

**House Committee on Homeland Security  
Subcommittee on Transportation Security and Infrastructure Protection  
Hearing on “The Future of the Registered Traveler Program”  
September 30, 2009**

**Written Testimony of Fred Fischer, Managing Partner, FLO Corporation**

Chairwoman Jackson-Lee, Ranking Member Dent, and distinguished members of the committee, I am honored and privileged to appear before you today representing FLO Corporation (FLO), the only surviving Registered Traveler (RT) provider, where I am currently a principal and managing partner. I have been involved with the Registered Traveler (RT) Program for the last five years, including senior executive positions with FLO and Verified Identify Pass (Clear) and thirty-five years as a travel industry executive. I have been on the front line working with corporations, travel management companies, airports, airlines, hotel chains, other industry providers and your constituents to implement and grow the RT Program.

Since its inception, 250,000 frequent travelers have found the RT program as the best aviation enhancement to come along in many years. RT has enhanced our nation’s aviation security system and helped to provide predictability and convenience to the airport screening process that is neither predictable nor convenient.

We are now at a crossroads with the RT Program and have the experience and knowledge from the lessons learned over the last several years to move the program forward in an effective manner. The failure of Clear, and their shutdown June 22<sup>nd</sup> came as a shock to the 250,000 RT members nationwide, to Clear’s competitors (FLO and Vigilant Solutions) and to all who had invested in RT. As FLO prepares to re-launch the RT program in the next 30 days, we see Clear’s unfortunate demise as a unique opportunity to fix what was wrong with RT in the past and focus on all the things that were right.

Please allow me to share with the committee today my views on RT and where, in partnership, we need to proceed to provide all stakeholders with an RT program that works.

**TSA**

On September 3, 2004 in a speech at Reagan National Airport announcing the launch of the Registered Traveler Pilot Program, Secretary Ridge described the

program as a "twenty-first -century security measure, designed to improve both customer service and airline security," adding that "the use of biometrics will add another layer of security that will certainly enhance the checkpoint experience." Congress in passing the Aviation & Transportation Security Act of 2001 authorized the TSA to administer and oversee what was called initially a "Trusted Traveler" program which was later approved to run under a public/private sector partnership. To date, the private sector has invested over \$250 million and upheld up its side of the partnership. The TSA has not. What Congress had envisioned the TSA implementing, i.e. the use of biometrics as primary and positive form of identification, the use of background screening to vet those utilizing the RT lanes and the use of advanced screening technology to allow additional screening benefits have not been fulfilled.

**Identification.** While biometrics provide the best identification available today, the TSA still required a secondary photo ID, such as a drivers license.

**Vetting.** To my knowledge, not a single RT applicant was ever vetted using a criminal history records check, even though for the first two years of the program, applicants were charged \$28 per enrollment by the TSA for such background checks.

**Technology.** The Committee is well aware of the trials and tribulations of Clear's attempt to implement their now infamous shoe scanner. The TSA has told us on many occasions that the technology that could allow travelers to leave their shoes and coats on and keep their laptops in their bags does not exist. The fact that more than 90% of the world's airports, utilizing the latest technology, do not require such divesting is evidence that technology does exist. In 2002, in forming DHS and TSA, President Bush promised that "the Department of Homeland Security will ensure appropriate testing and piloting of new technologies" calling it a "National Vision." The TSA has not lived up to that promise.

One solution is FLO's proposal for the TSA to test new technology, utilizing the RT program at Reagan and Dulles for those government employees with top-secret clearance (such as employees of DoD, NSA, FBI, CIA, FAMS). This would allow the TSA to test equipment in a live environment without concern for the background of the travelers. This would be a major step in adding security benefits to the program. Of note, a number of air carriers have indicated they will move forward in partnership if RT is more than just a "front of the line" program.

Since the inception of the RT program, the TSA was constantly challenged, undermined, bullied and publically berated by one of FLO's competitors. Understandably, this created a partnership that was at best strained. This has resulted in TSA having an unfavorable opinion of both RT and its providers, and has compromised TSA's support for this essential program.

RT provides many benefits to the TSA, but the most critical is expediting the passage of passengers from the unsecure area of an airport to the secure area. Empirical data support that RT lanes process upwards of three times as many passengers as the general population lanes. This alone should garner TSA's interest.

TSA support is critical for re-launching the RT program that your constituents are demanding. Congress is urged to require TSA to re-launch RT as the program Congress intended, under the current standard, with biometrics for primary identification, with enhanced security benefits with tested and proven technology and with RT members being fully vetted. An additional consideration should be interoperability with DHS's Global Entry program, also referred to as International RT. Both programs should run parallel because most of the components are the same and offer exceptional benefits for the frequent traveler.

250,000 members bought into RT in great part because it was TSA sponsored. Their trust in TSA is now in question.

### **Clearinghouse Services**

AAAE has been providing clearinghouse services under a sole source TSA contract and license to individual RT providers since the inception of the RT program. Under this arrangement, RT providers pay AAAE for each applicants processing and for RT providers to have interoperability. In re-launching the program, to help ensure that RT providers have access to the most cost-effective services, we suggest that TSA move forward expeditiously with open competition and allow RT providers to select from other vendors approved to provide clearinghouse services.

### **Data Privacy**

From its inception, the protection of the personal information and data of the program's participants has been a priority for everyone involved. Each provider was required to pass a rigorous screening and certification process to insure

the safety and security of its systems and the data in question. This process took nearly 12 months and well over a half million dollars to complete. A consortium including dozens of private companies, over 70 airports and several government agencies participated in the security, privacy, interoperability and functional design of RT. This was critical and, in many ways, unprecedented work. We should not now abandon this approach as we move forward. In fact, it is this careful planning which has kept member data safe throughout the recent transitions, changes and shutdowns which have so greatly impacted the program. This is a critical component that should not be overlooked and all new vendors should be held to the same standards for security, privacy and interoperability to uphold and preserve the public trust.

### **Clear's Failure**

Clear's failure, in our view, was brought on by a number of issues: overstaffing at airports, exorbitant overhead, excessive advertising and unreasonable revenue share components to airports including national revenue share, local revenue share and minimum annual guarantees that were not required but used primarily to discourage and eliminate competition. In the end, it was not a lack of capital that killed Clear, it was poor management and an unsustainable business plan.

All of these issues can and will be addressed and controlled under a re-launch by FLO, or any competitor.

### **The Future of the RT Program**

FLO has secured significant financing since Clear's failure and plans to re-launch a national program, with or without TSA, at multiple airports in the next thirty days, with additional former RT airports and airports new to RT eagerly awaiting re-launch of the program. It is our understanding that multiple parties, including FLO, are analyzing the RT market. It is likely that one of us may ultimately look to acquire certain assets of Verified Identity Pass, Inc. including the CLEAR brand, membership lists, and equipment.

FLO has agreed to partner with a service provider that will give us 1,000 enrollment locations across America, solving what was a serious barrier to greater adoption. Individual and corporate interest in the program has not diminished. The future of RT is bright and the demand for its offerings remains strong.

In closing, the ultimate success of RT is a congressionally mandated, TSA-sponsored program with biometrics, security benefits and vetting under the current common standard, with consideration given to interoperability with Global Entry.

Thank you for the opportunity to appear before you today. I appreciate your time and your continued support for this important program that offers benefits to our nation's frequent travelers and an important and critical risk management tool for the TSA.