

1 Willard K. Tom
 General Counsel
 2 Lisa Weintraub Schifferle (DC Bar No. 463928)
 Kristin Krause Cohen (DC Bar No. 485946)
 3 Kevin H. Moriarty (DC Bar No. 975904)
 Katherine E. McCarron (DC Bar No. 486335)
 4 John A. Krebs (MA Bar No. 633535)
 Federal Trade Commission
 5 600 Pennsylvania Ave, NW Mail Stop NJ-8100
 Washington, D.C. 20580
 6 Facsimile: (202) 326-3062
 E-mail: lschifferle@ftc.gov
 7 Telephone: (202) 326-3377

8 Attorneys for Plaintiff Federal Trade Commission

9
 10 IN THE UNITED STATES DISTRICT COURT
 FOR THE DISTRICT OF ARIZONA

11 _____)
 12 Federal Trade Commission,) No. _____
)
 13 Plaintiff,)
)
 14 v.) COMPLAINT FOR
) INJUNCTIVE AND
 15 Wyndham Worldwide Corporation, a Delaware) OTHER EQUITABLE
 corporation;) RELIEF
 16)
 17 Wyndham Hotel Group, LLC, a Delaware)
 limited liability company;)
)
 18 Wyndham Hotels and Resorts, LLC, a Delaware)
 limited liability company; and)
 19)
 20 Wyndham Hotel Management, Inc., a)
 Delaware Corporation,)
)
 21 Defendants.)
 _____)
 22

1 Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

2 1. The FTC brings this action under Section 13(b) of the Federal Trade
3 Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain permanent injunctive
4 relief and other equitable relief for Defendants’ acts or practices in violation of
5 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), in connection with Defendants’
6 failure to maintain reasonable and appropriate data security for consumers’
7 sensitive personal information.

8 2. Defendants’ failure to maintain reasonable security allowed intruders
9 to obtain unauthorized access to the computer networks of Wyndham Hotels and
10 Resorts, LLC, and several hotels franchised and managed by Defendants on three
11 separate occasions in less than two years. Defendants’ security failures led to
12 fraudulent charges on consumers’ accounts, more than \$10.6 million in fraud loss,
13 and the export of hundreds of thousands of consumers’ payment card account
14 information to a domain registered in Russia. In all three security breaches,
15 hackers accessed sensitive consumer data by compromising Defendants’ Phoenix,
16 Arizona data center.

17 **JURISDICTION AND VENUE**

18 3. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
19 §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

20 4. Venue is proper in this district under 28 U.S.C. § 1391(b), (c), and
21 15 U.S.C. § 53(b).

22

1 **PLAINTIFF**

2 5. The FTC is an independent agency of the United States Government
3 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the
4 FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices
5 in or affecting commerce.

6 6. The FTC is authorized to initiate federal district court proceedings,
7 by its own attorneys, to enjoin violations of the FTC Act and to secure such
8 equitable relief as may be appropriate in each case. 15 U.S.C. § 53(b).

9 **DEFENDANTS**

10 7. Defendant Wyndham Worldwide Corporation (“Wyndham
11 Worldwide”) is a Delaware corporation with its principal office or place of
12 business at 22 Sylvan Way, Parsipanny, New Jersey 07054. At all times material
13 to this Complaint, Wyndham Worldwide has been in the hospitality business,
14 franchising and managing hotels throughout the United States. Wyndham
15 Worldwide transacts or has transacted business in this district and throughout the
16 United States. At all relevant times, it has controlled the acts and practices of its
17 subsidiaries described below and approved of or benefitted from such subsidiaries’
18 acts and practices at issue in this Complaint. See Exhibit A for an organizational
19 chart depicting the entities named as Defendants in this Complaint.

