of exception is the evaluation
21 exception. This would apply when a business uses ADMT for
22 admission, acceptance or hiring decision for allocation or
23 assignment of work and compensation decisions or work or
24 educational profiling. The business would not be required
25 to provide the opt-out if the business has evaluated the

1 ADMT to make sure that it works as intended for the
2 business' proposed use and does not discriminate on the
3 basis of protective classes. It would also have to
4 implemented accuracy and non-discrimination safeguards.

5 Okay. So if a consumer proceeds with the
6 business' use of ADMT, they can then request access to more
7 information about how the business will use the ADMT with
8 respect to them. So if a consumer requests that access, the
9 business' response to them would have to include the
10 following. First, why the business used the ADMT. And
11 again, this would be the specific purpose.

12 Second, how the ADMT worked for that consumer.
13 This would mean providing the consumer with the output of
14 the ADMT with respect to them. So if the technology
15 generated the score, for example, the business would provide
16 the consumer with their score. It would also include how
17 the business used the output with respect to that consumer.
18 So if it were to make a significant decision towards running
19 the consumer for example, that would include the role of the
20 output. So the score plus the human involvement in the use
21 of that score. It would also include the logic of the ADMT,
22 again, including the key parameters that affected the output
23 and how those applied to the consumer.

24 Third, it would include the business' prohibited
25 from retaliating against consumers for exercising their CCPA

1 rights and instructions to the consumer on how they can
2 exercise those rights, like the right to correct. I'll note
3 here that the business that's using personal information to
4 train ADMT would not be required to provide an access
5 response to the consumer. In addition, a business that
6 makes an adverse significant decision using ADMT will have
7 additional notice requirements. An adverse significant
8 decision would include something like being demoted or
9 terminated from a job, denying someone housing or essential
10 goods or services.

11 And the additional notice in these instances is
12 necessary to ensure that consumers know when a business has
13 made a significant adverse decision about them using ADMT.
14 There may be a long time between when they get the pre-use
15 notice and decide to go forward and when the business
16 actually makes that significant adverse decision. In
17 addition, consumers might not want to exercise their right
18 -- their access right unless the business uses the ADMT to
19 make a significant adverse decision about them. So these
20 additional notices make the consumer -- make the consumer
21 informed so that they can decide whether to exercise their
22 access right or not. Next slide. Great.

23 Lastly, if a business is using physical or
24 biological profiling for significant decisions or extensive
25 profiling, they would have additional requirements. So what

1 are we talking about when we say -- when we use this term?
2 It generally refers to evaluating people using ADMT with
3 information about their physical or biological
4 characteristics. Examples of this include facial
5 recognition technology because that's analyzing your face to
6 identify you. It would also include things like a motion
7 assessment tool that evaluate your eye movements or other
8 facial movement for gestures to analyze or infer your
9 emotions or behavior.

10 So a business of using this kind of physical or
11 biological identification or profiling for a significant
12 decision or for extensive profiling must first evaluate that
13 technology to make sure that it works as intended for the
14 business' proposed use and does not discriminate on the
15 basis of protected classes. And the business must implement
16 accuracy and non-discrimination safeguards.

17 MS. SHAIKH: So we're now going to turn to risk
18 assessments. Before we move on to the next section. For
19 folks in the back rows, if you cannot hear us, just raise
20 your hand. We'll make sure -- thank you -- thank you for
21 that thumbs up. I appreciate it. And then for folks in the
22 front rows, if you feel like we're screaming at you, just
23 let us know as well and we'll tone it down. So now turning
24 to risk assessment.

25 A risk assessment for those who have never done

1 one before or just haven't heard of this term, it generally
2 involves identifying risks in this case to consumers'
3 privacy for a given activity and mitigating those risks.
4 And the goal of a risk assessment is to make sure that
5 businesses don't do things with consumers' personal
6 information when the risk to consumers' privacy outweighs
7 the benefits of that activity.

8 So, turning now to who actually would need to
9 conduct a risk assessment similar to a proposed ADMT
10 requirements, you'd have to first be a business under the
11 CCPA and assuming you are a business, you would need to
12 conduct a risk assessment before doing any of the four
13 things on this slide. So, first selling or sharing personal
14 information, second, processing sensitive personal
15 information.

16 And when we use that term sensitive personal
17 information, we mean things like your social security
18 number, certain financial information that you have, your
19 precise geolocation, your health information. And it will
20 also include children's personal information. So that is
21 the personal information of consumers that a business knows
22 to be under 16 years old.

23 In addition, if you're using ADMT for significant
24 decision. So remember, those are those decisions that have
25 important consequences for consumers that we talked about

1 earlier, such as hiring them or firing them, or extensive
2 profiling. So that's the worker educational profiling,
3 public profiling, profiling for behavioral advertising. If
4 you're using ADMT in those ways, you would also need to
5 conduct a risk assessment.

6 And lastly, if you are training Automated
7 Decision-making Technology or artificial intelligence in
8 certain ways, you would need to conduct a risk assessment as
9 well. These ways are on your fact sheets, but I'll just say
10 them quickly again now, this would be training ADMT or AI
11 for a significant decision to establish individual identity.
12 Things like facial recognition technology for physical or
13 biological identification or profiling, training AI or ADMT
14 that's capable of generating deepfakes about people as well
15 as training ADMT or AI that can operate generative models.

16 So now that we've talked about when -- what
17 activities would trigger a risk assessment, we're now going
18 to talk about what actually needs to be in those risk
19 assessments. At a high level, a risk assessment would need
20 to include first why the business actually needs to do that
21 activity. So what's the purpose of it.

22 Second, it would need to include the types of
23 personal information that the business would need to
24 collect, use, disclose, retain or otherwise process to do
25 the activity, including whether it involves sensitive

1 personal information.

2 Third, it would have to explain how the business
3 would actually do the activity. So these are the important
4 operational elements of that activity. Things like how many
5 consumers, personal information the business would need to
6 collect, what disclosures the business has actually made to
7 those consumers about the use of their personal information.
8 Who else might be involved in the activity, what types of
9 technology the business plans to use to do the activity.
10 These operational elements are all important to identify
11 because they can affect the risk to consumer's privacy. And
12 so identifying them is a critical part of conducting the
13 risk assessment.

14 In addition, for uses of Automated Decision-making
15 Technology for significant decisions or extensive profiling,
16 the risk assessment would also identify additional
17 information about how the technology works. So this would
18 be the logic of that technology, what that output is, and
19 how the business plans to use that output to make those
20 decisions.

21 Number five is really the crux of the risk
22 assessment. This is the heart of it where the business
23 would identify what are the benefits of that activity, and
24 importantly, what are the consequences to consumers? So
25 what are the negative impacts to their privacy that could

1 result because of that activity? And accordingly, what are
2 relevant protections that the business wants to put in place
3 or already has put in place.

4 Lastly, the business would identify whether it
5 would initiate the activity. So what's the confusion here?
6 Is the business going to go forward? And what are the
7 details about who contributed to reviewed and approved that
8 risk assessment and when? An important note here is, as I
9 mentioned before, the goal of a risk assessment is to ensure
10 that businesses are not engaging in activities where the
11 risk to consumers privacy outweigh the benefit. And so a
12 business would be prohibited from starting any of those four
13 activities I talked about if the risk to consumer's privacy
14 outweighed the benefits of that activity.

15 But turning now to the timing requirements. So
16 when would your business actually conduct or update the risk
17 assessment? So first, you would conduct a risk assessment
18 before you started any of those four activities. And that
19 makes sense because it's -- the goal again, is to identify
20 risks and place mitigation. You want to do that before you
21 start not midstream. And then a business would also need to
22 review those risk assessment at least once every three years
23 to making sure that they remain correct and update them as
24 needed.

25 And then lastly, if something important has

1 changed about how you conduct the activity. So for
2 instance, if your business has identified that it needs to
3 collect more sensitive personal information about a
4 consumer, the business would need to immediately update its
5 risk assessment to identify any additional risks to
6 consumers' privacy and implement appropriate safeguards.

7 Now that we've covered what a risk assessment
8 would include and when a business would conduct or update
9 one, let's talk about what a business would actually have to
10 submit to the agency. So one of the requirements on the
11 CCPA is that a business would have to submit its risk
12 assessment to the agency on a regular basis. So we're going
13 to talk about what would need to be submitted and when.

14 So a business would need to submit a certification
15 of compliance. This is a certification by the highest
16 ranking executive at your business in charge of risk
17 assessment compliance. The business before starting any of
18 those four activities we talked about has conducted a risk
19 assessment.

