



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

April 29, 2013

Mr. Mark Sokolow
State of Texas

Re: In the Matter of Cbr Systems, Inc., File No. 112 3120

Dear Mr. Sokolow:

Thank you for your comment regarding the Federal Trade Commission's proposed consent agreement in the above-entitled proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission's Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii), and has given it serious consideration.

Your comment states that the notice does not specify whether the backup tapes contained in a backpack stolen from a Cbr Systems, Inc. ("Cbr") employee's personal vehicle were recovered. You also suggest that the notice does not address the entire scope of the disclosure and the harm to the public.

The complaint in this matter alleges that on December 9, 2010, a Cbr employee removed four backup tapes from Cbr's San Francisco, California facility and placed them in a backpack to transport them to Cbr's corporate headquarters in San Bruno, California, approximately thirteen miles away. The backpack contained the four Cbr backup tapes, a Cbr laptop, a Cbr external hard drive, a Cbr USB drive, and other materials. At approximately 11:35 p.m. on December 13, 2010, an intruder removed the backpack containing the tapes from the Cbr employee's personal vehicle. The backup tapes were unencrypted and contained personal information, including, in some cases, names, gender, Social Security numbers, dates and times of birth, drivers' license numbers, credit/debit card numbers, card expiration dates, checking account numbers, addresses, email addresses, telephone numbers, and adoption type for approximately 298,000 consumers. It is our understanding that consumers whose personal information was compromised as part of this incident should have received a notification letter from Cbr.

Regarding the recovery of the tapes, pursuant to the Federal Trade Commission Act and Commission Rules, we are limited in our ability to share confidential information obtained in the course of our investigation.¹ We can, however, tell you based on publicly available information that there is no indication that the backup tapes and other items contained in the backpack have been recovered by Cbr or law enforcement.

¹ See Section 21(f) of the FTC Act, 15 U.S.C. § 57b-2(f); Commission Rule 4.10(d), 16 C.F.R. § 4.10(d).

With respect to the scope of the potential disclosure, in addition to providing details about the stolen backup tapes, the complaint alleges the stolen backpack also contained an unencrypted Cbr laptop and Cbr external hard drive. The complaint further alleges that both devices contained enterprise network information that could have facilitated an intruder's access to Cbr's network. The complaint also describes the potential harm to consumers by noting that the misuse of the types of personal information that Cbr collects can facilitate identity theft, including existing and new account fraud, expose sensitive medical data, and lead to related consumer harms.

The proposed consent order includes provisions designed to ensure that Cbr uses reasonable and appropriate procedures to protect its customers' personal information. Among other things, the proposed consent order requires Cbr to implement and maintain a comprehensive information security program reasonably designed to protect the security, confidentiality, and integrity of personal information, and it requires Cbr to obtain independent assessments of the program's effectiveness every other year for 20 years. Further, the Commission will monitor Cbr's compliance with the order, and, if the company is found in violation, it could be subject to civil monetary penalties of up to \$16,000 per violation, or up to \$16,000 per day in the case of continuing violations.

Having considered all the facts of this case and the comment submitted in response to the proposed order, the Commission has determined that the public interest would best be served by issuing the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. It helps the Commission's analysis to hear from a variety of sources in its work. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary