



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

Division of Advertising Practices  
Bureau of Consumer Protection

May 25, 2001

David A. Zapolsky, Esq.  
Associate General Counsel, Litigation  
Amazon.com  
P.O. Box 81226  
Seattle, WA 98108-1226

Barry J. Reingold, Esq.  
Perkins Coie, LLP  
607 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20005-2011

Re: Amazon.com and Alexa Internet

Dear Messrs. Zapolsky and Reingold:

As you know, staff of the Federal Trade Commission ("FTC") has conducted an investigation of Amazon.com and its Alexa Internet subsidiary. The purpose of the investigation was to determine whether in collecting or maintaining consumer information, including personally identifiable information and Web tracking data, Amazon.com and Alexa Internet had engaged in unfair or deceptive acts or practices in violation of Section 5 of the FTC Act. Our inquiry's primary focus was whether, contrary to their representations, Amazon.com or Alexa Internet collected or maintained consumers' Web tracking data through the Alexa Web navigation service ("Alexa") and zBubbles comparison shopping service ("zBubbles") in a manner that is personally identifiable. Those services' privacy policies and other statements on their Web sites claimed that the Web tracking information obtained from consumers was "anonymous," and that Alexa and zBubbles cookie IDs were not associated with, and could not be correlated with, any personally identifiable information about users.

Our review indicated that certain of Amazon.com's and Alexa Internet's practices likely were deceptive in violation of Section 5 of the FTC Act. Nevertheless, we have decided not to recommend enforcement action at this time. Among the factors we have considered is that the zBubbles service is no longer operational, and Alexa Internet revised the representations on its Web site to more accurately reflect its information practices. In addition, the U.S. District Court for the Western District of Washington recently preliminarily approved a settlement of a class-action lawsuit against Amazon.com and Alexa Internet regarding their information collection practices. The settlement provides for certain protections for Alexa and zBubbles users, including the deletion of certain previously collected personally identifiable information.

Messrs. Zapolsky and Reingold

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This letter represents the views of the staff and does not necessarily represent the views of the Commission or any individual Commissioner.

Sincerely,

A handwritten signature in cursive script that reads "C. Lee Peeler". The signature is written in black ink and is positioned above the printed name.

C. Lee Peeler

Associate Director

Division of Advertising Practices