20 In addition, the business would submit abridged
21 risk assessments. So as with the term, abridged these risk
22 assessments in short form. So for each of your risk
23 assessments, the business would submit an abridged form of
24 it that would identify the relevant activity. So for
25 instance, of those four activities, are you selling or

1 sharing personal information processing sensitive personal
2 information using ADMT in the ways we talked about or
3 training ADMT or AI for those purposes, we've discussed.

4 If so, you would identify that activity, you would
5 identify the purpose of the processing, you would also
6 identify the categories of personal information that were
7 actually used for the activity. And lastly, the relevant
8 safeguards are protections that your business has put in
9 place for that activity. Those will be in the abridged risk
10 assessment for each risk assessment conducted, and those
11 would be submitted to the agency.

12 When would these materials be submitted? So a
13 business would have 24 months from the effective date of
14 these regulation to submit that first certification and the
15 first batch of abridged risk assessments to the agency.
16 After that, the business would submit them annually. So
17 every calendar year after that first submission, the
18 business would submit its updated or new risk -- abridged
19 risk assessments and its new certification.

20 Lastly, for the unabridged risk assessment. So if
21 this is the full risk assessment, a business would have 10
22 business days to submit them to the agency or the California
23 Attorney General if the agency or AG requested it. Great.

24 Lastly, one important thing that we just want to
25 note here. We are aware that other states and other

1 countries have their own risk assessment requirements. You
2 might hear these called data protection assessments or data
3 privacy impact assessments. If you are a business that is
4 already doing risk assessments to comply with those other
5 laws, we want to make sure that you know that you do not
6 have to redo it or duplicate it for the CCPA, you could use
7 the same risk assessment for the same activity to comply
8 with other laws and the CCPA. However, we want to note that
9 if that risk assessment did not meet all of the requirements
10 of the CCPA regulations, the business would need to add to
11 it as dated.

12 All right. I'm now going to turn it off to turn
13 it -- turn it to Ms. Anderson for some illustrated examples
14 of how these things all work together.

15 MS. ANDERSON: It's okay. So now we hop through
16 two examples of business activities and what the business
17 would have to do under these risk assessment and ADMT
18 requirements that we just walked through. These examples
19 don't cover all potentially applicable laws or enforcement
20 circumstances. Still without the examples could be useful
21 for businesses seeking to understand how the draft regs
22 would apply under certain circumstances. So our first
23 example.

24 MS. SHAIKH: (Inaudible).

25 MS. ANDERSON: (Inaudible). Okay. So our first

1 example is a retailer that wants to use facial recognition
2 technology in its stores to identify shop ledgers. So what
3 would the retailer be required to do under the proposed
4 regs? It would have to conduct a risk assessment, evaluate
5 the facial recognition technology to ensure that it works as
6 intended for the retailer's use, and does not discriminate
7 on the basis of protected classes. It would have to
8 implement accuracy and non-discrimination protections. It
9 would've to provide the pre-use notice to consumers. It
10 would've to provide consumers with the ability to access
11 more information about the use of ADMT, but the retailer
12 would not have to offer an opt-out from its use of ADMT as
13 long as it uses that facial recognition technology only for
14 fraud prevention in this case.

15 All right. Our next example. Our second example
16 is a business whose HRP wants to use a spreadsheet to input
17 junior employees' performance evaluation scores from their
18 managers and colleagues, and then calculate each employee's
19 final score that the manager will then use to determine
20 which of them going to be promoted. So what would the
21 business be required to do under our proposed regulations?
22 It would not have to conduct a risk assessment, and it would
23 not be subject to the ADMT requirements because if the
24 business would be using the spreadsheet merely to organize
25 human decision makers evaluations, this wouldn't be ADMT

1 under our definition. Recall, the ADMT requires the
2 business to use technology to replace or substantially
3 facilitate human decision making.

4 Now that we've ticked through those we'll move on
5 to cybersecurity audits. Our proposed cybersecurity audit
6 regulations are designed to ensure that vision decision
7 meeting certain thresholds independently and thoroughly
8 assess how they protect consumer's personal information on
9 an annual basis. Taken together the proposed requirements
10 will help businesses to identify and mediate problems in
11 their cybersecurity program resulting in further protections
12 for consumers.

13 So today we're going to cover who would need to
14 conduct a cybersecurity audit, what a business and the
15 business' auditor would have to do to complete an audit.
16 And that would include things like how the business would
17 complete the audit, who would the auditor be and what they
18 would have to do, what the audit itself would include, and
19 when the business would have to complete the audit, likely.

20 So starting with who would need to complete a
21 cybersecurity audit, assuming you're a business, as we've
22 talked through before, if you're a business under the CCPA,
23 you'd also then have to meet one or both of these two
24 thresholds to be subject to the cybersecurity audit
25 requirements, meaning that you would need to complete an

1 annual cybersecurity audit.

2 The first threshold is a business that made more
3 than half of its annual revenue in the prior year from
4 selling or sharing consumers personal information. The
5 second is a business that made over \$28 million in annual
6 gross revenue in the preceding year and processed personal
7 information of 250,000 or more consumers or households in
8 the preceding calendar year, or processed the sensitive
9 personal information of 50,000 or more consumers in the
10 preceding calendar year.

11 And as Neelofer touched upon earlier, SPI is being
12 expanded to include the personal information of consumers
13 that the business had actual knowledge were under 16 years
14 of age. So if you're subject based requirements, how would
15 you actually complete a cybersecurity audit? There are four
16 main things that a business would have to do to complete the
17 audit. First, it would have to select its auditor. Note
18 that the auditor does have to meet certain requirements, and
19 we'll cover those in the next slide.

20 Second, the business would have to provide all
21 information the auditor requests as relevant and not hide
22 important facts from them. This is to make it possible for
23 the auditor to complete a thorough audit using their own
24 judgment and the information that they consider necessary.

25 Third, the business would have to report the audit

1 results to the senior most individuals in the business
2 responsible for cybersecurity. There would be guardrails to
3 make sure that the business didn't improperly influence the
4 auditor as they complete the audit. But at the end of the
5 day, the people who are responsible for cybersecurity audits
6 -- sorry for cybersecurity overall, need to know the audit
7 results so that they can understand how they're doing and
8 where to focus their attention to better protect consumer's
9 personal information.

10 Finally, the business would have to submit a
11 certification of completion to the agency through the
12 agency's website. That certification would be signed by the
13 most senior individual in the business for responsible for
14 cybersecurity audit compliance. He would certify that the
15 business has completed the audit as set forth in the draft
16 regulations and that they've reviewed and understand the
17 audit's finding.

18 Okay. So who could the auditor be? As we just
19 discussed, the business has to select the auditor, but the
20 auditor cannot just be anyone. The auditor has to be
21 qualified, unbiased, and independent, and they have to be a
22 professional using professional auditing standards and
23 procedures. Those are generally accepted in the -- in the
24 profession of auditing. The auditor could be someone
25 working in the business or it could be an external auditor.

1 So if the business already employs somebody who meets these
2 requirements, that person could be the cybersecurity
3 auditor.

4 Now, what would the auditor have to do? Since
5 we've covered who the auditor can be? The three main things
6 that the auditor would have to do to complete the audit are
7 as follows. First, they would have to determine which of
8 the business' systems would need to be audited and how to
9 assess them. They would do that, likely based upon their
10 expertise and the information provided by the business.
11 That information would include things like where and how the
12 business collects, processes, stores, consumers' personal
13 information.

14 Second, the auditor would independently review
15 documents, conduct tests, and interview people to support
16 and assess their cybersecurity program. The draft
17 regulations list the parts of a business' cybersecurity
18 program that the auditor would have to assess, document, and
19 summarize, and we'll cover some of those as well as what the
20 audit would need to include on the next slide.

21 Third, the auditor would have to certify that they
22 completed an independent and an unbiased audit. Okay. So
23 we've just talked about what the auditor would have to do at
24 a high level. And the next two slides talk more about what
25 the auditor would have to include in their audit report. We

1 break down what an audit would have to include into eight
2 key pieces. First, the audit has to include a description
3 of the systems audited.

4 Second, the audit would have to include the
5 information the auditor used to make their decisions and why
6 it supported their findings. That would include things like
7 why they scoped the audit the way they did. So why if some
8 for in scope and others out of scope, why they assessed the
9 systems and components the way that they did, the evidence
10 that they examined to make their decisions and assessments,
11 for example, which documents they reviewed, the kinds of
12 sampling and testing they performed, and the interviews they
13 conducted, and why all of this was appropriate and
14 sufficient to justify what they found.

