

BEFORE THE CALIFORNIA PRIVACY PROTECTION AGENCY

In the Matter of:

Background Alert, Inc.

Respondent.

Case No. ENF24-D-BA-23

ORDER OF DECISION

The Board of the California Privacy Protection Agency hereby adopts the Stipulated Final Order, attached hereto, as its decision in the above-entitled matter.

This Decision shall become effective immediately.

IT IS SO ORDERED this 26th day of February, 2025.

BY THE BOARD:



JENNIFER M. URBAN

Chair

California Privacy Protection Agency

MICHAEL S. MACKO
Deputy Director of Enforcement
LARA KEHOE HOFFMAN
Assistant Chief Counsel
LISA B. KIM
Attorney
State Bar No. 229369
Enforcement Division
California Privacy Protection Agency
400 R Street, Suite 350
Sacramento, CA 95811
Telephone: (916) 244-6626
Email: Lisa.Kim@coppa.ca.gov
Attorneys for Complainant

BEFORE THE CALIFORNIA PRIVACY PROTECTION AGENCY

In the Matter of:

Case No. ENF24-D-BA-23

BACKGROUND ALERT, INC.,

Respondent.

STIPULATED FINAL ORDER

IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-entitled matter:

I. PARTIES

1. Complainant is the Enforcement Division of the California Privacy Protection Agency, which enforces the California Consumer Privacy Act of 2018, Civ. Code §§ 1798.100 – 1798.199.100, as amended, and the data broker registration obligations contained in the Delete Act, Civ. Code § 1798.99.82(c).¹

2. Respondent Background Alert, Inc., dba backgroundalert.com, is a corporation with its principal place of business in Huntington Beach, California. Background Alert has

¹ All statutory references are to California law unless otherwise indicated.

conducted business within the State of California at all times relevant to this Stipulated Final Order.

II. JURISDICTION

3. Pursuant to Civil Code § 1798.99.82(c), the Agency may bring an administrative action against a data broker that fails to register with the Agency as required by law.

4. Pursuant to Government Code § 11415.60(a), the Agency may formulate and issue a decision by settlement, pursuant to an agreement of the parties, without conducting an adjudicative proceeding.

III. DEFINITIONS

The following terms in this Stipulated Final Order shall have these meanings:

5. “Agency” means Complainant, the Enforcement Division of the California Privacy Protection Agency.

6. “Background Alert” means Respondent Background Alert, Inc. dba backgroundalert.com.

7. “Business” has the same meaning as provided in Civil Code § 1798.140(d).

8. “CCPA” means the California Consumer Privacy Act of 2018, Civ. Code §§ 1798.100 – 1798.199.100, as amended.

9. “Collect” has the same meaning as provided in Civil Code § 1798.140(f).

10. “Consumer” has the same meaning as provided in Civil Code § 1798.140(i).

11. “Data Broker” has the same meaning as provided in Civil Code § 1798.99.80(c).

12. “Delete Act” means Civil Code §§ 1798.99.80 through 1798.99.89.

13. “Direct Relationship” has the same meaning as provided in Cal. Code Regs. tit. 11, § 7601(a).

14. “Inference” has the same meaning as provided in Civil Code § 1798.140(r).

15. “Personal Information” has the same meaning as provided in Civil Code § 1798.140(v), which includes the definition of “Inference” as set forth in Civil Code § 1798.140(r).

16. “Processing” has the same meaning as provided in Civil Code § 1798.140(y).

17. “Sale” or “Sell” has the same meaning as provided in Civil Code § 1798.140(ad).

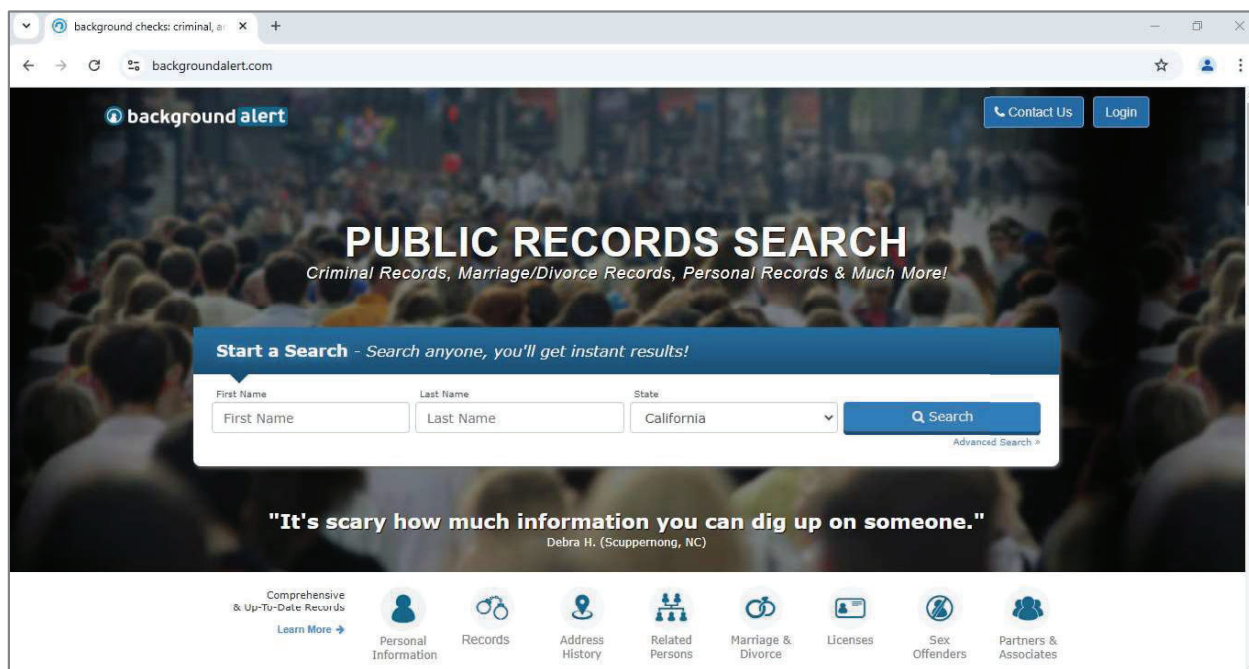
IV. FACTUAL FINDINGS

18. The relevant time period is January 1, 2023 through February 11, 2025, unless otherwise indicated.

A. Background Alert's Business Model

19. Background Alert is a for-profit legal entity that operates the online people search website, <https://backgroundalert.com>. Background Alert's website allows people to search for individuals using their first name, last name, and state, including individuals within the state of California.

20. Background Alert's landing page (pictured below) quotes a customer, Debra H., as saying, "It's scary how much information you can dig up on someone" using the company's services:



21. In response to a search request, Background Alert will search public records, such as birth records, death records, arrest records, marriage/divorce records, records of professional licenses, and registered sex offender databases to provide a compiled report of the searched-for individual. The customer must pay a monetary fee to access the full report.

22. Background Alert tells its customers that it will search "literally billions" of these records when compiling comprehensive reports:

Mission Statment

At Backgroundalert.com, our main goal is to provide you with the most comprehensive reports on the web in a quick and efficient manner. Our data architecture and proprietary technology allows us to search through literally billions of records and deliver results instantly.

23. The reports include information about people possibly associated with the searched-for individual, such as roommates, family members, business associates, and boyfriends/girlfriends. Background Alert describes these potential associations with other people as follows:

ADDRESS HISTORY

You can tell a lot about a person by where they have been. We'll provide you an exhaustive address history on anyone complete with satellite pictures and all available details about each address including but not limited to possible roommates, phone numbers at address and census data. See how often someone has moved around and track down alarming patterns they may have.



RELATED PERSONS

Get a complete relative report on anyone including but not limited to possible siblings, parents/grandparents, cousins, aunts/uncles and other extended family members. Our search is very exhaustive and far reaching, you may also be able to find possible boyfriends/girlfriends, roommates, partners, in-laws or close friends.



PARTNERS & ASSOCIATES

Our unique system will track down individuals who may be possibly associated with someone. We'll do an exhaustive search to track down possible relatives, business associates, roommates, boyfriends/girlfriends and any individual that may somehow be associated with the person you are searching.

24. The company does not merely provide public records. Rather, Inferences are a significant part of Background Alert's business model. As shown above, Background Alert searches for "patterns" in public records, including any "alarming patterns."

25. Background Alert then draws conclusions from those records to identify potential family members and other people who "may somehow be associated with" the searched-for individual.

26. Determining who “may somehow be associated with” a searched-for individual requires Background Alert to infer a relationship based on patterns or other information it identifies in public records.

27. Such Inferences constitute Personal Information. The definition of Personal Information set forth in CCPA, which the Delete Act adopts, includes Inferences drawn from things like postal address and professional or employment-related information that are used to create a profile about a Consumer. *See* Civ. Code §§ 1798.140(v)(1), 1798.99.80(a).

28. Inferences present special risks to privacy. Seemingly innocuous data points, when combined with other data points, can be exploited to infer highly personal characteristics about people. Consumers can be identified, re-identified, and profiled as a result.

29. Bad actors can use Inferences to target a variety of sensitive groups for improper purposes. For example, bad actors can use Inferences to identify gun owners, immigrants, members of faith communities, veterans, and patients at reproductive healthcare facilities.

30. Thus, Background Alert’s sale of reports that include Inferences constitutes the collection and sale of Consumers’ Personal Information.

B. Background Alert is a Data Broker Subject to the Delete Act

31. Businesses must register as data brokers with the California Privacy Protection Agency by January 31 of the year following the year in which they meet the definition of a Data Broker. Civil Code § 1798.99.82(a).

32. Background Alert is both a Business and a Data Broker as defined by Civil Code §§ 1798.140(d) and 1798.99.80(c), respectively.

33. Background Alert is a for-profit legal entity that Collects and Sells the Personal Information of Californians.

34. Background Alert derives 50 percent or more of its annual revenues from Selling Consumers’ Personal Information.

35. Background Alert does business in California. It is based in California, operates its website from California, and provides it people-search services to those residing in California.

36. Background Alert does not have a Direct Relationship with the Californians about whom it Sells Personal Information. Cal. Code Regs. tit. 11, § 7601(a). Background Alert obtains the information contained in the reports from sources other than the searched-for individual.

C. Background Alert Failed to Register as a Data Broker

37. Background Alert conducted business as a data broker during the 2023 calendar year.

38. Nevertheless, Background Alert failed to register as a data broker with the California Privacy Protection Agency by the January 31, 2024 deadline.

39. On October 8, 2024, Background Alert registered as a data broker with the Agency—or 250 days after the deadline had passed.

40. Background Alert did so only after the Enforcement Division had contacted it as part of an investigation.

V. CONTINGENCY

41. This Stipulated Final Order shall be contingent upon approval by the Board of the California Privacy Protection Agency (Board). Respondent understands and agrees that counsel for Complainant and the staff of the Agency may communicate directly with the Board and the staff of the Agency regarding this Stipulated Final Order, without notice to or participation by Respondent or its counsel. By signing the Stipulated Final Order, Background Alert understands and agrees that it may not withdraw its agreement or seek to rescind the Stipulated Final Order before the time the Board considers and acts upon it. If the Board fails to adopt this stipulation as its Order of Decision, the Stipulated Final Order shall be of no force or effect except for this paragraph, it shall be inadmissible in any legal action between the parties, and the Agency shall not be disqualified from further action by having considered this matter.

VI. OTHER MATTERS

42. The parties understand and agree that Portable Document Format (PDF) and facsimile copies of this Stipulated Final Order, including PDF and facsimile signatures thereto, shall have the same force and effect as the originals. The parties may execute this Stipulated Final Order in counterparts.

43. This Stipulated Final Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and commitments (written or oral). This Stipulated Final Order may not be altered, amended, modified, supplemented, or otherwise changed except by a writing executed by an authorized representative of each of the parties.

44. In consideration of the foregoing stipulations, the parties agree that the Board may, without further notice or formal proceeding, issue and enter the following Order of Decision:

VII. ORDER

IT IS HEREBY ORDERED that:

45. Background Alert shall cease and desist from operating as a data broker for three (3) years from the effective date of the Board's decision. Background Alert shall cease and desist from operating as a data broker within 15 days of the Board's decision.

