

Fast-track Airport Security Program Hits NY Radars

*By: Hilary Potkewitz
Published: February 25, 2007*

William Russell Jr. just can't seem to get it right. A lawyer who travels frequently, he spends a lot of time trying to predict just how long he will waste inching along in airport security queues.

"It's inevitable: If I leave plenty of time, I sail right through," says Mr. Russell, a partner at Manhattan law firm Simpson Thacher & Bartlett. "But whenever I cut it close, I get stuck in a huge line."

On Thursday, Mr. Russell waited in a security line for what he hopes will be the last time: He joined the business travelers queued up in the lobby of the Grand Hyatt Hotel at Grand Central Terminal to visit a brightly lit kiosk set up by Verified Identity Pass Inc.

Individuals who provide Verified with \$99.95, an iris scan, electronic fingerprints and the information needed for a federal background check will be issued the Clear identity card, which promises travelers a speedy trip through special airport security lanes.

Three years after the concept of such lanes for prescreened travelers won approval from the Transportation Security Administration, the Registered Traveler program is finally taking off in New York. Verified — one of three companies offering passes — signed up 1,000 people during the first week that it manned kiosks in the British Airways and Air France terminals of John F. Kennedy International Airport.

"Just wait 'til we start advertising," says Steve Brill, Manhattan-based Verified's chief executive.

Last week, he stepped things up, taking his kiosks to the Grand Hyatt. Law firms are next. Simpson Thacher & Bartlett recently agreed to host a booth in its lobby.

Meanwhile, out at the airline terminals, the pace of clearing security is picking up for prescreened passengers. The city's first express security lanes opened last month at Kennedy's Terminal 7, where Mr. Brill's company teamed up with British Airways.

"This is pretty cutting-edge," says Steve Clark, senior vice president of customer service for the airline. "It's speeding up the security process, which was our customers' No. 1 complaint."

Clear landed at JFK's Terminal 4 in February, through a partnership with Virgin Atlantic Airways. Early next month, Verified will arrive at Newark Liberty International Airport's Terminal B. The company and its rivals are competing to open fast-pass lanes at all three major New York area airports by the end of the year.

Designed as the TSA's latest answer to alleviating airport bottlenecks in the post-Sept. 11 age of heightened security, the program has only recently begun to catch on around the nation.

Market leader Verified expects to have its express lanes up and running in 20 airports by the end of the year. It launched the nation's first such lane at Orlando International Airport in 2005. Clear lanes have just opened in Indianapolis, Cincinnati and San Jose as well as in New York, and the company has signed up 36,000 subscribers.

Ahead of the game

So far, Verified has just two rivals: Pennsylvania-based Unisys Corp., which has operations at only one airport, and Washington state-based Saflink Corp., which expects to announce its first location in the next few weeks. Both are competing to get into New York. Federal rules require that the cards issued by one company be accepted by the other two.

“There is some value to being first to the market,” says Chris Rossi, vice president of sales and marketing for Virgin Atlantic, which chose Clear in December for its terminals at both JFK and Newark.

Mr. Brill, who founded Court TV and American Lawyer Media as well as *Brill's Content*, is using his connections to sign up big law firms, including Skadden Arps Slate Meagher & Flom.

Encouraged by his success, he's already eyeing other venues for Clear, including sports arenas and concert halls. Mr. Brill wants to tap former business partner James Dolan — chief executive of Cablevision Systems Corp., which owns Madison Square Garden — in an effort to expand the program's reach.

“Think about it: a privacy-protected biometric card that will get you expedited treatment at all kinds of security bottlenecks,” Mr. Brill says.

Not everyone is thrilled about the idea.

“It's going to create a class system,” says Barry Steinhardt, director of the American Civil Liberty Union's Technology and Liberty Project. “Some travelers will be able to afford whatever the cost will be, and the rest of us will be stuck in the slow lane.”

Privacy problem?

He also worries that the treasure trove of personal information collected by the three companies could be vulnerable to privacy abuses.

“These companies are feeding their information to a government system that is bloated, inaccurate and dangerous,” Mr. Steinhardt says.

The three companies deny there is any danger.

Cost is a concern, however. Performing background checks and maintaining security infrastructure is expensive, and none of the companies is making any money. In fact, Mr. Brill does not expect Verified to be profitable for another two years.

Comments? HPotkewitz@crain.com