15 Third, the audit would have to include the
16 auditor's assessment of how the business protects consumers'
17 personal information. That includes the written
18 documentation of the business's cybersecurity program. So
19 things like the written policies and procedures that also
20 includes the common ways that businesses protect consumers'
21 personal information like how it authenticates employees and
22 customers to ensure that they are who they claim to be, how
23 it uses encryption to protect personal information and how
24 it's prepared to handle cybersecurity incidents as they
25 arise.

1 Fourth, the audit would have to describe how the
2 business follows its own policies and procedures. Something
3 in writing isn't worth much if the people who are
4 responsible for implement aren't aware of it or aren't
5 following them. So the audit would have to look into this
6 too.

7 Fifth, the audit would have to describe the gaps
8 in weaknesses in the cybersecurity program and how the
9 business plans to address them, including the resources the
10 business is allocated to do so, and a timeframe for
11 resolving them.

12 Sixth, the audit would have to include a
13 description or sample copy of data breach notifications that
14 were sent to consumers or agencies, as well as related
15 information and fixes for the gaps and weaknesses that
16 permitted breach in the first instant.

17 Seven, the audit would have to include the dates
18 of when the cybersecurity program was reviewed and presented
19 to the most senior individuals in the business responsible
20 for cybersecurity.

21 And finally, the audit would have to include the
22 certification both from the auditor and the business that
23 the audit was in fact independent and unbiased and not
24 subject to any influence or attempted influence by the
25 business.

1 Okay. Now they have a sense of who would be
2 responsible for what and what the audit itself would have to
3 include. Let's talk about when all this has to be done.
4 Much like with risk assessments, a business would have 24
5 months from the effective date of the regulation to complete
6 its first cybersecurity audit. After a business completes
7 the first audit, it would then have to complete the
8 cybersecurity audit and submit its certification annually,
9 in other words, every year thereafter. There also cannot be
10 a gap in any of the month covered by successive audits.

11 One final point we'll make regarding cybersecurity
12 audits is much like with risk assessments, there's no
13 requirement that a business complete a duplicate audit. So
14 if a business has completed a cybersecurity audit assessment
15 or evaluation for some other purpose, and what it has done
16 already meets the requirements in our draft regulations, the
17 business would not be required to redo that same work for
18 the CCPA. It would have to add to that what it had already
19 done as needed, however.

20 So if the audit assessment or evaluation needed
21 for some other purpose did not meet all the requirements,
22 the business would've to add to that to meet -- to make sure
23 that it meets all the ones in our draft regulations. Now
24 I'll pass back over to Phil.

25 MR. LAIRD: All right. We're almost there. We've

1 hit you with a lot I know. But I appreciate my colleagues
2 giving that really helpful overview. And again, this was
3 mentioned before, if you haven't already got one, there are
4 fact sheets on each of these proposed regulations in the
5 back that I think give a helpful overview of what we've been
6 presenting today. And these materials are all available on
7 our website as well.

8 So briefly, now I'm going to go over the formal
9 rulemaking process. The agency is sort of on the precipice
10 of starting but we haven't -- we're not there yet. So I'll
11 take you to the next slide. But there we go. So rulemaking
12 in California for a California State Department or Agency
13 has three basic steps. So step one and where we are as of
14 today is that we are refining draft regulatory text based
15 upon the Board's feedback at its March meeting.

16 That's right. The -- our agency Board has
17 considered these regulations in their current form at their
18 most recent meeting and have directed staff to go ahead and
19 prepare the formal documentation to start that formal
20 rulemaking process. But before step two can begin, the
21 Board will be receiving and hearing once again that full
22 package of documents to review, and we'll have to make a
23 vote and make that decision of whether or not to actually
24 start the formal rulemaking process for the agency or
25 further work on these regulation texts some more. But as

1 was mentioned earlier on the law does actually require we
2 promulgate regulations on these subjects. So in one form or
3 another, regulations will be eventually arriving on these
4 topics.

5 After these documents are prepared though, and if
6 the Board does vote to send them to formal rulemaking, then
7 the next step is that formal rulemaking would begin. And it
8 begins when these package of documents is filed with a thing
9 called the Office of Administrative Law. And importantly,
10 that starts what is a typically a 45-day public comment
11 period.

12 The public comment will be -- can be received in a
13 number of ways. It can be received in writing to the
14 agency. And also the agency will be hosting a public
15 hearing, not totally unlike this one although potentially
16 virtually where we would receive oral comments as well as
17 written comments.

18 After the public has provided those comments, the
19 agency considers those and responds to them. Now, this
20 can't be a time intensive process. In fact, the law does
21 require us to respond to every comment received during that
22 public comment period. But not only will staff review and
23 consider those comments, but the Board will as well. And
24 that the Board at that point would consider the extent to
25 which it will either adopt the regulations as drafted or

1 further modify the regulations in response to public
2 comments.

3 If the agency substantively revises the proposed
4 regulations after that 45-day period rest assured any
5 modifications would actually then go out for yet another
6 public comment period. So there will be robust
7 opportunities for public comment and input on these,
8 especially on any changes. Those comment periods are
9 typically 15 days instead, but again, would be another
10 opportunity for the public to provide feedback, especially
11 on those parts of the text that are changing, for instance,
12 from what you've seen today.

13 And once the agency reviews and responds to all
14 public comments, and once the Board determines that they
15 have finally gotten the text right, they would vote to adopt
16 the regulations and send them to the Office of
17 Administrative Law and Entity separate of us for final
18 review and approval. And that's step three. So step three
19 is that the Office of Administrative Law will consider the
20 rulemaking package, and then it has 30 working days to make
21 a determination of whether or not we've complied with all
22 aspects of the Administrative Procedures Act. And if so,
23 then the regulations would go into effect.

24 Okay. Yes, that's right. And what does the
25 agency need to do to -- let's see. Sorry, apologies. So

1 now finally, a few tips in terms of submitting public
2 comment. Obviously, you're all here today, that's
3 wonderful, and we'd love to hear any feedback really you
4 have today. But as we move into the formal rulemaking
5 period, and we understand some people may be preparing
6 written comments for those first of all, we always encourage
7 people to subscribe to our e-mail list to receive updates on
8 rulemaking. So, you know, for instance, when we're in that
9 45-day public comment period. And not only can you get
10 those subscribe links and opportunities on our website, but
11 I believe there's a signup page in the back of the room
12 today as well.

13 You can also attend our Board meetings. They're
14 all open to the public and our public hearings as well. And
15 these are always posted on our website at least 10 days in
16 advance, as well as you can watch recordings of our past
17 meetings. And finally, you can submit public comments
18 during our formal rulemaking. We have included a link here
19 for the tips on submitting effective comments.

20 So at this point, that kind of covers everything
21 we plan to cover today. And now we'd really like to switch
22 the format around and turn to all of you. And we really
23 welcome this time for any comments from the group. I might
24 hand it over to Megan who I think is going to moderate that
25 component of today.

1 MS. WHITE: Yeah. Is that going to like, so you
2 would like provide public comment as I mentioned earlier,
3 feel free to come up to this podium. I'll be timing you
4 from right here. As I said, I'll give you the little one
5 minute left signal and you'll be hearing a ding when it's
6 time to grab up five minutes for public comment.

7 MR. LAIRD: And I'll just mention, you know, at
8 this point, staff really is going to be in listening mode.
9 So we may not be able to be in a position to, you know,
10 directly respond if there's open questions in a comment.
11 But we are listening and if there's anything we can clarify
12 today, we will. Otherwise, they -- everything is certainly
13 being -- we're taking careful notes and we're really paying
14 close attention to everything being said and asked in these
15 sessions. So thanks in advance.

16 MR. PEREZ: I did not become an -- a business
17 person. I did not become a lawyer. Society needs those
18 things. They need you. I became an artist and I would like
19 to think society needs artists as well. So I know these
20 policies that cover all different types of businesses. And
21 so a lot of these terms are general. And so while I'm
22 sitting here, I'm thinking, well, when they say data, you
23 know, when does that include art? You know, I see photos
24 mentioned people's faces. I wonder when does that include
25 pictures, drawings of people you know, things that are close

1 to photos, but not quite.

2 So I did prepare a a statement here. I'm Zach
3 Perez and I'm a professional artist in the movie business
4 here in LA. Our livelihood depends on our being paid for
5 the artwork we create. However, our work is being stolen
6 directly off of our computers by the very drawing programs
7 and creative services that we need to use for work.