20 8. Defendant Wyndham Hotel Group, LLC (“Hotel Group”) is a
21 Delaware limited liability company with its principal office or place of business at
22 22 Sylvan Way, Parsipanny, New Jersey 07054. Hotel Group operates a data

1 center in Phoenix, Arizona (the “Phoenix data center”) that it uses to store and
2 process payment card data, and the payment card data of some of its subsidiaries,
3 including Wyndham Hotels and Resorts, LLC. Hotel Group is a wholly-owned
4 subsidiary of Wyndham Worldwide, and through its subsidiaries it franchises and
5 manages approximately 7,000 hotels under twelve hotel brands, one of which is
6 the Wyndham brand. It transacts or has transacted business in this district and
7 throughout the United States. At all relevant times, Hotel Group has controlled
8 the acts and practices of its subsidiaries described below and approved of or
9 benefitted from such subsidiaries’ acts and practices at issue in this Complaint.

10 9. Defendant Wyndham Hotels and Resorts, LLC (“Hotels and
11 Resorts”) is a Delaware limited liability company with its principal office or place
12 of business at 22 Sylvan Way, Parsipanny, New Jersey 07054. Hotels and Resorts
13 is a wholly-owned subsidiary of Hotel Group. Throughout the relevant time
14 period, Hotels and Resorts has licensed the Wyndham name to independent hotels
15 through franchise agreements, and provided various services to those hotels,
16 including information technology services. At all times material to this
17 Complaint, Hotels and Resorts has licensed the Wyndham name to approximately
18 seventy-five independently-owned hotels under franchise agreements. Hotels and
19 Resorts transacts or has transacted business in this district and throughout the
20 United States, including franchising hotels located in Arizona. At all relevant
21 times, Hotel Group and Wyndham Worldwide have performed various business
22 functions on behalf of Hotels and Resorts, or overseen such business functions,

1 including legal assistance, human resources, finance, and information technology
2 and security. Hotel Group and Wyndham Worldwide controlled the acts and
3 practices of Hotels and Resorts that are at issue in this Complaint.

4 10. Defendant Wyndham Hotel Management, Inc. (“Hotel
5 Management”) is a Delaware corporation with its principal office or place of
6 business at 22 Sylvan Way, Parsippany, New Jersey 07054. Hotel Management is
7 also a wholly-owned subsidiary of Hotel Group. Like Hotels and Resorts, Hotel
8 Management licenses the Wyndham name to independently-owned hotels, but
9 does so under management agreements in which it agrees to fully operate the hotel
10 on behalf of the owner. At all times material to this Complaint, Hotel
11 Management has licensed the Wyndham name to approximately fifteen
12 independently-owned hotels under management agreements. Hotel Management
13 transacts or has transacted business in this district and throughout the United
14 States, including managing at least one hotel in Arizona. At all relevant times,
15 Hotel Group and Wyndham Worldwide have performed various business
16 functions on Hotel Management’s behalf, or overseen such business functions,
17 including legal assistance and information technology and security. Hotel Group
18 and Wyndham Worldwide controlled the acts and practices of Hotel Management
19 that are at issue in this Complaint.

20 11. Defendants Wyndham Worldwide, Hotel Group, Hotels and Resorts,
21 and Hotel Management have operated as a common business enterprise while
22 engaging in the unfair and deceptive acts and practices alleged in this Complaint.

1 Defendants have conducted their business practices described below through an
2 interrelated network of companies that have common ownership, business
3 functions, employees, and office locations. Because these Defendants have
4 operated as a common enterprise, they are jointly and severally liable for the
5 unfair and deceptive acts and practices alleged below.

6 **COMMERCE**

7 12. At all times material to this Complaint, Defendants have maintained
8 a substantial course of trade in or affecting commerce, as “commerce” is defined
9 in Section 4 of the FTC Act, 15 U.S.C. § 44.

10 **DEFENDANTS’ BUSINESS ACTIVITIES**

11 **Defendants’ Business Structure**

12 13. Wyndham Worldwide is a hospitality business that, through its
13 subsidiaries, franchises and manages hotels and sells timeshares. It conducts its
14 business through three subsidiaries, including Hotel Group. At all times relevant
15 to this Complaint, Hotel Group’s wholly-owned subsidiaries, Hotels and Resorts
16 and Hotel Management, licensed the Wyndham brand name to approximately
17 ninety independently-owned hotels under franchise or management agreements
18 (collectively hereinafter “Wyndham-branded hotels”).

