

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
NORTHWEST REGION



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October 23, 2006

By First Class Mail

Bill Wrixon, President  
Roger Hardy, Chief Executive Officer  
Coastal Contacts, Inc.  
29985 Virtual Way, Suite 320  
Vancouver, BC V5M 4X7  
CANADA

Re: *Coastal Contacts, Inc.*, FTC File No. 062 3038

Dear Msrs. Wrixon and Hardy:

As you know, the staff of the Northwest Regional Office and the Division of Advertising Practices of the Federal Trade Commission ("Commission") has conducted a non-public investigation into whether Coastal Contacts, Inc. ("Coastal"), has complied with the Fairness to Contact Lens Consumers Act ("Act")<sup>1</sup> and the Commission's Contact Lens Rule ("Rule").<sup>2</sup>

Among other things, the Act and the Rule permit contact lens sellers to provide contact lenses to U.S. consumers *only in accordance with a valid prescription* – that is, after either obtaining a copy of the prescription itself or verifying the prescription information with the prescriber in accordance with procedures set forth in Section 315.5 of the Rule, 16 C.F.R. 315.5. However, our investigation indicated that for a limited time Coastal provided contact lenses to consumers where it neither obtained a copy of the prescription nor properly verified prescription information.

Specifically, some prescribers responded to Coastal's verification requests with an indication that the consumers' prescriptions were expired. In some cases, instead of canceling these orders, Coastal provided an online questionnaire posing general ocular health questions to consumers whose prescriptions were expired. Based upon consumers' responses, a licensed eye

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<sup>1</sup>Fairness to Contact Lens Consumers Act, 15 U.S.C. §§ 7601-7610.

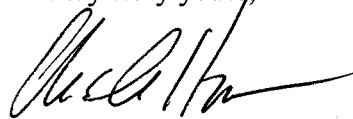
<sup>2</sup>Contact Lens Rule, 16 C.F.R. Part 315.

care professional (but not the patient's prescriber) granted prescription "extensions," and Coastal provided lenses to those consumers.

Although Coastal's sale of lenses pursuant to such extensions was inconsistent with the requirements of the Act and the Rule, we have decided not to recommend enforcement action at this time. Among the factors we considered in making this determination were: (1) Coastal used the questionnaire to grant extensions for a relatively limited period of time and discontinued its use before being contacted by the Commission; (2) the number of extensions granted was relatively limited and constituted an extremely small percentage of Coastal's total sales during the relevant time period; (3) the staff has no evidence that the extensions granted caused consumer injury; and (4) Coastal has stated that it will not use the questionnaire in the future. In addition, Coastal has agreed to take additional steps to ensure its compliance with the Act and Rule.

This action is not to be construed as a determination that a violation did not occur, just as the pendency of an investigation should not be construed as a determination that a violation has occurred. The Commission reserves the right to take such further action as the public interest may require.

Very truly yours,



Charles A. Harwood  
Regional Director  
Northwest Regional Office



Mary K. Engle  
Associate Director  
Division of Advertising Practices