8 Beautiful, highly sophisticated images are being easily
9 created with AI by anybody who can really type a sentence.

10 The images are so beautiful and sophisticated
11 because they recombine millions of pieces of art made by
12 myself and my peers. Worse, much of the art we create under
13 NDAs, non-disclosure agreements, containing and depicting
14 designs and sensitive data ultimately worth millions of
15 dollars. All of this is whisked away to be processed by AI
16 on the Cloud with or without our knowledge, our consent to
17 threaten reemergence and potentially infinite iterations by
18 others. We are being forced to compete with forgeries of
19 our own work, and we cannot, we are already losing work and
20 many are suffering and leaving the business. New waves of
21 young people are being turned away from careers in art like
22 never before. Or almost worse, they're being rerouted to
23 become AI prompters instead of artists.

24 Indeed, in an age where technology allows artists
25 to create more and more mesmerizing pieces of art,

1 technology is now being used to replace the artist
2 themselves. People can type 'in the style of' this artist
3 or that artist and get art that looks like the artist drew
4 it because hundreds of thousands of art from that artist
5 were laundered to create the forgery, a deep fake of an
6 original as if it was made by them.

7 The trade dress of countless artists is offered up
8 for essentially free to be used at will. The thought of
9 infinitely free art seems appealing, just like infinitely
10 free music seems appealing, but the result is the same. It
11 requires that our data and our livelihoods are stolen. And
12 that's the end of my formal statement.

13 And just in general, from like, what I'm picking
14 up here, which by the way, like these terms for me is like
15 maybe some of you handling a paintbrush, like my brain is
16 like trying to wrestle with them, you know. But what I'm
17 picking up is it seems like like the image -- the AI
18 companies, they might have to do the cybersecurity risk
19 assessment and, you know, they're going to have to look at
20 the images and data that people are uploading to their
21 services. And they're -- I feel like they're going to find
22 tons and tons of risk and violations of people's copyright
23 and identity and privacy. Because that's exactly what's
24 motivating people to do it now, is because they can upload
25 anything they want and then pull anything out of it and

1 pretend like it came out of nowhere. But what went up into
2 it is all of our -- all of our data, all of our private
3 creations, our faces, our pic, you know, photos and art gets
4 used alike, indiscriminately.

5 And ADMT decision making, I'm a storyBoard artist
6 and some of my peers are concept artists in the -- in the --
7 in the industry. And the reason we're employed is because
8 the images that we are creating, the movie executives, the
9 directors, the producers, they're using our images to make
10 decisions on how to shoot the movies, how to budget. They
11 are making decisions based on the art that we're providing.
12 So if the art we're providing is replaced with images that
13 are generated by AI, then they are -- I think ADMT starts to
14 potentially come into to play at some point, arguably. But
15 I think there's an argument there.

16 And that's the summary of what I have to say.
17 Thank you for listening. Thank you for what you do. This
18 agency is fantastic to see we live in a new age and we need
19 to create new things and think in new ways. And some people
20 see that as innovation. And I love innovation. I'm a
21 futurist. I want the future to be here, but I want the good
22 future. I don't want the bad future. So we have -- we have
23 to make sure that we're working toward a good future. And
24 thank you very much.

25 MR. LAIRD: Thank you.

1 MS. PEREZ: Hello, my name is Noemi Lujan Perez and
2 I'm the president and CEO of ECODiversity. Today, I'm
3 actually here on behalf of the California Hispanic Chamber
4 of Commerce, California African-American Chamber of
5 Commerce, CalAsian Chamber of Commerce in (inaudible)
6 Institute. These chambers collectively and individually
7 represent protected categories and under Title VII, the
8 protected categories you mentioned during your presentation.

9 Based on the 2023 report from the California's
10 Office of the Small Business Advocate, CalOSBA, we can tell
11 you that if California's minority owned small businesses
12 were a State, we'd have an annual GDP that exceeds the GDP
13 in 18 of the 50 US states. Minority owned businesses
14 account for 45 percent of the small businesses in
15 California, that's nearly 1.9 million establishments based
16 on 2019 census data. We're not making this up. The largest
17 concentration of minority owned businesses or minority
18 business enterprises are in LA County. Thank you for coming
19 to us. The San Joaquin Valley, Kern County, and areas which
20 include Merced, and the Stanislaus County.

21 The business sector with the highest concentration
22 of minority owned businesses in California is in trade
23 transferred and utilities. This includes wholesale trade,
24 retail, trade, transportation, and warehousing, as well as
25 utilities. Many of these businesses, by the way, have

1 transitioned into AI. My message on behalf of the Minority
2 Business Enterprise Collective is do not let AI become the
3 new digital divide. We are collectively concerned that MBEs
4 are not being reached in to for public awareness.

5 We are concerned about the lack of MBE or Minority
6 Business Enterprise voices in addressing concerns and or
7 shaping privacy regulations and their impacts on our
8 respective businesses. We are collectively concerned about
9 the disparate impact that privacy regulations may have on
10 MBEs as well as job seekers. We are collectively concerned
11 about the disparate impact of profiling on communities of
12 color overall. We are concerned about the compliance impact
13 on MBEs. There is a lot that you shared today.

14 We're concerned about attempts to replace diverse
15 talent with AI. The gentleman just mentioned the impact on
16 the creative industry. Well, we are concerned on the impact
17 of replacing diverse talent. AI cannot replace DEI. We
18 want to ensure that MBEs are part of the supplier diversity
19 and remain so, and remain protected in the regulations that
20 the body considers. Beyond the stakeholder meetings and
21 public comment process whenever it starts, we encourage the
22 CPPA to formally engage with the here mentioned chambers,
23 not just for in reach and awareness, but just in the
24 training aspect of everything you mentioned. Again, we do
25 not want AI to be the new digital divide.

1 Most of the AI technology that is implemented by
2 MBEs tends to be around AI and marketing strategies. It
3 allows for smarter allocation of resources, ensuring that
4 MBEs can reach the right consumers with the right message at
5 the right time, et cetera. But again, we're afraid and
6 concerned and we want to mitigate our own legal issues with
7 compliance with HR law issues on the process. So please
8 engage the hearing chambers. Thank you.

9 MS. TONSAGER: Hello, I'm Lindsey Tonsager. I'm a
10 partner at Covington & Burling, and I'm speaking today on
11 behalf of the California Chamber of Cumbers. CalChamber
12 represents over 14,000 member companies, the vast majority
13 of which are small businesses. CalChamber raises four
14 concerns with the draft regulations today.

15 First, the draft regulations are out of step with
16 where the California legislature and Governor Newsom are on
17 these same issues. A 2022 bill regulating automated
18 decision systems in the employment context was never voted
19 out of committee. Yet the draft regulations would impose
20 requirements abandoned by the legislature. And
21 approximately 30 different consumer AI bills are currently
22 under consideration some of which address the same issues
23 covered under the draft regulations.

24 The draft regulations also risk undermining the
25 goals of Governor Newsom's executive order on AI, which

1 empowers certain agencies to engage in a formal process with
2 the legislature to develop policy recommendations for
3 responsible use of AI. Governor Newsom recognized that a
4 measured approach is needed for California to both shape the
5 future of AI regulation as well as remain the world's AI
6 leader.

7 The draft regulations threaten this delicate
8 balance and risk creating inconsistencies with the
9 initiatives launched under the executive order. The Agency
10 should not get ahead of the legislature and the governor on
11 these important issues.

12 Second, the draft regulations exceed the limits of
13 the Agency's authority under the CCPA and our intention with
14 constitutional principles. For example, the law authorizes
15 the Agency to regulate automated decision making only in the
16 limited areas of opt-outs and access requests. However, the
17 draft regulations go beyond this grant of authority by
18 imposing AI requirements across a broad range of additional
19 topics.

20 Furthermore, regulating the use of ADMT in
21 publicly accessible places is at odds with the laws carve
22 out of publicly available information and is inconsistent
23 with constitutional principles and judicial holdings. The
24 individuals have no reasonable expectation of privacy in
25 public spaces.

1 Likewise, an unprecedented opt-out for a new
2 category of advertising also is incompatible with the text
3 of the law. The CCPA requires an opt-out only for cross
4 context behavioral advertising. A term that is defined in
5 the law and like other state privacy laws, is intended to
6 permit unrestricted use of first party data for advertising.

7 The draft regulation in effect, rewrites the law
8 by expanding the scope of the advertising optout and a new
9 right to opt-out of having personal information used to
10 train ADMT goes beyond the law's definition of profiling.
11 The regulations must be bound by the law's definitions.

12 Third, the draft regulations are inconsistent with
13 other state and federal privacy frameworks. The draft
14 regulations place many businesses in a perpetual state of
15 conducting cybersecurity audits and privacy assessments.
16 Paperwork and red tape that diverts critical resources away
17 from the hard work of actually building resilience and
18 defending systems.

19 It also runs counter to the White House's National
20 Cybersecurity Strategy, which calls instead for regulations
21 that minimize the cost and burden of compliance. Instead,
22 the regulations should follow other state's leads in
23 coalescing around the use of generally accepted cyber
24 frameworks and privacy assessments based on consistent
25 standards.

1 Fourth, the draft regulations are not narrowly
2 tailored to risks of consumer harm. As drafted, the
3 regulations include vague standards that are difficult to
4 apply in practice. For example, CalChamber agrees with
5 Board member Mactaggart that the definition of ADMT is
6 overly broad and should be narrowed.

7 Similarly, requiring a risk assessment whenever AI
8 or ADMT is capable of being used for the specified purposes,
9 even if the business will not actually use it for such
10 purposes. Risk stifling socially beneficial uses of AI and
11 ADMT with no corresponding benefit for consumers.

12 For these reasons, CalChamber asked the Agency to
13 revise the draft regulations so that they are consistent
14 with and harmonized across existing laws to defer to the
15 legislature and governor on any overlapping policy issues
16 and to base the regulations on actual risks of consumer
17 harm. CalChamber appreciates the opportunity to provide
18 these initial comments and will elaborate on each of these
19 points as part of the formal rulemaking process. Thank you.

20 MR. LOWE: Good afternoon. My name's Albert Lowe.
21 And first, thank you for the opportunity for hearing from
22 the public. I've been in the labor movement for 25 years,
23 and I currently work for the UFCW Local 770. And we
24 represent 30,000 food retail, drug retail, pharmacists, lab
25 scientists, cannabis workers, and meat packing workers in LA

1 County, Ventura County, Santa Barbara County, San Luis
2 Obispo County, and Kern County.

3 AI and technology are some of the trendiest parts
4 of food retail. The largest food retail companies in the
5 US, namely Kroger and Albertsons, are obsessed with tech.
6 In this period of late capital, food retail is more
7 concerned about partnering with tech than providing good
8 jobs and good customer service. I mean, they spend more on
9 acquiring companies, but I mentioned late capital like that
10 instead of actually producing or creating jobs.

11 Their business is as a data collector is equally
12 as important as being a food reseller. Kroger and
13 Albertsons uses AI fulfillment centers, basically warehouses
14 where automated carts restricts food items for delivery and
15 continue to collect data and metadata on sales and
16 customers. Now, there are rumors about what these companies
17 also do with facial recognition, but because I don't have
18 any proof of that, I'm not going to address that. But I
19 will address some of those they do in tech.

20 We're all familiar with the self checkout and all
21 those crazy stories that come along with it. Whether I --
22 it asks you to tick which -- outrageously to a machine,
23 right? Or you know, how the machine never worked properly.
24 They always need to go back and get some of this help and
25 then you have now three machines that only one works, right?

1 I'm not here to go over that. What I want to go over a
2 little about what are more side effects of some of these
3 self checkouts.

4 One, there's fewer staff in the stores. Staff
5 feeling unsafe due to -- because there're -- there's fewer
6 of them. Abandoned carts full of items because of customers
7 just giving up. Fewer staff to address customer concerns,
8 empty shelves and inventory on the -- on blowing docks. To
9 make them employee and shopper experience more enjoyable and
10 safer, food retail should invest more in the staff in
11 conjunction with smart technology.

12 So our members have been working in food retail
13 for decades. They know how to improve the worker and
14 customer experience. Their voices should be included in the
15 ways technology can improve the company especially when it
16 comes to staffing. There's a sweet spot in staff, I'm sure
17 you -- I'm not even know it -- business knows this, where it
18 to optimize your profits, you want to reach a certain point
19 in staffing.

20 If you do a little bit too much, you waste --
21 you've used more on labor. And you go too little, you --
22 the work experience and customer experience is weakened. So
23 instead of turning checkout aisles into self-checkout
24 registers and how to -- and how to reduce the first mile,
25 last mile Kroger and Alberton use technology on how to

1 reduce food waste, which is there is a lot of, or how to
2 follow certain laws to also get passed like the -- their
3 work week, which is passed last year in the City of Los
4 Angeles. They can easily use these tech for those reasons
5 before reducing staff.

6 Increasing staff is the number one way to reduce
7 staff and promote safety. Our members have told us many
8 times that more staff make them feel safer. And especially
9 in light of these like violent staffs or crimes that's taken
10 place that represent under media all the time because they
11 -- our workers see that and they see the solution is more
12 staff not better technology.

13 Some business pundits, I mean, argue that
14 increased staffing improves the customer experience, reduces
15 theft, improves safety, and reduces staff turnover. So in
16 closing, what I want to say is it -- we're not -- unions are
17 not anti-tech, but the stakeholders need to be brought in
18 these conversations when tech is used. And like I said, our
19 workers know their work really well and can know -- they
20 know how tech can support both their own jobs as well as
21 customer experience. Thanks again.

22 MR. YOUNG: Sorry I'm a little bit nervous. Hi, my
23 name is Andrew Druly Young. I am an artist working in film
24 for the last 20 years. I'm very happy with my career. What
25 I do in California is not unlike what a lot of Californians

1 actually do. A lot of people admit that what I do
2 represents a significant part of the California economy,
3 specifically working in the entertainment industry. Why I'm
4 bringing this up is specifically, as an artist who's been
5 doing this for over 25 years, I am constantly at the
6 forefront of technology and I'm always working with it --
7 place in technology, which is why I've been able to do this
8 for the last 25 years.

9 That being said, never has this ever been
10 happening before within the last five years, where the very
11 software that I'm using, being specifically Adobe Photoshop,
12 you know, Google and whatever has started spying on me and
13 using my own work against me, literally using my data and
14 training it so that eventually I could be replaced by
15 itself.

16 This is very hostile to the actual consumer, me,
17 using this actual software. So that being said, I actually
18 think contrary to what a lot of people think is, I don't
19 think the CPPA regulates enough. In fact, I think the CPPA
20 needs to be -- you guys are the only thing that's that's
21 keeping us safe quite honestly, because I know I -- although
22 I'm very Protech, I'm very ProAI in certain respects for
23 tools, I really do think ADMT and AI is at contrary -- is at
24 odds with humanity itself because its own intention is to
25 replace humanity.

1 So that being said after listening to the rules
2 that you guys have proposed, I have a few notes that I think
3 will be very helpful. One is that opt-out should be on by
4 default. It should not be opt-in. You should not
5 automatically be opted in to anything, and then you choose
6 to opt-out. Opt-out should be the first option and if you
7 want to be part of giving them training data, you should be
8 able to choose to do so.

9 A lot of these companies -- a lot of the software
10 companies, a lot of these things that involve AI or
11 automatic-- ADMT, they usually make you -- you're
12 automatically opted in as soon as you're part of it. You
13 don't -- and they hide where you can opt-out. You -- it
14 should be the other way around. You should already be --
15 opt-out should be the default position.

16 Second thing, you guys brought up a really great
17 example of the human reviewer needs to be available if you
18 choose to opt-out. I also want to add that the human
19 reviewer needs to be able to be available immediately.
20 Because a lot of times, just because you need to provide a
21 human reviewer, a company could just decide it as like, oh,
22 well, we can make a decision a month from now or two months
23 from now, whatever. It needs to be immediate and effective.

24 The other question too is what are the penalties
25 for not complying? You know, are these penalties

1 significant enough that is actually going to provide safety
2 for us? For example, these penalties need to be significant
3 enough that it's not just another tax for a company to play
4 with -- to pay with. Because just for example, like parking
5 in Los Angeles, everyone knows that parking in Los Angeles
6 is extremely difficult. And sometimes, yes, if you park in
7 the wrong spot, you pay a \$200 fine.

8 Well, for some people, for certain peoples of a
9 certain social class that \$200 fine is just premium parking.
10 So what I'm trying to prove is that a lot of these billion
11 dollar companies, especially if you look at the AI
12 companies, these penalties need to be significant enough
13 that it actually affects them in such a way that they
14 actually pay attention. It's not just another fee for them
15 to pay.

16 The -- also 24 months to comply is too short,
17 quite honestly. And the last two years alone, Chat GPT
18 itself -- actually two hours ago, Chat GPT just released a
19 new software called Chat GPTO, two hours ago, where first
20 time forever -- first time in a long time that we actually
21 have AI that actually sounds like a human being that's
22 collecting our data, that's actually fully aware and very
23 much this is be opening up to the public where everyone's
24 going to be spied on constantly and our data is going to be
25 freely just being taken.