19 **Defendants’ Network Infrastructure**

20 14. Throughout the relevant time period, Wyndham Worldwide has been
21 responsible for creating information security policies for itself and its subsidiaries,
22 including Hotel Group and Hotels and Resorts, as well as providing oversight of

1 their information security programs. From at least 2008 until approximately June
2 2009, Hotel Group had responsibility for managing Hotels and Resorts’
3 information security program. In June 2009, Wyndham Worldwide took over
4 management and responsibility for Hotels and Resorts’ information security
5 program.

6 15. Under their franchise and management agreements, Hotels and
7 Resorts and Hotel Management require each Wyndham-branded hotel to purchase,
8 and configure to their specifications, a designated computer system, known as a
9 property management system, that handles reservations, checks guests in and out,
10 assigns rooms, manages room inventory, and handles payment card transactions.
11 These property management systems store personal information about consumers,
12 including names, addresses, email addresses, telephone numbers, payment card
13 account numbers, expiration dates, and security codes (hereinafter “personal
14 information”).

15 16. The property management systems for all Wyndham-branded hotels,
16 including those managed by Hotel Management, are part of Hotels and Resorts’
17 computer network, and are linked to its corporate network, much of which is
18 located in the Phoenix data center. Hotels and Resorts’ corporate network
19 includes its central reservation system, which coordinates reservations across the
20 Wyndham brand.

21 17. Each Wyndham-branded hotel’s property management system is
22 managed by Defendants. Only Defendants, and not the owners of the Wyndham-

1 branded hotels, have administrator access that allows Defendants to control the
2 property management systems at the hotels. Defendants set the rules, including all
3 password requirements, that allow the Wyndham-branded hotels' employees to
4 access their property management systems.

5 18. Defendants have even more direct control over the computer
6 networks of the Wyndham-branded hotels managed by Hotel Management. Hotel
7 Management controls the "operation" of those hotels pursuant to its management
8 agreements, including their information technology and security functions and the
9 hiring of employees to administer the hotels' computer networks.

10 19. The owners of the Wyndham-branded hotels pay Defendants fees to
11 support their property management systems and to connect them to Hotels and
12 Resorts' computer network. Defendants' technical support team is responsible for
13 addressing and resolving any technical issues that a Wyndham-branded hotel has
14 with its property management system. As explained further below, Defendants'
15 information security failures led to the compromise of many of the Wyndham-
16 branded-hotels' property management system servers, resulting in the exposure of
17 thousands of consumers' payment card accounts.

18 **DEFENDANTS' DECEPTIVE STATEMENTS**

19 20. Hotels and Resorts operates a website where consumers can make
20 reservations at any Wyndham-branded hotel. In addition, some Wyndham-
21 branded hotels operate their own individual websites, which describe the
22 individual hotel and its amenities. Customers making reservations from a

1 Wyndham-branded hotel's individual website are directed back to Hotels and
2 Resorts' website to make the reservation.

3 21. Since at least 2008, Defendants have disseminated, or caused to be
4 disseminated, privacy policies or statements on their website to their customers
5 and potential customers. These policies or statements include, but are not limited
6 to, the following statement regarding the privacy and confidentiality of personal
7 information, disseminated on the Hotels and Resorts' website:

8 . . . We recognize the importance of protecting the privacy of
9 individual-specific (personally identifiable) information
10 collected about guests, callers to our central reservation
11 centers, visitors to our Web sites, and members participating
12 in our Loyalty Program (collectively, "Customers"). . . .

13 This Policy applies to residents of the United States, hotels
14 of our Brands located in the United States, and Loyalty
15 Program activities in the United States only. . . .

16 We safeguard our Customers' personally identifiable
17 information by using standard industry practices. Although
18 "guaranteed security" does not exist on or off the Internet,
19 we take commercially reasonable efforts to create and
20 maintain "fire walls" and other appropriate safeguards to
21 ensure that to the extent we control the Information, the
22 Information is used only as authorized by us and consistent
with this Policy, and that the Information is not improperly
altered or destroyed.

23 22. There is a link to this privacy policy on each page of the Hotels and
24 Resorts' website, including its reservations page.

25 23. Although this statement is disseminated on the Hotels and Resorts'
26 website, it states that it is the privacy policy of Hotel Group.

