

SEC Accused of Unconstitutional Surveillance of Stock Investors

Lawsuit Claims Agency Collects Data Without Congressional Authorization or Warrants

April 21, 2024 - A new lawsuit accuses the Securities and Exchange Commission (SEC) of illegally surveilling American citizens who invest in the stock market. The bombshell lawsuit, filed by the New Civil Liberties Alliance (NCLA), alleges that the SEC's "Consolidated Audit Trail" (CAT) program has been unlawfully collecting massive amounts of personal data on investors, all without proper authorization from Congress and in flagrant violation of the Fourth Amendment.

According to the New York Post, the lawsuit claims that the CAT program operates as a vast dragnet, compelling brokers, exchanges, clearing agencies, and alternative trading systems to feed detailed information on every investor's trades into a centralized database. The program, which began during the Obama is funded by billions of dollars that hidden in the form of broker transaction fees.

Peggy Little, senior litigation counsel at NCLA, was told reporters that the SEC's actions are "completely unlawful" and that they place the financial data of traders at "grave risk." It should be pointed out here that the federal government's record of protecting any data stored in government-run databases has been dismal historically, so we have to agree with Little on this point.

The lawsuit was filed in the Western District of Texas federal court and it accuses the CAT program of being "the greatest government mandated mass collection of personal financial data in United States history." It goes on to say that, "Historically, a government that wished to track its citizens had to devote large resources to having them followed. That is no longer the case: modern surveillance tools enable mass tracking of individuals' every movement, every transaction, every purchase, sale, or transfer of securities at low cost while powerful computer algorithms can process that information to reveal personal and private details of each person's financial life or investment strategy."

The implications of such government overreach are staggering. In a country founded on principles of privacy and protection against unreasonable search and seizure, the allegations against the SEC strike at the heart of constitutional rights. The Fourth Amendment, designed to safeguard against government intrusion, is being flouted in favor of unchecked surveillance.

As consumers become increasingly wary of data breaches and privacy violations in the digital age, the SEC's actions represent a troubling escalation in government surveillance. With a little luck and a proper reading of the Constitution, this lawsuit should put an end to this particular program.

by Jim Malmberg

Note: When posting a comment, please sign-in first if you want a response. If you are not registered, [click here](#). Registration is easy and free.

Follow ACCESS