1 This is very dangerous for people like me who also
2 have diabetes. What if I'm on the phone with my doctor and
3 I'm not -- I'm -- I don't know there's a machine listening
4 on me. Someone could come by and ask that machine, hey,
5 what was Druly Young talking about? And that machine will
6 freely break that privacy and tell them what was the
7 conversation I was having. Just because this machine is
8 always constantly listening, no matter what.

9 What do we do about opting out then? Is there a
10 way to -- can -- is there any kind of indication that we
11 know that we're being -- you know, we're being opted in to
12 or opt-out. We don't have an option where it's openly and
13 public that way. So I -- in my opinion, it should be
14 shortened to 12 months. It should be sooner than that
15 because the rate of innovation is just too quick. 24 months
16 is just too long. That is practically a decade to a lot of
17 these companies that don't care about humanity at all
18 whatsoever.

19 And lastly, I do like the idea that you should
20 have a smart auditor looking over the systems. However, an
21 auditor working for the company, isn't that in conflict of
22 interest? I'd like to bring up a recent example of what
23 happened with Boeing, specifically, with all the planes.
24 They had used internal auditors, and that led to the failure
25 of the planes at Boeing. Clearly internal auditing doesn't

1 work. Thank you very much. I really appreciate you guys
2 for holding this session.

3 MS. KEEFER: Hi everyone, my name is Tasia Keefer.
4 I'm here on behalf of the LA County Business Federation,
5 also known as BizFed. We represent over 410,000 employers
6 and 5 million employees throughout LA -- throughout Southern
7 California, excuse me. And we represent not only Chambers
8 of Commerce and minority businesses, but also industries
9 that will be impacted by your guys' decisions.

10 We thank you for hosting a stakeholder session
11 here in LA today and allowing us to provide public comment
12 today. But you should be aware that business organizations
13 and individual businesses are completely unaware of the risk
14 assessment and automated decision making mandates and
15 requirements that you are proposing. We do not know what
16 problems that CPPA is intending to address and whether those
17 are legitimate problems that justify a new regulatory
18 program.

19 And we are concerned that proposing these
20 regulations will create costs at a time when business costs,
21 wage increases and economic uncertainty threaten Southern
22 California businesses. We respectfully request that the
23 CPPA engage in a real effort to inform Californians about
24 the regulations that you are proposing. By engaging with
25 business sectors such as entertainment, goods movement, and

1 manufacturing.

2 The population of Southern California exceeds 24
3 million people. A single three hour session is not enough
4 to engage the public on this issue and to provide valuable
5 input. Some of our initial thoughts are the CPPA's draft
6 regulations have a significant impact on California's
7 diverse sectors and communities. In LA our membership is
8 leveraging AI and Automated Decision-making Technologies in
9 all -- in all sectors.

10 Our members' use of ADMT greatly differs from that
11 of Central Valley or Northern California, and we're
12 concerned that the draft rules do not consider the unique
13 regional and sectoral applications of this technology.
14 Instead, the proposed rules use an overly broad definition
15 that forces practically all businesses to comply with the
16 new risk assessment obligations.

17 The draft rules also create a new opt-out
18 mechanism that would break basic website functionalities
19 that businesses rely on to improve their customer service,
20 such as recommending similar items, preventing fraud, and
21 performing basic A/B testing and analysis for improving
22 website functionality for consumers. These simple low risk
23 uses of ADMT are critical functions to help businesses
24 improve customer service, manage inventory, and ultimately
25 drive revenue. Therefore, we urge the CPA -- CPPA, excuse

1 me, to offer a narrow definition of ADMT.

2 There are many benefits enabled by artificial and
3 automated decision making for our businesses, but also the
4 community. You may have seen that the Homelessness
5 Prevention Program that harness the power of predictive AI
6 to identify individuals and families who are at most risk of
7 becoming homeless, which then allows the county to step to
8 offer aid to them, and then get stabilized and remain
9 housed. This program has helped serve nearly 800
10 individuals and families at risk of becoming homeless.

11 These use cases uplift both the community and
12 local businesses, and we need to ensure that we -- that we
13 persevere -- that we preserve, excuse me, the use of ADMT,
14 and we urge you to avoid regulations that would hinder AI
15 innovation like this.

16 Lastly, as it relates to how various regions use
17 AI, we recently signed on to a letter last week that --
18 submitted last week that urges the staff to consider
19 additional stakeholder sessions. While we're grateful to
20 have a meeting like this in our region, there are many
21 stakeholders across the state that should also have the
22 opportunity to have their voices heard. We hope that you'll
23 consider hosting several more meetings that are accessible
24 to both on -- to online and in person, and if they are in
25 person to have the live streaming component as well. Thank

1 you guys for your time.

2 MS. GUILLOT: Hello, my name is Elizabeth Guillot.
3 I'm the lead for state and local policy at CrowdStrike.
4 CrowdStrike is a global cybersecurity leader that leverages
5 cloud scale AI to offer real-time protection and visibility
6 across the enterprise, preventing attacks on endpoints on
7 and off the network. Given that I work for a cybersecurity
8 company, my comments will be focused on the cybersecurity
9 audit part of this regulatory process.

10 Firstly, I think it's great that the CPPA is
11 wanting to improve cybersecurity across the state.
12 Cybersecurity adversaries are growing more sophisticated,
13 their attacks are getting more severe, and they target a
14 wide variety of sectors. This can be from the agencies
15 themselves to small and medium sized businesses, and really
16 everything in between. And these trends are only growing
17 more severe. The number of attacks we see each year are
18 growing along with the number of adversaries who are
19 actually carrying out these attacks. So while I said it's
20 great that you guys are looking at this issue, I do want to
21 point out some of the limitations of a cybersecurity audit
22 as a cybersecurity tool.

23 They are very useful tool for an organization to
24 capture a snapshot of the existence of cybersecurity plans,
25 strategies, and controls. However, these are just that a

1 snapshot in time. They cannot reflect a real time measure
2 of the state or an organization's cybersecurity practice.
3 Since we recognize that you are proceeding with auditing
4 scheme, I would caution organizations who fall under this to
5 be overly reliant on the results. Just because you have a
6 successful audit doesn't mean that your cybersecurity
7 landscape can't change in an instant. You know, one mouse
8 step from an employee, one link that you click on and you
9 know, your whole landscape has changed momentarily.

10 In addition to a cybersecurity audit, there are
11 some cybersecurity best practices that entities covered
12 under these new regulatory should consider deploying and
13 these can help reduce the risk of data breaches or a cyber
14 attack. Some of these technologies that we often recommend
15 to customers and clients include endpoint detection and
16 response, identity protection and authentication, logging
17 practices, threat hunting, machine-based learning
18 prevention, and considering managed services providers.

19 One technology that I already saw noted in the
20 slides this afternoon was multifactor authentication. That
21 is a great first step for organizations to take. However,
22 the next iteration of that in a more principle based
23 approach would be deploying a zero check -- a zero trust
24 architecture. Due to fundamental problems with today's
25 widely used authentication architectures, organizations must

1 incorporate new cybersecurity protections that focus purely
2 on authentication.

3 A zero trust design would radically reduce and
4 improve lateral movement within an organization. So that
5 way if an adversary does get access into, you know, your
6 network, they're segmented and aren't able to have free
7 reign within your networks where -- aren't able to get into
8 even more sensitive information. So a zero trust
9 architecture does incorporate multifactor authentication.
10 However, it also uses other tools, keeping this zero trust
11 mindset to keep, you know, a potential bad actor from moving
12 around within your network. So this can also include
13 logging, endpoint detection response, next generation
14 firewalls. It's more taking a mindset to the security
15 rather than just having MFA on its own.

16 My final point is that with these certifications
17 that you guys mentioned throughout the day, both for the
18 cybersecurity audit and for the risk assessments that
19 details about these, do not become public making detailed
20 cybersecurity audit or a risk assessment results public
21 could hand those bad guys the keys they need to target the
22 very organizations that this regulation is trying to
23 protect. So it sounds like that's not -- that wasn't
24 presented today, but would just urge that not to be the
25 case. Thank you again for your time and I look forward to

1 engaging with you all further within this process.

2 MR. ROSS: Good afternoon. My name's Tom Ross.
3 I'm with the -- I'm a board member of the United Chambers of
4 Commerce on their government affairs committee and a member
5 of the San Fernando City Chamber of Commerce. And by
6 extension on the crowd chambers, I was in Sacramento with
7 them last week. And one of our first issues was basically,
8 as others have echoed the fact that this is -- seems to be
9 under the radar.

