

responsibilities relating to the subject matter of the proposed order. Part VI requires Petco to notify the Commission of changes in Petco's corporate status. Part VII mandates that Petco submit compliance reports to the FTC. Part VIII is a provision "sunsetting" the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to facilitate public comment on the proposed order. It is not intended to constitute an official interpretation of the proposed order to modify its terms in any way.

By direction of the Commission.

**Donald S. Clark,**  
Secretary.

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## FEDERAL TRADE COMMISSION

[File No. 042 3153]

### Sunbelt Lending Services, Inc.; Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement.

**SUMMARY:** The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

**DATES:** Comments must be received on or before December 15, 2004.

**ADDRESSES:** Comments should refer to "Sunbelt Lending Services, Inc., File No. 042 3153," to facilitate the organization of comments. A comment filed in paper form should include this reference both in the text and on the envelope, and should be mailed or delivered to the following address: Federal Trade Commission/Office of the Secretary, Room H-159, 600 Pennsylvania Avenue, NW., Washington, DC 20580. Comments containing confidential material must be filed in paper form, as explained in the Supplementary Information section. The FTC is requesting that any comment filed in paper form be sent by courier or overnight service, if possible, because U.S. postal mail in the Washington area and at the Commission is subject to delay due to heightened security precautions. Comments filed in electronic form (except comments

containing any confidential material) should be sent to the following email box: [consentagreement@ftc.gov](mailto:consentagreement@ftc.gov).

**FOR FURTHER INFORMATION CONTACT:** Jessica Rich, FTC, Bureau of Consumer Protection, 600 Pennsylvania Avenue, NW., Washington, DC 20580, (202) 326-3224.

**SUPPLEMENTARY INFORMATION:** Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46(f), and Section 2.34 of the Commission's Rules of Practice, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for November 16, 2004), on the World Wide Web, at <http://www.ftc.gov/os/2004/11/index.htm>. A paper copy can be obtained from the FTC Public Reference Room, Room 130-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580, either in person or by calling (202) 326-2222.

Public comments are invited, and may be filed with the Commission in either paper or electronic form. Written comments must be submitted on or before December 15, 2004. Comments should refer to "Sunbelt Lending Services, Inc., File No. 042 3153," to facilitate the organization of comments. A comment filed in paper form should include this reference both in the text and on the envelope, and should be mailed or delivered to the following address: Federal Trade Commission/Office of the Secretary, Room H-159, 600 Pennsylvania Avenue, NW., Washington, DC 20580. If the comment contains any material for which confidential treatment is requested, it must be filed in paper (rather than electronic) form, and the first page of the document must be clearly labeled "Confidential."<sup>1</sup> The FTC is requesting that any comment filed in paper form be sent by courier or overnight service, if

<sup>1</sup> Commission Rule 4.2(d), 16 CFR 4.2(d). The comment must be accompanied by an explicit request for confidential treatment, including the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. The request will be granted or denied by the Commission's General Counsel, consistent with applicable law and the public interest. See Commission Rule 4.9(c), 16 CFR 4.9(c).

possible, because U.S. postal mail in the Washington area and at the Commission is subject to delay due to heightened security precautions. Comments filed in electronic form should be sent to the following email box:

[consentagreement@ftc.gov](mailto:consentagreement@ftc.gov).

The FTC Act and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. All timely and responsive public comments, whether filed in paper or electronic form, will be considered by the Commission, and will be available to the public on the FTC Web site, to the extent practicable, at <http://www.ftc.gov>. As a matter of discretion, the FTC makes every effort to remove home contact information for individuals from the public comments it receives before placing those comments on the FTC Web site. More information, including routine uses permitted by the Privacy Act, may be found in the FTC's privacy policy, at <http://www.ftc.gov/ftc/privacy.htm>.

### Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission ("Commission") has accepted a consent agreement, subject to final approval, from Sunbelt Lending Services, Inc. ("Sunbelt"). Sunbelt is a mortgage broker with headquarters in Clearwater, Florida. Sunbelt collects sensitive customer information, including customer names, social security numbers, credit histories, bank account numbers, and income tax returns, and is a "financial institution" subject to the Gramm-Leach-Bliley Act's Standards for Safeguarding Customer Information Rule, 16 CFR part 314 ("Safeguards Rule") and Privacy of Consumer Financial Information Rule, 16 CFR part 313 ("Privacy Rule").

The proposed consent agreement has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement's proposed order.

This matter concerns Sunbelt's alleged violations of the Safeguards and Privacy Rules. The Safeguards Rule, which became effective on May 23, 2003, requires financial institutions to implement reasonable policies and procedures to ensure the security and confidentiality of customer information, including:

- Designating one or more employees to coordinate the information security program;
- 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;
- 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;
- Overseeing service providers, and requiring them by contract to protect the security and confidentiality of customer information; and
- 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.

The Privacy Rule, which became effective on July 1, 2001, requires financial institutions to provide customers with clear and conspicuous notices that explain the financial institution's information collection and sharing practices and allow customers to opt out of having their information shared with certain non-affiliated third parties.

The Commission's proposed complaint charges that Sunbelt failed to implement the protections required by the Safeguards Rule and, specifically, that it failed to: (1) Identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information; (2) implement information safeguards to control the risks to customer information and regularly test and monitor them; (3) develop, implement, and maintain a comprehensive written information security program; (4) oversee service providers and require them by contract to implement safeguards to protect respondent's customer information; and (5) designate one or more employees to coordinate the information security program. The proposed complaint also alleges that

Sunbelt failed to provide its online customers with the notice required by the Privacy Rule.

The proposed order contains provisions designed to prevent Sunbelt from future practices similar to those alleged in the complaint. Specifically, Part I of the proposed order prohibits Sunbelt from violating the Safeguards Rule or the Privacy Rule. Part II of the proposed order requires that Sunbelt obtain, within 180 days after being served with the final order approved by the Commission, and on a biennial basis thereafter for ten (10) years, an assessment and report from a qualified, objective, independent third-party professional, certifying that: (1) Sunbelt has in place a security program that provides protections that meet or exceed the protections required by the Safeguards Rule and (2) Sunbelt's security program is operating with sufficient effectiveness to provide reasonable assurance that the security, confidentiality, and integrity of consumer's personal information has been protected. This provision is substantially similar to comparable provisions obtained in prior Commission orders under Section 5 of the FTC Act. *See Tower Records*, FTC Docket No. C-4110 (June 2, 2004); *Guess?, Inc.*, FTC Docket No. C-4091 (July 30, 2003); and *Microsoft Corp.*, FTC Docket No. C-4069 (Dec. 20, 2002).

Part II of the proposed order requires Sunbelt to retain documents relating to compliance. For the assessments and supporting documents, Sunbelt must retain the documents for three years after the date that each assessment is prepared.

Parts III through VI of the proposed order are reporting and compliance provisions. Part III requires dissemination of the order now and in the future to persons with supervisory responsibilities. Part IV ensures notification to the FTC of changes in corporate status. Part V mandates that Sunbelt submit compliance reports to the FTC. Part VI is a provision "sunsetting" the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to facilitate public comment on the proposed order. It is not intended to constitute an official interpretation of the proposed order or to modify its terms in any way.

By direction of the Commission.

**Donald S. Clark,**

*Secretary.*

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Administration for Children and Families**

**Submission for OMB Review; Comment Request**

*Title:* IV-E Foster Care and Adoption Assistance Financial Report (IV-E-1).

*OMB No.:* 0970-0205.

*Titled:* Financial Reporting Form.

*Description:* This form is used by states, the District of Columbia and Puerto Rico to facilitate the reporting of expenditures for the Foster Care and Adoption Assistance programs. State agencies (including the District of Columbia and Puerto Rico) use this form to report data on a quarterly basis. The form provides specific data regarding financial disbursements, obligations and estimates. It provides states with a mechanism to request grant awards and certify the availability of state matching funds. Failure to collect this data would seriously compromise the Administration for Children and Families' (ACF) ability to issue grant awards monitor expenditures. This form is also used to prepare the ACF budget submission to Congress. ACF is implementing the On-Line Data Collection System (OLDC) to allow grantees the option to electronically submit the data.

*Respondents:* States, District of Columbia and Puerto Rico Annual Burden Estimates.

| Instrument        | Number of respondents | Number of responses per respondent (per year) | Average burden hours per response | Total burden hours |
|-------------------|-----------------------|---|-----------------------------------|--------------------|
| IV-E 1 .....      | 52                    | 4   | 24.5                              | 5,096              |
| IV-E-1 Proj. .... | 52                    | 2   | 1                                 | 104                |

*Estimated Total Annual Burden Hours:* 5,200.

*Additional Information:* Copies of the proposed collection may be obtained by writing to the Administration for

Children and Families, Office of Administration, Office of Information Services, 370 L'Enfant Promenade, SW.,