1 **DEFENDANTS' INADEQUATE DATA SECURITY PRACTICES**

2 24. Since at least April 2008, Defendants failed to provide reasonable
3 and appropriate security for the personal information collected and maintained by
4 Hotels and Resorts, Hotel Management, and the Wyndham-branded hotels, by
5 engaging in a number of practices that, taken together, unreasonably and
6 unnecessarily exposed consumers' personal data to unauthorized access and theft.

7 Among other things, Defendants:

- 8 a. failed to use readily available security measures to limit
9 access between and among the Wyndham-branded hotels'
10 property management systems, the Hotels and Resorts'
11 corporate network, and the Internet, such as by employing
12 firewalls;
- 13 b. allowed software at the Wyndham-branded hotels to be
14 configured inappropriately, resulting in the storage of
15 payment card information in clear readable text;
- 16 c. failed to ensure the Wyndham-branded hotels implemented
17 adequate information security policies and procedures prior to
18 connecting their local computer networks to Hotels and
19 Resorts' computer network;
- 20 d. failed to remedy known security vulnerabilities on Wyndham-
21 branded hotels' servers that were connected to Hotels and
22 Resorts' computer network, thereby putting personal

1 information held by Defendants and the other Wyndham-
2 branded hotels at risk. For example, Defendants permitted
3 Wyndham-branded hotels to connect insecure servers to the
4 Hotels and Resorts' network, including servers using outdated
5 operating systems that could not receive security updates or
6 patches to address known security vulnerabilities;

7 e. allowed servers to connect to Hotels and Resorts' network,
8 despite the fact that well-known default user IDs and
9 passwords were enabled on the servers, which were easily
10 available to hackers through simple Internet searches;

11 f. failed to employ commonly-used methods to require user IDs
12 and passwords that are difficult for hackers to guess.

13 Defendants did not require the use of complex passwords for
14 access to the Wyndham-branded hotels' property
15 management systems and allowed the use of easily guessed
16 passwords. For example, to allow remote access to a hotel's
17 property management system, which was developed by
18 software developer Micros Systems, Inc., Defendants used
19 the phrase "micros" as both the user ID and the password;

20 g. failed to adequately inventory computers connected to the
21 Hotels and Resorts' network so that Defendants could
22 appropriately manage the devices on its network;

- 1 h. failed to employ reasonable measures to detect and prevent
2 unauthorized access to Defendants' computer network or to
3 conduct security investigations;
- 4 i. failed to follow proper incident response procedures,
5 including failing to monitor Hotels and Resorts' computer
6 network for malware used in a previous intrusion; and
- 7 j. failed to adequately restrict third-party vendors' access to
8 Hotels and Resorts' network and the Wyndham-branded
9 hotels' property management systems, such as by restricting
10 connections to specified IP addresses or granting temporary,
11 limited access, as necessary.

12 **INTRUSIONS INTO DEFENDANTS' COMPUTER NETWORK**

13 25. As a result of the failures described above, between April 2008 and
14 January 2010, intruders were able to gain unauthorized access to Hotels and
15 Resorts' computer network, including the Wyndham-branded hotels' property
16 management systems, on three separate occasions. The intruders used similar
17 techniques on each occasion to access personal information stored on the
18 Wyndham-branded hotels' property management system servers, including
19 customers' payment card account numbers, expiration dates, and security codes.
20 After discovering each of the first two breaches, Defendants failed to take
21 appropriate steps in a reasonable time frame to prevent the further compromise of
22 the Hotels and Resorts' network.

First Breach

1
2 26. In April 2008, intruders first gained access to a Phoenix, Arizona
3 Wyndham-branded hotel’s local computer network that was connected to the
4 Internet. The hotel’s local network was also connected to Hotels and Resorts’
5 network through the hotel’s property management system. Using this access, in
6 May 2008, the intruders attempted to compromise an administrator account on the
7 Hotels and Resorts’ network by guessing multiple user IDs and passwords –
8 known as a brute force attack.

9 27. This brute force attack caused multiple user account lockouts over
10 several days, including one instance in which 212 user accounts were locked out,
11 before the intruders were ultimately successful. Account lockouts occur when a
12 user inputs an incorrect password multiple times, and are a well-known warning
13 sign that a computer network is being attacked. Defendants did not have an
14 adequate inventory of the Wyndham-branded hotels’ computers connected to its
15 network, and, therefore, although they were able to determine that the account
16 lockouts were coming from two computers on Hotels and Resorts’ network, they
17 were unable to physically locate those computers. As a result, Defendants did not
18 determine that the Hotels and Resorts’ network had been compromised until
19 almost four months later.

20 28. The intruders’ brute force attack led to the compromise of an
21 administrator account on the Hotels and Resorts’ network. Because Defendants
22 did not appropriately limit access between and among the Wyndham-branded

1 hotels' property management systems, the Hotels and Resorts' own corporate
2 network, and the Internet – such as through the use of firewalls – once the
3 intruders had access to the administrator account, they were able to gain unfettered
4 access to the property management system servers of a number of hotels.

5 29. Additionally, the Phoenix hotel's property management system
6 server was using an operating system that its vendor had stopped supporting,
7 including providing security updates and patch distribution, more than three years
8 prior to the intrusion. Defendants were aware the hotel was using this unsupported
9 and insecure server, yet continued to allow it to connect to Hotels and Resorts'
10 computer network.

11 30. In this first breach, the intruders installed memory-scraping malware
12 on numerous Wyndham-branded hotels' property management system servers,
13 thereby accessing payment card data associated with the authorization of payment
14 card transactions that was present temporarily on the hotels' servers.

15 31. In addition, the intruders located files on some of the Wyndham-
16 branded hotels' property management system servers that contained payment card
17 account information for large numbers of consumers, stored in clear readable text.
18 These files were created and stored in clear text because Defendants had allowed
19 the property management systems to be configured inappropriately to create these
20 files and store the payment card information that way.

21 32. As a result of Defendants' unreasonable data security practices,
22 intruders were able to gain unauthorized access to the Hotels and Resorts'

1 corporate network, and the property management system servers of forty-one
2 Wyndham-branded hotels – twelve managed by Hotel Management and twenty-
3 nine franchisees of Hotels and Resorts. This resulted in the compromise of more
4 than 500,000 payment card accounts, and the export of hundreds of thousands of
5 consumers’ payment card account numbers to a domain registered in Russia.

6 **Second Breach**

7 33. In March 2009, approximately six months after Defendants
8 discovered the first breach, intruders were able again to gain unauthorized access
9 to the Hotels and Resorts’ network, this time through a service provider’s
10 administrator account in the Phoenix data center.

11 34. In May 2009, Defendants learned that several Wyndham-branded
12 hotels had received complaints from consumers about fraudulent charges made to
13 their payment card accounts after using those cards to pay for stays at Wyndham-
14 branded hotels. At that point, Defendants searched Hotels and Resorts’ network
15 for the memory-scraping malware used in the previous attack, and found it on the
16 property management system servers of more than thirty Wyndham-branded
17 hotels. As a result of Defendants’ failure to monitor Hotels and Resorts’ network
18 for the malware used in the previous attack, hackers had unauthorized access to
19 the Hotels and Resorts’ network for approximately two months.

20 35. In addition to again using memory-scraping malware to access
21 personal information, in this second breach the intruders reconfigured software at
22 the Wyndham-branded hotels to cause their property management systems to

1 create clear text files containing the payment card account numbers of guests using
2 their payment cards at the hotels.

3 36. Ultimately, the intruders exploited Defendants' data security
4 vulnerabilities to gain access to the Hotels and Resorts' network and the property
5 management system servers of thirty-nine Wyndham-branded hotels – nine of
6 which were managed by Hotel Management and thirty franchisees of Hotels and
7 Resorts. In this second incident, the intruders were able to access information for
8 more than 50,000 consumer payment card accounts and use that information to
9 make fraudulent charges on consumers' accounts.

10 **Third Breach**

11 37. In late 2009, intruders again compromised an administrator account
12 on Hotels and Resorts' network. Because Defendants had still not adequately
13 limited access between and among the Wyndham-branded hotels' property
14 management systems, Hotels and Resorts' corporate network, and the Internet –
15 such as through the use of firewalls – once the intruders had access to this
16 administrator account they were able again to access multiple Wyndham-branded
17 hotels' property management system servers. As in the previous attacks, the
18 intruders installed memory-scraping malware to access payment card account
19 information held at the Wyndham-branded hotels.

20 38. Again, Defendants did not detect this intrusion themselves, but
21 rather learned of the breach from a credit card issuer. The credit card issuer
22 contacted Defendants in January 2010, and indicated that the account numbers of

1 credit cards it had issued were used fraudulently shortly after its customers used
2 their credit cards to pay for stays at Wyndham-branded hotels.

3 39. As a result of Defendants' security failures, in this instance,
4 intruders compromised Hotels and Resorts' corporate network and the property
5 management system servers of twenty-eight Wyndham-branded hotels – eight
6 managed by Hotel Management and twenty franchisees of Hotels and Resorts. As
7 a result of this third incident, the intruders were able to access information for
8 approximately 69,000 consumer payment card accounts and again make fraudulent
9 purchases on those accounts.

10 **Total Impact of Breaches**

11 40. Defendants' failure to implement reasonable and appropriate
12 security measures exposed consumers' personal information to unauthorized
13 access, collection, and use. Such exposure of consumers' personal information
14 has caused and is likely to cause substantial consumer injury, including financial
15 injury, to consumers and businesses. For example, Defendants' failure to
16 implement reasonable and appropriate security measures resulted in the three data
17 breaches described above, the compromise of more than 619,000 consumer
18 payment card account numbers, the exportation of many of those account numbers
19 to a domain registered in Russia, fraudulent charges on many consumers'
20 accounts, and more than \$10.6 million in fraud loss. Consumers and businesses
21 suffered financial injury, including, but not limited to, unreimbursed fraudulent
22 charges, increased costs, and lost access to funds or credit. Consumers and

1 businesses also expended time and money resolving fraudulent charges and
2 mitigating subsequent harm.

3 **VIOLATIONS OF THE FTC ACT**

4 41. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or
5 deceptive acts or practices in or affecting commerce.”

6 42. Misrepresentations or deceptive omissions of material fact constitute
7 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

8 43. Acts or practices are unfair under Section 5 of the FTC Act if they
9 cause or are likely to cause substantial injury to consumers that consumers cannot
10 reasonably avoid themselves and that is not outweighed by countervailing benefits
11 to consumers or competition. 15 U.S.C. § 45(n).

12 **Count I**

13 **Deception**

14 44. In numerous instances through the means described in Paragraph 21,
15 in connection with the advertising, marketing, promotion, offering for sale, or sale
16 of hotel services, Defendants have represented, directly or indirectly, expressly or
17 by implication, that they had implemented reasonable and appropriate measures to
18 protect personal information against unauthorized access.

19 45. In truth and in fact, in numerous instances in which Defendants have
20 made the representations set forth in Paragraph 44 of this Complaint, Defendants
21 did not implement reasonable and appropriate measures to protect personal
22 information against unauthorized access.

1 46. Therefore, Defendants' representations as set forth in Paragraph 44
2 of this Complaint are false or misleading and constitute deceptive acts or practices
3 in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

4 **Count II**

5 **Unfairness**

6 47. In numerous instances Defendants have failed to employ reasonable
7 and appropriate measures to protect personal information against unauthorized
8 access.

9 48. Defendants' actions caused or are likely to cause substantial injury
10 to consumers that consumers cannot reasonably avoid themselves and that is not
11 outweighed by countervailing benefits to consumers or competition.

12 49. Therefore, Defendants' acts and practices as described in Paragraph
13 47 above constitute unfair acts or practices in violation of Section 5 of the FTC
14 Act, 15 U.S.C. §§ 45(a) and 45(n).

15 **CONSUMER INJURY**

16 50. Consumers have suffered and will continue to suffer substantial
17 injury as a result of Defendants' violations of the FTC Act. In addition,
18 Defendants have been unjustly enriched as a result of their unlawful acts or
19 practices. Absent injunctive relief by this Court, Defendants are likely to continue
20 to injure consumers, reap unjust enrichment, and harm the public interest.

21 **THIS COURT'S POWER TO GRANT RELIEF**

22 51. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this

1 Court to grant injunctive and such other relief as the Court may deem appropriate
2 to halt and redress violations of any provision of law enforced by the FTC. The
3 Court, in the exercise of its equitable jurisdiction, may award ancillary relief,
4 including rescission or reformation of contracts, restitution, the refund of monies
5 paid, and the disgorgement of ill-gotten monies, to prevent and remedy any
6 violation of any provision of law enforced by the FTC.

7 **PRAYER FOR RELIEF**

8 Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15
9 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

10 A. Enter a permanent injunction to prevent future violations of the FTC
11 Act by Defendants;

12 B. Award such relief as the Court finds necessary to redress injury to
13 consumers resulting from Defendants' violations of the FTC Act, including but not
14 limited to, rescission or reformation of contracts, restitution, the refund of monies
15 paid, and the disgorgement of ill-gotten monies; and

16 C. Award Plaintiff the costs of bringing this action, as well as such
17 other and additional relief as the Court may determine to be just and proper.

18

19

20

21

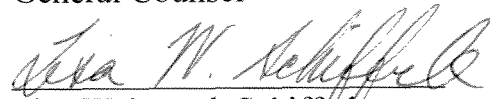
22

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

Respectfully submitted,

Willard K. Tom
General Counsel

Dated: June 26, 2012

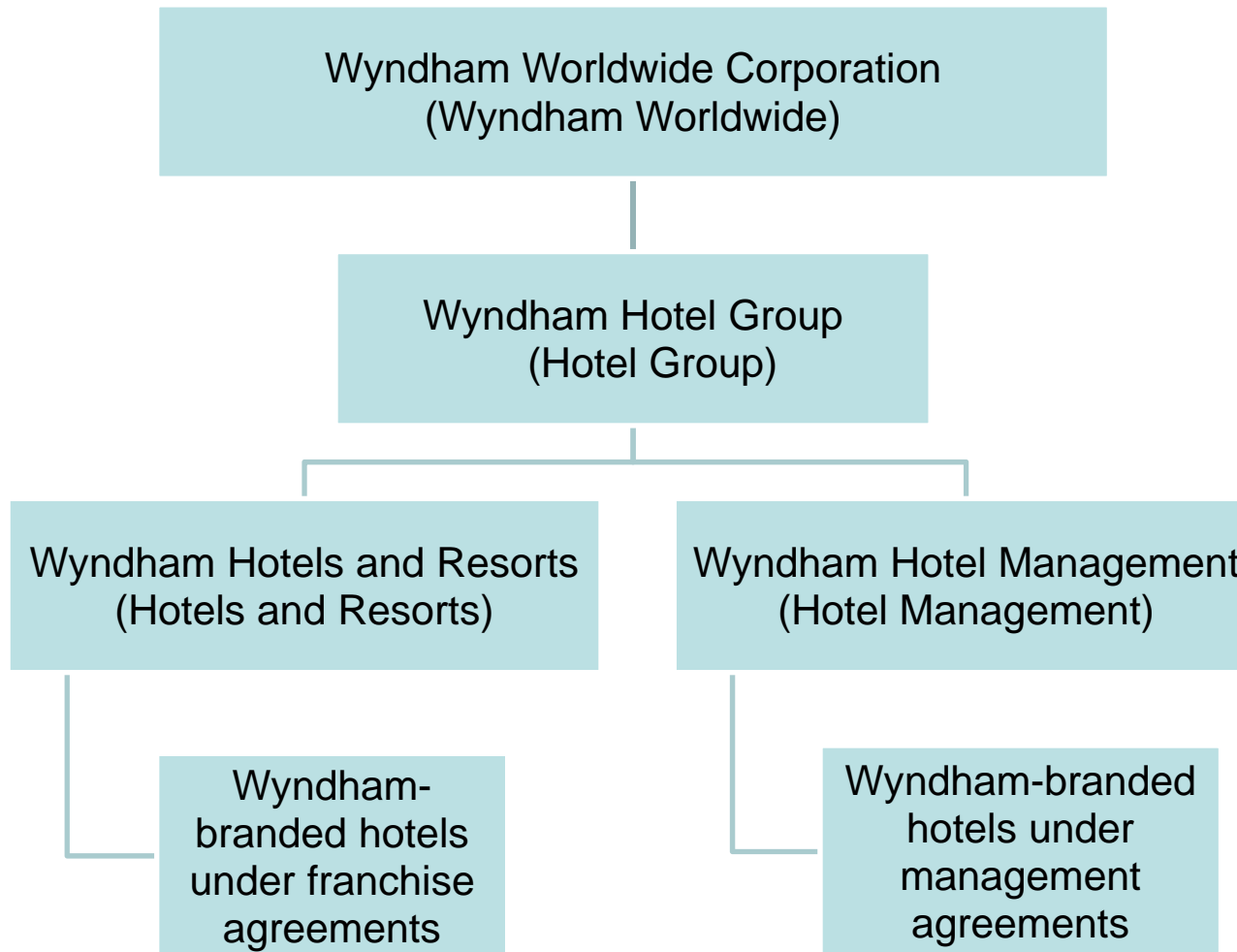


Lisa Weintraub Schifferle
Kristin Krause Cohen
Kevin H. Moriarty
Katherine E. McCarron
John A. Krebs
Federal Trade Commission
600 Pennsylvania Ave
N.W. Mail Stop NJ-8100
Washington, D.C. 20580
Facsimile: (202) 326-3062
E-mail: lschifferle@ftc.gov
Telephone: (202) 326-3377

Attorneys for Plaintiff
Federal Trade Commission

EXHIBIT A

Defendants' Corporate Structure



JS 44 (Rev. 09/11)

CIVIL COVER SHEET

The JS 44 civil coversheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Federal Trade Commission

(b) County of Residence of First Listed Plaintiff _____
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

See attachment.

DEFENDANTS

Wyndham Worldwide Corporation; Wyndham Hotel Group, LLC; Wyndham Hotels & Resorts, LLC; and Wyndham Hotel Management, Inc.

County of Residence of First Listed Defendant Foreign
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

See attachment.

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | | | | | |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Med. Malpractice	<input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee (Prisoner Petition) <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement	SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
 15 U.S.C. § 45(a); 15 U.S.C. § 53(b)

Brief description of cause:

Obtain relief under Section 5 of FTC Act due to Defs' failure to maintain reasonable and appropriate data security.

VII. REQUESTED IN COMPLAINT:

- CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23
- DEMAND \$**
- CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. (a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553
Brief Description: Unauthorized reception of cable service

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. Related Cases. This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

Attorneys of Record for Federal Trade Commission

Lisa Weintraub Schifferle
Federal Trade Commission
600 Pennsylvania Avenue, NW
Mail Stop NJ-8100
Washington, DC 20580
(202) 326-3377

Kristin Krause Cohen
Federal Trade Commission
600 Pennsylvania Avenue, NW
Mail Stop NJ-8100
Washington, DC 20580
(202) 326-2276

Kevin H. Moriarty
Federal Trade Commission
600 Pennsylvania Avenue, NW
Mail Stop NJ-8100
Washington, DC 20580
(202) 326-2949

Katherine E. McCarron
Federal Trade Commission
600 Pennsylvania Avenue, NW
Mail Stop NJ-8100
Washington, DC 20580
(202) 326-2333

John A. Krebs
Federal Trade Commission
600 Pennsylvania Avenue, NW
Mail Stop NJ-8100
Washington, DC 20580
(202) 326-2692

Attorneys of Record for Wyndham Worldwide Corp., et al.

Douglas H. Meal, Esq.
Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199-3600
(617) 951-7517

Lydia B. Parnes, Esq.
Wilson Sonsini Goodrich & Rosati
1700 K Street, NW
Fifth Floor
Washington, DC 20006
(202) 973-8801

Seth Silber, Esq.
Wilson Sonsini Goodrich & Rosati
1700 K Street, NW
Fifth Floor
Washington, DC 20006
202-973-8824