10 While we are a very involved group in the San
11 Fernando Valley with a large contingent of small businesses,
12 this only came across our desk several days ago, and I'm the
13 substitute guy. The usual guys aren't here. So, you know,
14 I got my little talking points, but I'm going to skip those
15 because of the timer over there. The issue for us is if
16 you're going to proceed with this, let somebody know. Three
17 meetings doesn't constitute phase one by any stretch of the
18 imagination, considering the fact that almost every single
19 business -- oh, that's the other point.

20 So is there a threshold besides 50,000 contact
21 points? Because I know a dry cleaner who might have 50,000
22 people on an e-mail list and there's two guys working there
23 and they may make, you know, \$8,000 a month. Are they
24 required to file these kind of -- and go through these kind
25 of regulatory, you know, issues because they have a mailing

1 chimp. What -- where does this end, so to speak, when it
2 comes -- when it trickles down to the largest contingent of
3 businesses? I'm -- let's see here. I had another note here
4 and I can't remember what it is.

5 Oh yeah, I have a big argument with the fact that
6 you guys are even doing this. You're an Agency that's
7 supposed to affect the -- or manage the regulations that are
8 brought down and not actually come up with new ones. As
9 noted earlier, there's a lot of stuff cruising through
10 Sacramento right now that deals with this exact thing which
11 brings to the point that what kind of carrots and sticks are
12 you going to put into effect? If in fact you are going to
13 go through with this, are you going to provide penalties and
14 are those penalties going to be enforceable by you guys and
15 is it okay? How much is it going to cost me if I don't
16 comply if I'm a small business?

17 I run an internet service provider. I have very
18 large footprint, but I only have seven employees. So am I
19 going to be under the same kind of scrutiny and I already
20 comply with a whole lot of things because I don't -- my
21 lawyer doesn't want me to be liable for things that I
22 shouldn't be. But that's because I'm a prudent businessman.
23 That's what I do. And that is the responsibility, and
24 that's what Chamber of Commerce's teach to their small
25 businesses, is to be responsible.

1 Now, I know a lot about AI and I'm not really
2 worried about it. What I'm worried about is this, which is
3 a reactionary set of regulations that may or may not come
4 down that are without representation from those I voted for
5 and those I lobbied last week on issues similar to this. So
6 I think it might be more productive if we focused on
7 software developers whose responsibility is to develop the
8 software that I'm going to buy, and I'm not going to buy it
9 unless it already complies. So shouldn't they comply, not
10 me.

11 So for example, we -- you know, in our dry cleaner
12 scenario, he should be buying, you know, QuickBooks/
13 MailChimp, which already complies with those things you're
14 talking about, which is a nationwide software company, which
15 is global in reach, which may have to comply anyway. So why
16 do we have to have another set of regulations that I've got
17 to deal with as a small business or other small businesses
18 within the realm, so to speak.

19 Let's see. And what other regulatory issues are
20 already in place that this piles on top of and why? I
21 really would like to know what compels us to do this in
22 light of the fact that a lot of these things that we're
23 talking about are in flux. Does everybody still understand
24 that we can't spit on the sidewalk in San Francisco even
25 though that law was passed 150 years ago? Does it matter

1 anymore? No one chews tobacco. Things change very rapidly
2 and as was already noted, Chat GPT is not finished. Most AI
3 isn't finished. And most people haven't implemented it in a
4 meaningful way.

5 So we are restricting technology development by
6 restricting how it can be used without even understanding
7 where it may end when it's done. There are already people
8 with tools available to scan the databases that are used to
9 train things like Chat GPT so that we can see whose
10 copyrighted materials in there. So do we need a regulation
11 or is it already part of the deal? So that's all I can do
12 in my three minutes allocated. Thank you very much.

13 MS. WALKER: Hello, I'm Kristen Walker, Professor
14 of Marketing and MBA Director at Cal State University,
15 Northridge. I come to you today after studying privacy
16 since 2010, back with FTC before they started the Privacy
17 Con, which I appreciate. First of all, I really appreciate
18 what you guys are trying to do. I commend the fact that
19 this Agency has been created, and I think that you have a
20 very challenging job ahead of you. I don't envy it. And
21 anytime you're creating policies I think all of you know,
22 it's going to be very challenging to have a one size fits
23 all, right.

24 So I have some questions today, and then I have
25 one industry based on my research that I kind of want to

1 highlight for you and your focus. And I offer my assistance
2 if you need it, and I'll participate in public comments as
3 we go on. I concur with some of the comments here that,
4 you know, my research, especially on consumers surrendering
5 data, not sharing data, really says that access and opt-out
6 choices for consumers after data is collected is kind of a
7 moot point, right? That means that they've already
8 surrendered that data.

9 So that's concerning to me, and it's somewhat
10 awkward. But, now that we're here, I think the one thing
11 that I have with the ADMT and the risk assessment, the
12 question that I have is 24 months to submit to CPPA. I
13 think it would be helpful to understand the rationale for
14 that two years. I'm concerned with large companies, not
15 small businesses, and large companies are very nimble. They
16 should be able to do this risk assessment very quickly. And
17 two years is an awful lot of problems and consumer
18 protection issues, in my opinion.

19 So I'd really like to see why two years for that.
20 I think one particular industry is especially concerning for
21 me, based on my research, and that's the ed-tech industry.
22 My research shows it's problematic for a vulnerable
23 population, children. And I am very concerned about this,
24 and I'll give you a personal antidote. I opted out for my
25 daughter who's now her second year at Berkeley in college.

1 I opted out when she was a freshman in high school for
2 Naviance, that college sort of tracking tool, and it didn't
3 matter. She was still a part of it. So that opt-out didn't
4 work. I was probably the only one that opted out at the
5 time, but still, right?

6 So I'm really concerned about the guardrails on
7 this industry, especially because this industry is really
8 operates in the shadows. It's part of larger tech
9 companies. It is a hundreds of billion dollar industry.
10 And in my research with California schools, I really -- we
11 found a privacy security chasm where the schools are really
12 concerned about keeping the data of children safe, but --
13 and they're relying on companies to keep the data safe, but
14 that data can be co-mingled. And as we all know, clouds
15 only exist when you look up in the sky.

16 Otherwise, it's a data center, right? So I really
17 want to make sure that you guys are focused on that industry
18 in particular because I really find that it's a growing
19 concern and there's no eyes on it right now. So thank you
20 very much. Best of luck.

21 MR. PLANK: Hello, my name is Manuel Plank. This
22 is the first time I'm doing this, actually, so I'm also very
23 nervous. I am an illustrator slash concept designer in the
24 movie industry. I've been doing this for 25 years, just
25 like Mr. Laris and Mr. Leon. And as said before, I think

1 what's really important is with the new AI technology and
2 the software subscriptions that we're using, that actually
3 should be more regulation than less regulation, because --
4 and as he said before, as mentioned before that the opt-out
5 option should actually be the default option because all the
6 work that we create now using software packages, a multitude
7 of 3D programs, painting programs, image editing programs --
8 we don't have a choice if the work that we create or
9 whatever is on Google right now is being used to train AI,
10 to replace us or to forge our work because my artistic style
11 or our artistic style, how we create images is also linked
12 to our name.

13 And so our creative identity is very important for
14 our professional reputation or for our social reputation for
15 that matter, because it's linked, because we have an online
16 presence with our images to promote our work. And also, as
17 was mentioned before with regards to NDAs. So with our data
18 being collected by the software companies it is easy now to
19 then forge images that look like actually it's been created
20 by me or by my peers. So for example, if you work on a
21 movie, you sign the NDA and you cannot publish your images
22 until the movie's been released, or you got permission by
23 the movie studio, the production company.

24 If somebody knows, and you can track people's
25 names online and find out if they're working on a particular

1 movie or on a video game project or whatever creative
2 endeavor that might be you could create an image that looks
3 like -- just like my work, and pretend you have an image
4 that I did to create traffic for your own website or social
5 media channel or whatever, and make money off that. And
6 that would actually get me into legal trouble because it
7 would look like I violated the NDA, even though I never
8 produced any of this artwork.

9 And the thing with that is also before -- when I
10 started 25 years ago, I was like, of course, I created all
11 the artwork with traditional means, pencil, paper, paint,
12 paint brush. And then you use and embrace new technology
13 like 3D software, painting software, image editing software.
14 So you adapt and you create your art with new technological
15 means. But these software companies moving into AI
16 territory now are using what we are producing actually to
17 replace us and also enable people that never adapted to any
18 creative challenge or change to do what we do.

