

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Deborah Platt Majoras, Chairman**
 Orson Swindle
 Thomas B. Leary
 Pamela Jones Harbour
 Jon Leibowitz

)	
In the Matter of)	
)	
PETCO ANIMAL SUPPLIES, INC.,)	
a corporation.)	DOCKET NO.
)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Petco Animal Supplies, Inc. (“respondent”) has violated 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 Petco Animal Supplies, Inc. is a Delaware corporation with its principal office or place of business at 9125 Rehco Road, San Diego, California 29121.
2. Respondent sells pet food, supplies, and services through more than 636 stores in 43 states and the District of Columbia. It also sells pet food and supplies through its website at www.PETCO.com.
3. The acts and practices of respondent as alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.
4. Respondent has marketed and sold pet food and supplies to consumers online at www.PETCO.com since February 5, 2001. Most consumers who make purchases through www.PETCO.com pay using a credit card. To complete these purchases, consumers must provide personal information, including, but not limited to, name, address, and credit card number and expiration date. Respondent stores this information in particular locations (called “tables”) in a database that supports or connects to its website. Respondent also stores product information about pet food and supplies in a database that supports or connects to its website.

5. Visitors to www.PETCO.com communicate with the website using a software program called a “web application.” Respondent’s application was designed so that visitors could use it to: (1) obtain product information from certain database tables, and (2) supply respondent with transaction information, such as credit card numbers and expiration dates, that respondent then stored in other tables in a database. To facilitate communication between the website and a visitor, respondent’s application was designed to automatically present any information retrieved from or supplied to a database in clear readable text on the visitor’s web browser.
6. Since at least February 5, 2001, respondent has disseminated or caused to be disseminated privacy policies and representations on www.PETCO.com, including, but not necessarily limited to, the attached Exhibit A containing the following statements regarding the privacy and confidentiality of personal information collected through respondent’s website:

Privacy Concerns and Issues

Your information is secure

At PETCO.com our customers’ data is strictly protected against any unauthorized access. PETCO.com also provides a “100% Safeguard Your Shopping Experience Guarantee” so you never have to worry about the safety of your credit card information.

Payment Options

PETCO.com accepts the following credit cards: Visa, MasterCard, American Express, and Discover. PETCO.com also redeems PETCO.com online gift certificates and PETCO gift cards as payment for purchases made at PETCO.com. We are unable to accept checks or money orders at this time.

Entering your credit card number via our secure server is completely safe. The server encrypts all of your information; no one except you can access it.

Is my personal information secure?

At PETCO.com, protecting your information is our number one priority, and your personal data is strictly shielded from unauthorized access. Our “100% Safeguard Your Shopping Experience Guarantee” means you never have to worry about the safety of your credit card information.

Exhibit A (Petco webpages dated June 21, 2003)(emphasis in original)

7. Since at least February 5, 2001, respondent's website and application have been vulnerable to commonly known or reasonably foreseeable attacks from third parties attempting to obtain access to personal information about consumers stored in respondent's database. These attacks include, but are not limited to, web application attacks such as "Structured Query Language" (or "SQL") injection attacks. Such an attack occurs when an attacker enters certain characters in the address (or URL) bar of a standard web browser to direct an application to obtain information from a database that supports or connects to a website. By such an attack, respondent's application can be manipulated to gain access, in clear readable text, to tables in databases that support or connect to www.PETCO.com, including tables containing credit card information supplied by consumers.
8. Respondent created these vulnerabilities by failing to implement reasonable and appropriate measures to secure and protect databases that support or connect to the website. Among other things, respondent failed to: adopt policies and procedures adequate to protect sensitive consumer information collected through the website; or implement simple, readily available defenses to prevent website visitors from gaining access to database tables containing sensitive personal information about other consumers.
9. The risk of such web application attacks is well known in the information technology industry, as are simple, easy to implement, and publicly available measures to prevent such attacks. Security experts have been warning the industry about these vulnerabilities since at least 1997; in 1998, at least one security organization developed, and made publicly available at no charge, a security measure that could prevent such attacks, and in 2000 the industry began receiving reports of successful attacks on web applications.
10. In June 2003, a visitor to www.PETCO.com conducted an SQL injection attack and was able to read in clear text credit card numbers stored in respondent's database.
11. Through the means described in Paragraph 6, respondent represented, expressly or by implication, that the personal information it obtained from consumers through www.PETCO.com was maintained in an encrypted format and therefore was inaccessible to anyone other than the consumer providing the information.
12. In truth and in fact, the personal information respondent obtained from consumers through www.PETCO.com was not maintained in an encrypted format and was accessible to persons other than the consumer providing the information. Instead, Petco encrypted credit card information only while it was being transmitted between a visitor's web browser and the website's server; once the information reached the server, it was decrypted and maintained in clear readable text. Using a standard web browser, a visitor could (and did) use a commonly known attack to manipulate respondent's web application and obtain access, in clear readable text, to sensitive personal information about other consumers, including, but not limited to, consumer names and credit card

numbers and expiration dates. Therefore, the representation set forth in Paragraph 11 was false or misleading.

13. Through the means described in Paragraph 6, respondent represented, expressly or by implication, that it implemented reasonable and appropriate measures to protect personal information it obtained from consumers through www.PETCO.com against unauthorized access.
14. In truth and in fact, respondent did not implement reasonable and appropriate measures to protect personal information it obtained from consumers through www.PETCO.com against unauthorized access. In particular, respondent failed to implement procedures that were reasonable and appropriate to: (1) detect reasonably foreseeable application vulnerabilities, and (2) prevent visitors from exploiting such vulnerabilities and obtaining unauthorized access to sensitive consumer information. Therefore, the representation set forth in Paragraph 13 was false or misleading.
15. The acts and practices of respondent 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 ____, 2004, has issued this complaint against respondent.

By the Commission

Donald S. Clark
Secretary