072-3119

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

COMMISSIONERS: **Jon Leibowitz, Chairman**
Pamela Jones Harbour
William E. Kovacic
J. Thomas Rosch

In the Matter of	)	
CVS CAREMARK CORPORATION, a corporation.	)	**DOCKET NO. C-4259**

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that CVS Caremark Corporation ("respondent" or "CVS") has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent CVS is a Delaware corporation with its principal office or place of business at One CVS Drive, Woonsocket, Rhode Island, 02895. It conducts business through several wholly-owned subsidiaries and limited liability companies, including, but not limited to, CVS Pharmacy, Inc.

2. The acts and practices of respondent as alleged in this complaint are in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

RESPONDENT'S BUSINESS

3. At all relevant times, respondent has been in the business of selling prescription and non-prescription medicines and supplies, as well as other products. It operates, among other things, approximately 6,300 retail pharmacy stores in the United States (collectively, "CVS pharmacies") and online and mail order pharmacy businesses. Respondent allows consumers buying products in CVS pharmacies to pay for their purchases with credit, debit and electronic benefit transfer cards (collectively, "payment cards"); insurance cards; personal checks; or cash.

4. In conducting its business, respondent routinely obtains information from or about its customers, including, but not limited to, name; telephone number; address; date of birth; bank account number; payment card account number and expiration date; driver's license number or other government-issued identification; prescription information, such as medication and dosage, prescribing physician name, address, and telephone number, health insurer name, and insurance account number and policy number; and Social Security number (collectively, "personal information"). Respondent also collects sensitive information from or about its employees, including, but not limited to, Social Security number.

5. Respondent operates computer networks that connect various components of its business, including CVS pharmacies, parts of the online and mail order pharmacy businesses, corporate headquarters, and distribution centers. Among other things, respondent uses the networks to aggregate, store, and transmit personal information; fill orders for prescription medicines and supplies; and process sales, including to obtain authorization for payment card and insurance card transactions.

RESPONDENT'S REPRESENTATIONS

6. Since at least 2003, respondent has disseminated or caused to be disseminated statements and privacy policies, including, but not necessarily limited to, the following statement regarding the privacy and confidentiality of personal information:

> CVS/pharmacy wants you to know that nothing is more central to our operations than maintaining the privacy of your health information ("Protected Health Information" or "PHI"). PHI is information about you, including basic information that may identify you and relates to your past, present, or future health or condition and the dispensing of pharmaceutical products to you. We take this responsibility very seriously. (CVS Privacy Policy, attached as Exhibit A.)

RESPONDENT'S SECURITY PRACTICES

7. Respondent has engaged in a number of practices that, taken together, failed to provide reasonable and appropriate security for personal information. Among other things, respondent has failed to: (1) implement policies and procedures to dispose securely of such information, including, but not limited to, policies and procedures to render the information unreadable in the course of disposal; (2) adequately train employees to dispose securely of such information; (3) use reasonable measures to assess compliance with its established policies and procedures for the disposal of such information; or (4) employ a reasonable process for discovering and remedying risks to such information.

8. As a result of the failures set forth in Paragraph 7, CVS pharmacies discarded materials containing personal information in clear readable text (such as prescriptions, prescription bottles, pharmacy labels, computer printouts, prescription purchase refunds, credit card

receipts, and employee records) in unsecured, publicly-accessible trash dumpsters on numerous occasions. For example, in July 2006 and continuing into 2007, television stations and other media outlets reported finding personal information in unsecured dumpsters used by CVS pharmacies in at least 15 cities throughout the United States. The personal information found in the dumpsters included information about both CVS's customers and its employees. When discarded in publicly-accessible dumpsters, such information can be obtained by individuals for purposes of identity theft or the theft of prescription medicines.

VIOLATIONS OF THE FTC ACT

9. Through the means described in Paragraph 6, respondent represented, expressly or by implication, that it implemented reasonable and appropriate measures to protect personal information against unauthorized access.

10. In truth and in fact, respondent did not implement reasonable and appropriate measures to protect personal information against unauthorized access. Therefore, the representation set forth in Paragraph 9 was, and is, false or misleading.

11. As set forth in Paragraph 7, respondent failed to employ reasonable and appropriate measures to prevent unauthorized access to personal information. Respondent's practices caused, or are likely to cause, substantial injury to consumers that is not offset by countervailing benefits to consumers or competition and is not reasonably avoidable by consumers. This practice was, and is, an unfair act or practice.

THEREFORE, the Federal Trade Commission this eighteenth day of June, 2009, has issued this complaint against respondent.

By the Commission.

Donald S. Clark
Secretary