



Office of the Secretary

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

October 3, 2012

Jennifer McElhenie
State of California

*Re: In the Matter of EPN, Inc., also d/b/a Checknet, Inc.
File No. 112 3143, Docket No. C-4370*

Dear Ms. McElhenie:

Thank you for your comment on the Federal Trade Commission's 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 concerns whether a consumer can learn if he or she was affected by the security breach in this case. You note that while the business in this matter operates in Utah, it may have compromised the privacy of people living in other states as well, and indicate that you would like to know whether your personal information may have been improperly disclosed.

The proposed complaint in this case alleges that EPN, Inc. (EPN), which does business as Checknet, Inc., violated Section 5(a) of the FTC Act by failing to provide reasonable and appropriate security for personal information on its computers and networks. As a result of EPN's unreasonable security practices, sensitive personal information about approximately 3,800 consumers was made available on a peer-to-peer filesharing network. The Commission's proposed order requires EPN to establish a comprehensive information security program and conduct biennial independent assessments of its information security program for a period of twenty years. The proposed order also prohibits EPN from misrepresenting the privacy, security, confidentiality, and integrity of any personal information collected from or about consumers. The Commission believes that the proposed consent order will ensure that EPN uses reasonable and appropriate procedures to protect personal information of customers – not just those located in Utah – going forward. To the extent that EPN, or any of its successors or assigns, violates the terms of the Commission's final order it would be liable for civil monetary penalties of up to \$16,000 per violation, pursuant to Section 5(l) of the FTC Act.

Because EPN has the best information about the full extent of this breach, we recommend that you contact EPN to determine whether your information was compromised. If you continue to be concerned that you may have been affected by this breach, please visit <http://ftc.gov/idtheft> where you can learn more information about what steps you can take to protect yourself.

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. Thank you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary