

VFI Executive Briefing
A weekly roundup of technology news
July 4-8, 2016

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HILL UPDATE

The Hill [House passes two tech investment bills](#)

The House on Tuesday evening passed two bills aimed at improving conditions for startup investing. The Fix Crowdfunding Act raises the amount that a company can crowdfund, from \$1 million to \$5 million. A 2012 law opened up the rules for crowdfunded investments, but Republicans say the rules still need to be tweaked. The bill was approved by a vote of 394-4. "These bills today are targeted fixes to restore the original spirit of the JOBS Act: To harness innovation and bring together millions of Americans with potential new businesses through crowdfunding," Majority Leader Kevin McCarthy (R-Calif.) said in a floor statement.

The Hill [GOP senators want new vote on FBI surveillance powers](#)

Republican senators are calling for a revote on a controversial plan that would make it easier for the FBI to get a person's electronic records without a warrant. Sen. Kelly Ayotte (R-N.H.) on Wednesday said she hopes the Senate reevaluates the proposal to expand the reach of National Security Letters after it was narrowly voted down on the Senate floor last month. "It's kind of hard to believe given the context we live in that the Senate didn't pass this. So I hope we do this again and take it back up and pass it in light of what we're hearing today," Ayotte said during a hearing.

The Hill [Keeping internet governance out of the wrong hands](#)

The U.S. government's decision to fully privatize oversight of the internet Domain Name System (DNS) is running into resistance. Sen. Ted Cruz (R-Texas) and Rep. Sean Duffy (R-Wis.) introduced a bill, S. 3034 / H.R. 5418, to "protect [the Internet] from authoritarian regimes." And Wall Street Journal columnist Gordon Crovitz warned that the U.S. administration is "handing authoritarian regimes the power they have long sought to censor the web globally."

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SPECIAL COVERAGE

In case you missed it, or would like to listen again, we have posted our last two webinars on our new VFI website. I encourage you to check out the recordings!

- [Why Computer Science Education is Critical](#) - Erin Siefring, Chair of the Computer Science Education Coalition, discussed what's at stake and how you can help bring attention to the need for federal funding to modernize American education for our 21st-century digital economy and society.
- [EARNs Act: Apprenticeships and Training for the 21st Century](#) - Key staff from the offices of Senator Patty Murry (D-WA) and Senator Orrin Hatch (R-UT) highlighted how the EARNs Act will update and expand our nation's apprenticeship system, as well as support pre-apprenticeship programs.

ARTICLE SUMMARY

The Verge [A Brazilian judge has blocked \\$6 million in Facebook funds, says report](#)

A Brazilian judge has ordered a block on 19.5 million real (roughly \$6 million) owned by Facebook, according to a new report by O Globo's G1 news service. It's the latest move in an ongoing legal fight with WhatsApp, which saw days-long telecom blackouts of the service in both May and December. Brazilian courts have repeatedly ordered WhatsApp to turn over messages and data related to a drug case. WhatsApp's end-to-end encryption means that data is inaccessible even to WhatsApp's own employees, making it impossible for the company to comply with the order.

Washington Post [The future of your cell service depends on this auction that just had a little hiccup](#)

The federal government wants to transfer as much as 100 megahertz of airwaves from the broadcast TV industry to carriers such as Verizon and T-Mobile in a historic auction that could pave the way for lots more mobile data capacity. That potentially means faster mobile Internet, more connected devices and new services and features. The problem is, there may not be enough demand for all those airwaves. And that could reduce the new capacity that reaches consumers like you and me, as well as how much money the government can raise.

Wired [The White House Is on a Mission to Shrink US Prisons With Data](#)

IT'S AN OFT-REPEATED statistic: The United States is home to less than 5 percent of the world's population, but it's home to almost 25 percent of the world's prison population. The Obama administration believes better data within the criminal justice system could correct that imbalance. Which is why today, the White House announced its new Data-Driven Justice Initiative, through which 67 cities and states will work with each other, as well as with leading tech companies like Amazon and Palantir, to find new ways to use data to shrink the size of their local prison populations.

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The Intercept [Secret Rules Make It Pretty Easy for the FBI to Spy on Journalists](#)

The Intercept published an investigation into a [leaked document](#) revealing the FBI's rules for using National Security Letters to obtain phone records belonging to journalists.

The Verge [European Commission approves new investment in cybersecurity](#)

The European Commission signed an agreement today that'll have member states funding and working together with private groups on cybersecurity. The specifics are a little vague right now, but the gist is this: the EU has put together €450 million, which will be distributed in the coming years to businesses, universities, and other researchers who are interested in investigating pressing cybersecurity problems. The commission says the measure is designed to "nurture cybersecurity industrial capabilities and innovation in the EU."

The Hill [Tech industry wants Trump agenda](#)

The tech industry is pressing Donald Trump to "get into the game" after Hillary Clinton released a wide-ranging platform that touched on internet connectivity, cybersecurity and computer science education. Industry officials generally applauded Clinton's agenda, released this week, as hitting many of their top priorities. Now they want to hear from Trump, the presumptive Republican nominee.

Bloomberg BNA [The Cloud and Filing Cabinets Should Have the Same Privacy Rights \(Perspective\)](#)

Bloomberg BNA published an op-ed by Delta Airlines Chief Legal Officer Peter Carter applauding Microsoft for its non-disclosure lawsuit against the U.S. government and calling for parity in privacy standards for digital and physical information. Carter notes that Delta can do nothing to inform customers if served with a secrecy order attached to a request for private data stored in the cloud.

Yahoo [Video: Privacy and security—What's the right balance?](#)

National Constitution Center President Jeffrey Rosen hosted a [panel discussion](#) at the Aspen Ideas Festival about the appropriate balance between privacy and security when it comes to law enforcement access to data. Rosen highlights Microsoft's recent cases and asks a panel of legal experts including Microsoft Associate General Counsel Jon Palmer to discuss solutions and the path forward.

Electronic Frontier Foundation [Patents: The Next Open Access Fight](#)

There's been a lot of talk lately about the state of publicly funded research. Many, including EFF, have long called on Congress to pass a law requiring that publicly funded research be made available to the public. With strong support for FASTR (the Fair Access to Science and Technology Research Act) in both parties, Vice-President Biden making open access a major component of his Cancer Moonshot initiative, and presumptive presidential nominee Hillary Clinton including access to research in her platform, signs are looking good that Congress will finally pass an open access mandate. It's just a matter of when.

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National Law Review [Copyrights versus Patents to Protect Software Innovations. IP For Start-Ups, Part V.](#)

In this fifth “IP for Start-Ups” video, “Copyrights versus Patents to Protect Software Innovations”, Mike discusses the pros and cons of using copyrights or patents to protect your software. There are advantages and challenges inherent in either approach, and Mike provides insights into each. He gives particular attention to the Alice Corp v CLS Bank Int’l decision at the US Supreme Court which made it much harder to patent software.

Wired [Big Pharma Is So 2015. Welcome to the Era of Big Software](#)

KELLOGG’S USES A cartoon tiger and elves to sell \$14 billion dollars worth of refined carbohydrates each year. But this calorie-laden corporation was once an idealistic startup. Created by the eccentric Dr. John Harvey Kellogg, Corn Flakes were intended as a health food that made it easier for the masses to adopt a vegetarian lifestyle. Kellogg’s was the Soylent of its day. Today, Pfizer is a \$188 billion dollar drug conglomerate. These companies that we now think of as the epitomes of “Big Food” and “Big Pharma” were once humble startups. But as success beget success, they managed to dominate their markets for over a century. Over the next hundred years, we could see the same thing happen with the most high-minded tech of tech companies. Google, Amazon, Apple, and Facebook could grow to dominate the market in the same way Pfizer and Kellogg’s have dominated theirs. We could be witnessing the dawn of a new era: “Big Software.”

Wall Street Journal [EU Competition Regulators Preparing Additional Charges Against Google](#)

European Union competition regulators are preparing to issue an additional layer of formal charges as soon as late July against Alphabet Inc.’s Google over its behavior with its shopping service, according to people familiar with the matter. The so-called supplementary statement of objections will likely sharpen the EU’s previous accusations that Google uses its dominance in search to favor its own service in the shopping market, according to one of the people familiar.

The Hill [EU lawmakers approve major US-EU data transfer deal](#)

A major U.S.-EU data transfer pact has cleared a significant hurdle and is set for final approval as early as next week. EU lawmakers approved the so-called Privacy Shield in a Friday vote that “paves the way for the formal adoption of the legal texts and for getting the EU-US Privacy Shield up and running,” according to the EU Commission. The vote displayed “strong confidence” in the new arrangement, which for months has been dogged by concerns over U.S. surveillance practices.

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Notable Quotes

- *"These supposed rules are incredibly weak and almost nonexistent — as long as they have that second signoff they're basically good to go...The FBI is entirely able to go after journalists and with only one extra hoop they have to jump through."*

- [Trevor Timm, executive director, the Freedom of the Press Foundation](#)

- *"Americans have privacy rights regardless of where personal information is stored. As we continue to move forward into a data-driven digital society, the cloud deserves the same legal protection as the office or home filing cabinet."*

- [Peter Carter, senior vice president and chief legal officer, Delta Air Lines](#)

- *"Clinton says she would support the U.S.-EU Privacy Shield governing data transfers between the European Union and the United States. As president, she promises to call on other countries to stop restricting online speech or limit internet access. Clinton also says she would reject efforts by other countries to require data localization, a position consistent with her previous support for such requirements in the Trans-Pacific Partnership. One way she proposes undercutting data localization efforts is reform of the mutual legal assistance treaty (MLAT) system, which governs how law enforcement authorities access data stored in other countries."*

- [Lincoln Davidson, research associate, and James Pooler, intern, Council on Foreign Relations](#)

- *"What makes general warrants so offensive is that they effectively remove judges from overseeing the executive's determination of who is a suspect and how to investigate that target. They fail to check fishing expeditions by intelligence agencies and law enforcement. The potential for abuse is particularly acute when it comes to hacking, which is far more intrusive than other surveillance techniques, capable of probing deeply into the most intimate aspects of our lives."*

- [Scarlet Kim, legal officer, Privacy International](#)

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Social Highlights

- **@BoingBoing:** [Only a tiny fraction of wiretaps—less than 1%—hit any encryption. The "terrorists are using crypto" hype is BS](#)
- **@trevortimm:** [Why the just-leaked FBI rules for targeting reporters with National Security Letters are so important:](#)
- **@ConstitutionCtr:** [CEO @RosenJeffrey moderates "Privacy and Security - What's the Right Balance?" at @aspideas!](#)
- **@_mariotrujillo:** [.@KellyAyotte says she wants Senate to hold another vote to give FBI power get email records with National Security Letters](#)