



# Privacy Alert™

## Legal and political developments affecting privacy

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## The Federal Trade Commission advises businesses to watch for P2P data breaches

*By Jacob Herstek*

The Federal Trade Commission has notified almost 100 organizations that personal information, including sensitive data about customers and/or employees, has been shared from the organizations' computer networks and is available on peer-to-peer (P2P) file-sharing networks to any users of those networks, who could use it to commit identity theft or fraud. The Federal Trade Commission's (FTC) recently cautioned against data breaches via Peer to Peer (P2P) networks. To help businesses manage the security risks presented by file-sharing software, the FTC is releasing new education materials that present the risks and recommend ways to manage them.

Peer-to-peer technology can be used in many ways, such as to play games, make online telephone calls, and, through P2P file-sharing software, share music, video, and documents. But when P2P file-sharing software is not configured properly, files not intended for sharing may be accessible to anyone on the P2P network.

The notices went to both private and public entities, including schools and local governments, and the entities contacted ranged in size from businesses with as few as eight employees to publicly held corporations employing tens of thousands. In the notification letters, the FTC urged the entities to review their security practices and, if appropriate, the practices of contractors and vendors, to ensure that they are reasonable, appropriate, and in compliance with the law. The letters state, "It is your responsibility to protect such information from unauthorized access, including taking steps to control the use of P2P software on your own networks and those of your service providers."

The FTC also recommended that the entities identify affected customers and employees and consider whether to notify them that their information is available on P2P networks. Failure to prevent this information from being shared may represent a violation of one or more laws that the FTC enforces, such as the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, and the Federal Trade Commission Act. Additionally, many states have laws or guidelines about businesses' notification responsibilities in these circumstances.

## Contact us

For assistance in evaluating your security measures and ensuring compliance with the varied federal and state laws and regulations related to P2P files or any other electronically stored information, please contact:

- Jonathan Redgrave at (202) 585-8258 or [jredgrave@nixonpeabody.com](mailto:jredgrave@nixonpeabody.com)
- Nicholas Papastavros at (617) 345-1329 or [npapastavros@nixonpeabody.com](mailto:npapastavros@nixonpeabody.com)