46. If Background Alert does not comply with the terms and conditions of this Stipulated Final Order, including the requirements of paragraph 45, Background Alert shall pay an administrative fine of fifty-thousand dollars (\$50,000.00) in accordance with Civil Code § 1798.99.82(e). The administrative fine (\$50,000) shall be immediately due and payable to the Agency upon any breach or violation of any term or condition of this Stipulated Final Order.

47. Each party shall bear its own attorneys' fees and costs.

VIII. ADDITIONAL GENERAL PROVISIONS

48. Nothing in this Stipulated Final Order shall be construed as relieving Background Alert of its obligations to comply with all state and federal laws, regulations, or rules, or as granting permission to engage in any acts or practices prohibited by such law, regulation, or rule.

49. Background Alert shall use reasonable efforts to notify its officers, directors, employees, agents, and contractors responsible for carrying out and effecting the terms of this Stipulated Final Order and the requirements therein.

50. Background Alert agrees that the terms of this Stipulated Final Order are in the public interest and fair, adequate, and reasonable under all the circumstances.

51. Background Alert admits the truth of the factual findings in this Stipulated Final Order and agrees to be bound by its terms.

52. Background Alert hereby waives the right to any hearings, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the California Administrative Procedures Act, the California Code of Civil Procedure, or any other provision of law. By waiving such rights, Background Alert effectively consents to this Stipulated Final Order becoming final.

53. Nothing in this Stipulated Final Order shall constitute or be construed as a release from liability for any violations of law other than Background Alert's violation of the Delete Act, Civil Code § 1798.99.82(c), arising from the company's failure to register as a data broker with the Agency between February 1, 2024 and October 7, 2024.

54. This Stipulated Final Order shall bind Background Alert's owners, heirs, administrators, executors, successors, and transferees.

55. Notwithstanding paragraph 47, in the event the Agency prevails in seeking to enforce any term of this Stipulated Final Order, the Agency shall be entitled to an award of attorney fees and costs in its favor and against Background Alert for the time spent and costs incurred in prosecuting such action.

56. Failure to comply with any terms of this Stipulated Final Order shall result in enforcement of the Order in the Superior Court.

57. Any notices and reports under this Stipulated Final Order shall be served by email as follows:

To the Complainant:

Deputy Director, Enforcement Division
California Privacy Protection Agency
400 R Street, Suite 350
Sacramento, CA 95811
ENF-processing@coppa.ca.gov

To the Respondent:

Cyrus Zahabian, CEO
9692 Melinda Circle
Huntington Beach, CA 92646
cyruszah@gmail.com

58. Each person who signs this Stipulated Final Order in a representative capacity warrants that he or she is duly authorized to do so. Further, each party itself (a) acknowledges that such party has been advised by competent legal counsel in connection with the execution of this Stipulated Final Order, has read each and every paragraph of this Stipulated Final Order, and understands the respective rights and obligations set forth herein, and (b) represents that the commitments, acknowledgment, representations, and promises set forth herein are freely and willingly undertaken and given.

59. Background Alert represents that this Stipulated Final Order is freely and voluntarily entered without any degree of duress or compulsion whatsoever.

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IX. SIGNATURES

RESPONDENT
BACKGROUND ALERT, INC.

DATED: 2/13/2025

BY:

DocuSigned by:
Cyrus Zahabian
179325C6276240E

Cyrus Zahabian
Chief Executive Officer
BACKGROUND ALERT, INC.

AS TO FORM AND CONTENT:

Christina Morgan

Christina M. Morgan
Buchalter
Attorneys for Respondent

COMPLAINANT
THE CALIFORNIA PRIVACY PROTECTION AGENCY
ENFORCEMENT DIVISION

DATED: February 14, 2025

BY:



MICHAEL S. MACKO
Deputy Director of Enforcement



LARA KEHOE HOFFMAN
Assistant Chief Counsel



LISA B. KIM
Attorney, Enforcement Division
Attorneys for Complainant