19 So I don't know if that makes any sense. In terms
20 of they -- before it was much, much harder to fake something
21 that we produced. A forgery before would require a certain
22 degree of talent and of course, training and years of
23 experience. And now with us giving basically, or being
24 forced to give our work to these software companies or our
25 work being on Google or wherever on any internet platform,

1 it gives people actually very easy without any or very
2 minimal means to fake our work. So that's basically all I
3 wanted to say. Thank you very much. Thank you.

4 MR. KAMAL: Hi, my name is Sop Kamal (phonetic) my
5 first time here. Thank you for all the comments, that
6 feedback some of the -- some of the folks here has provided
7 great stuff. And I actually love the opt-out by default
8 suggestions that one of the folks here had as well. I think
9 that's a -- that's a great idea. Because I have some
10 general questions. I just want to pose the greater audience
11 here is in terms of privacy, right.

12 There's CCPA, there's very other 15 plus states in
13 the United States that's issuing their own versions. And
14 now there's something called the APRA, then the American
15 Privacy Act as an example, right? That's coming into play,
16 right? In terms of crosswalks, I mean, what makes us more
17 special than relative to some of the other states as well as
18 some of the APRA that may be coming about very shortly,
19 right? Which is still TBD that's still in flight in terms
20 of the privacy discussion. You're in Congress right now,
21 right?

22 Also in terms of you know, general guidance,
23 right? There's a lot of good examples that you mentioned,
24 right? But from a generality perspective, are any -- are
25 there any specific guidances that we as practitioners could

1 potentially leverage in terms of following, you know, NIST
2 CSF -- NIST, you know 853 or NIST privacy as an example.
3 The reason I'm bringing this up as an example is that
4 Tennessee they just recently I guess approved their privacy
5 cadence, right? And one of the things they said was, if
6 you're leveraging the NIST privacy framework, right, in
7 terms of best practice, then you should be in decent shape,
8 right?

9 So from a C -- from a CPPA's perspective, or they
10 general guidance, maybe not now, but sometime in the near
11 future that we may think about, right? In terms of a -- you
12 met -- there were talks about assessments, right? 24 -- was
13 it 24 months at the station and follow up with 12 months,
14 right? So in terms of from a CPPA's perspective, do we have
15 the capabilities to actually triage the submissions of all
16 these assessments and any follow ups, right?

17 So I was just wondering if there are any of -- any
18 key plans in terms of building up your army, so to speak to
19 -- very similar to the IRS in the event that you want to
20 enforce some of these regulations, right? And if so, what
21 does that look like? Because the small companies here, you
22 might not be, you know, really worried about, but some of
23 the big boys like ed-tech companies, right? They have an
24 army. I mean, I'm not sure if you guys are not have an army
25 or in the process of putting up one. So that was just some

1 general thoughts that I just had. Thank you.

2 MS. OWENS: Hello. I hadn't actually planned to do
3 a public comment, but I was coming here to more listen and
4 learn but I just feel compelled since nobody else is
5 talking. My name is Kim Owens. I'm a California native.
6 Grew up in the Bay Area, so I have been in tech my entire
7 career. Started out in tech sales and then moved into tech
8 marketing. And so I've seen decades of iterations of how
9 tech has impacted not only the business community, but the
10 public community.

11 And in my position as a small business, as a solo
12 entrepreneur I definitely am looking out for the business
13 implications of AI and how that's going to potentially
14 impact me as a person, my business, but also as a
15 citizen. I've seen how lobbying and the business interests
16 have typically taken precedents because of their power and
17 their money not only here in the State of California, but
18 across the country.

19 I think that it's really critical that we are
20 having these discussions considering that that AI, many of
21 the AI companies are here in California, especially the Bay
22 Area. But I want to kind of reiterate some of the points
23 that some of the others have made. So I think I also agree
24 tech is moving super fast. OpenAI came out with a -- yet
25 another version, and it's going to continue to move quicker

1 and quicker.

2 Google has another announcement, IO developer
3 announcement tomorrow this week on the federal level,
4 they're having discussions about the Create AI Act on a
5 federal level. These are all things I'm trying to stay on
6 top of myself as both a citizen and a business -- solo
7 business person so that I can implement these into my work,
8 but also kind of protect my clients who I'm creating content
9 for. So in the -- in the role of content marketing. And so
10 two years is way too long. It's going to be night and day.
11 We may be at Sentient by then in two years. And so I don't
12 think that's -- I don't think that's logical. I also agree
13 that we need to have more sessions like this.

14 So I understand that there's a virtual session
15 later this month, which is fantastic. I also as a -- as a
16 certified small business woman-owned business, I saw the a
17 bid come out for an awareness campaign and an advertising
18 level for CPPA. I think it needs to be more broad than just
19 advertising. I think it needs to be education on an ongoing
20 level, not only regarding this actual act itself, but also
21 after it's passed because tech is going to change and
22 regulation is going to have to change with it, both on a
23 state level and a federal level.

24 I also agree in the opt-out by default. I think
25 that's something that's been recommended on the federal

1 level by ethical AI advocates. And I also agree that you
2 know, that we need to take both sides into account. I think
3 there was some mention that, you know, the -- some of what's
4 in this regulation is conflicting with other regulations.

5 So making sure that that's really clear and
6 cohesive is absolutely essential. I -- you know, to support
7 small businesses, a dry cleaner who may be, you know,
8 subject to that -- this type of thing I think is too much of
9 responsibility when they're just trying to run their daily
10 business. So I think the more that the state can do to
11 support them the better. And I think the best way to do
12 that is through ongoing education and awareness. So thank
13 you for all that you're doing for everybody here.

14 MR. LAIRD: Thank you.

15 MR. PEREZ: Hello, it's me again. I felt I had to
16 speak because I'm sitting here and the question was just
17 asked, and I know it is 5000 percent figurative and I'm in
18 estate building, so it is a million percent figurative. But
19 the gentleman asked, "do you have an army?" And to me
20 sitting here being in the entertainment industry, I hear --
21 talk like this all the time and it sounds like corporate
22 bullying.

23 And I'm a part of the labor movement, I'm part of
24 the Art Director's Guild here in Los Angeles, which is part
25 of (inaudible), which is part of the national labor

1 movement, which is part of the labor movement, the whole
2 world over which exists purely to combat corporate bullying
3 and the exploitation and theft of our rights. And so I say
4 very figuratively in response to the figurative question, do
5 you have an army? The answer is very figuratively. Yes.
6 Thank you.

7 MR. ROSS: Just a point of order, I mean, I'm
8 assuming since you guys are going to be here until 7:00, if
9 there's no further public comment, there won't be any
10 interaction or any answers to questions. You're just taking
11 the comment at this point; is that right.

12 MR. LAIRD: That's correct.

13 MR. ROSS: Okay. All right. And thank you.

14 MR. LAIRD: Although I'll take the opportunity to
15 let everybody know on our we've mentioned our website before
16 would encourage our Agency's website is cppa dot ca dot gov,
17 but we also have a website more primarily for consumers, for
18 the public, for businesses, it's privacy dot ca dot gov.
19 And a handful of questions that come up have come up today,
20 I think would be answered on those websites. There's a
21 frequently asked questions portion as well as the resources
22 for businesses about which aspects of our law apply, how do
23 -- how they might apply to your business in certain
24 instances. So again, we're not able to answer, you know,
25 questions directly today, but I would really encourage you

1 to take a peek at those. I think you'd find some of the
2 resources really illuminating to some of the questions I've
3 heard today.

4 MR. SOLTANI: I just want to thank folks for
5 coming. We're going to be here until 7:00 Mr. (Inaudible)
6 come after work and this (inaudible) 5:00, so (inaudible)
7 but we're going to all be here until 7:00. You all are
8 welcome to stay with us, but I also -- you're under no
9 obligation (inaudible) so good (inaudible). Really
10 appreciate the comments we will be having as we were set up
11 fully hybrid, in-person and remote option for the -- for the
12 22nd?.

13 MR. LAIRD: Yes. Yeah.

14 MR. SOLTANI: Wednesday the 22nd. So about --
15 (Inaudible) happened. Yes. Yeah. Sorry about (inaudible).
16 So current tracks to also watch those on Zoom or attend in
17 person What's happening. Thank you guys.

18 MR. PLANK: Can you say those websites again
19 please.

20 MR. LAIRD: Yeah. So our Agency's direct website
21 is cppa dot ca dot gov and then the sort of more public
22 facing website is privacy dot ca dot gov.

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