

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

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

In the Matter of)	
)	
NATIONS TITLE AGENCY, INC.)	
a corporation,)	
)	
NATIONS HOLDING COMPANY,)	DOCKET NO. C-
a corporation,)	
)	
and)	
)	
CHRISTOPHER M. LIKENS,)	
individually and as an officer of)	
Nations Holding Company.)	
)	

COMPLAINT

The Federal Trade Commission (“Commission”), having reason to believe that Nations Title Agency, Inc., Nations Holding Company, and Christopher M. Likens have violated the provisions of the Commission’s Standards for Safeguarding Customer Information Rule (“Safeguards Rule”), 16 C.F.R. Part 314, issued pursuant to Title V, Subtitle A of the Gramm-Leach-Bliley Act (“GLB Act”), 15 U.S.C. § 6801-6809; the Commission’s Privacy of Customer Financial Information Rule (“Privacy Rule”), 16 C.F.R. Part 313, issued pursuant to the GLB Act; and 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 Nations Title Agency, Inc. (“NTA”) is a Kansas corporation with its principal office or place of business at 9415 Nall Avenue, Prairie Village, Kansas 66207. Respondent NTA is a wholly-owned subsidiary of respondent Nations Holding Company.

2. Respondent Nations Holding Company (“NHC”) is a Kansas corporation with its principal office or place of business at 5370 West 95th Street, Prairie Village, Kansas 66207. NHC conducts business through its 57 wholly-owned subsidiaries, including NTA, in twenty states. During all relevant time, NHC controlled the practices at issue in this complaint.
3. Respondent Christopher M. Likens (“Likens”) is president and sole owner of NHC, a Subchapter “S” corporation, and NHC’s wholly-owned subsidiaries. He has the authority to control the conduct of NHC and its subsidiaries, including NTA. Individually or in concert with others he formulates, directs, or controls the policies, acts, or practices of the respondent corporations, including the acts or practices alleged in this complaint. His principal office or place of business is the same as NHC.
4. Respondents provide services in connection with financing home purchases and refinancing existing home mortgages, including, but not limited to, real estate settlement services, residential closings, title abstracts, title commitments, appraisals, foreclosure management, asset disposition, and real estate management. In providing these services, respondents routinely obtain sensitive consumer information from banks and other lenders, real estate brokers, consumers, public records, and others, including but not limited to consumer names, Social Security numbers, bank and credit card account numbers, mortgage information, loan applications, purchase contracts, refinancing agreements, income histories, and credit histories (collectively, “personal information”).
5. Since at least 2003, respondents have engaged in a number of practices that, taken together, failed to provide reasonable and appropriate security for consumers’ personal information. Among other things, respondents failed to: (1) assess risks to the information they collected and stored both online and offline; (2) implement reasonable policies and procedures in key areas, such as employee screening and training and the collection, handling, and disposal of personal information; (3) implement simple, low-cost, and readily available defenses to common website attacks, or implement reasonable access controls, such as strong passwords, to prevent a hacker from gaining access to personal information stored on respondents’ computer network; (4) employ reasonable measures to detect and respond to unauthorized access to personal information or to conduct security investigations; and (5) provide reasonable oversight for the handling of personal information by service providers, such as third parties employed to process the information and assist in real estate closings.
6. In April 2004, a hacker exploited the failures set forth in Paragraph 5 by using a common website attack to obtain unauthorized access to NHC’s computer network. In addition, in February 2005, a Kansas City television station found intact documents containing sensitive personal information discarded in respondents’ dumpster in an unsecured area adjacent to respondents’ building.

7. The acts and practices of respondents 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.

VIOLATIONS OF THE SAFEGUARDS RULE

8. The Safeguards Rule, which implements Section 501(b) of the GLB Act, 15 U.S.C. § 6801(b), 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: (1) designating one or more employees to coordinate the information security program; (2) 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; (3) 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; (4) overseeing service providers, and requiring them by contract to protect the security and confidentiality of customer information; and (5) 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.
9. Respondents NHC and NTA are “financial institutions,” as that term is defined in Section 509(3)(A) of the GLB Act.
10. As set forth in Paragraphs 5 and 6, respondents have failed to implement reasonable security policies and procedures, and have thereby engaged in violations of the Safeguards Rule, by, among other things:
 - A. Failing to identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information;
 - B. Failing to design and implement information safeguards to control the risks to customer information and failing to regularly test and monitor them;
 - C. Failing to investigate, evaluate, and adjust the information security program in light of known or identified risks;
 - D. Failing to develop, implement, and maintain a comprehensive written information security program; and

- E. Failing to oversee service providers and to require them by contract to implement safeguards to protect respondent's customer information.

VIOLATIONS OF THE FTC ACT

- 11. Since at least 2001, respondents NHC, NTA, and Likens have disseminated or caused to be disseminated to consumers privacy policies and statements, including, but not limited to the following:

NTA, at all times, strives to maintain the confidentiality and integrity of the personal information in its possession and has instituted measures to guard against its unauthorized access. We maintain physical, electronic and procedural safeguards in compliance with federal standards to protect the information. (Nations Title Agency Privacy Policy.)

- 12. Through the means set forth in Paragraph 11, respondents have represented, expressly or by implication, that they implement reasonable and appropriate measures to protect consumers' personal information from unauthorized access.
- 13. In truth and in fact, as set forth in Paragraphs 5 and 6, respondents did not implement reasonable and appropriate measures to protect consumers' personal information from unauthorized access. Therefore, the representation set forth in Paragraph 12 was, and is, false or misleading, in violation of Section 5(a) of the Federal Trade Commission Act.

VIOLATION OF THE PRIVACY RULE

- 14. The Privacy Rule, which implements Sections 501-509 of the GLB Act, 15 U.S.C. §§ 6801-6809, was promulgated by the Commission on May 24, 2000, and became effective on July 1, 2001. The Rule requires financial institutions to provide customers, no later than when a customer relationship arises and annually for the duration of that relationship, "a clear and conspicuous notice that accurately reflects [the financial institution's] privacy policies and practices" including its security policies and practices. 16 C.F.R. §§ 313.4(a); 313.5(a)(1); § 313.6(a)(8).
- 15. As set forth in Paragraphs 11 through 13, respondents disseminated a privacy policy that contained false or misleading statements regarding the measures implemented to protect consumers' personal information. Therefore, respondents have disseminated a privacy policy that does not accurately reflect their privacy policies and practices, including their security policies and practices, in violation of the Privacy Rule.

16. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices, in or affecting commerce, in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this _____ day of _____, 2006, has issued this complaint against respondents.

By the Commission.

Donald S. Clark
Secretary