

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Deborah Platt Majoras, Chairman
Orson Swindle
Thomas B. Leary
Pamela Jones Harbour
Jon Leibowitz

_____)
In the Matter of)
SUNBELT LENDING SERVICES, INC.,)
a corporation.) Docket No. C-
_____)

COMPLAINT

The Federal Trade Commission (“Commission”), having reason to believe that Sunbelt Lending Services, Inc. has violated the provisions of the Commission’s Standards for Safeguarding Customer Information Rule (“Safeguards Rule”), 16 C.F.R. Part 314, and the Commission’s Privacy of Consumer Financial Information Rule (“Privacy Rule”), 16 C.F.R. Part 313, each issued pursuant to Title V of the Gramm-Leach-Bliley Act (“GLB Act”), 15 U.S.C. § 6801 *et seq.*, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Sunbelt Lending Services, Inc. (“Sunbelt”) is a Florida corporation with its principal office or place of business at 300 South Park Place Blvd., Suite 150, Clearwater, Florida 33759. Sunbelt is a wholly-owned subsidiary of Cendant Mortgage Corporation. In addition to conducting business from its headquarters location in Clearwater, Sunbelt conducts business through loan officers located in Coldwell Banker Residential Real Estate, Inc. (“CB Residential”) offices throughout the state of Florida. CB Residential is a subsidiary of Cendant Mortgage’s parent company, Cendant Corporation.
2. Sunbelt, a mortgage company, is a “financial institution,” as that term is defined in Section 509(3)(A) of the GLB Act, and is therefore subject to the requirements of the Safeguards Rule and the Privacy Rule.
3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

SAFEGUARDS RULE

4. The Safeguards Rule, which implements Section 501(b) of the GLB Act, was promulgated by the Commission on May 23, 2002, and became effective on May 23, 2003. The Rule requires financial institutions to protect the security, confidentiality, and integrity of customer information by developing a comprehensive written information security program that contains reasonable administrative, technical, and physical safeguards, including:
 - A. Designating one or more employees to coordinate the information security program;
 - B. Identifying reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information, and assessing the sufficiency of any safeguards in place to control those risks;
 - C. Designing and implementing information safeguards to control the risks identified through risk assessment, and regularly testing or otherwise monitoring the effectiveness of the safeguards' key controls, systems, and procedures;
 - D. Overseeing service providers, and requiring them by contract to protect the security and confidentiality of customer information; and
 - E. Evaluating and adjusting the information security program in light of the results of testing and monitoring, changes to the business operation, and other relevant circumstances.

VIOLATIONS OF THE SAFEGUARDS RULE

5. Through loan officers located throughout the state of Florida, Sunbelt collects nonpublic personal information from its customers, including customer names, social security numbers, credit histories, bank account numbers, and income tax returns. From the Rule's effective date until at least April 2004, respondent failed to implement reasonable policies and procedures to protect the security and confidentiality of the information it collects.
6. For example, respondent failed to assess the risks to its customer information; implement reasonable policies and procedures in key areas, such as employee training and appropriate oversight of the security practices of loan officers working from remote locations; or oversee the collection and handling of information through the Sunbelt Web site. Respondent also failed to take steps to ensure that its service providers were providing appropriate security for Sunbelt's customer information.
7. By failing to implement reasonable security policies and procedures, respondent

engaged in violations of the Safeguards Rule, including but not limited to:

- A. Failing to identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information;
 - B. Failing to implement information safeguards to control the risks to customer information and failing to regularly test and monitor them;
 - C. Failing to develop, implement, and maintain a comprehensive written information security program;
 - D. Failing to oversee service providers and failing to require them by contract to implement safeguards to protect respondent's customer information; and
 - E. Failing to designate one or more employees to coordinate the information security program.
8. A violation of the Safeguards Rule constitutes an unfair or deceptive act or practice in violation of Section 5(a)(1) of the FTC Act.

PRIVACY RULE

9. The Privacy Rule, promulgated under Section 502 of the GLB Act, went into effect on July 1, 2001. The Rule requires financial institutions, *inter alia*, to provide customers with clear and conspicuous notices, both when the customer relationship is formed and annually for the duration of the customer relationship, that accurately reflect the financial institution's privacy policies and practices.

VIOLATIONS OF THE PRIVACY RULE

10. From the Rule's effective date until at least April 2004, respondent failed to provide its online customers with the notices required by the Privacy Rule.
11. A violation of the Privacy Rule constitutes an unfair or deceptive act or practice in violation of Section 5(a)(1) of the FTC Act.

12. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in violation of Section 5(a)(1) of the FTC Act.

THEREFORE, the Federal Trade Commission this _____ day of _____, 2004, has issued this complaint against respondent.

By the Commission.

Donald S. Clark
Secretary