



PRIVACY, DATA SECURITY & INFORMATION LAW UPDATE

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FTC to Investigate Leakage of Consumer Information Stored on Digital Copy Machine Hard Drives

The Federal Trade Commission (FTC) is contacting digital copy manufacturers and resellers regarding the personal information that is stored on the hard drives of the machines that they manufacture and/or sell. The FTC is acting in response to a April 19, 2010 CBS News broadcast showing investigators retrieving sensitive consumer information from the hard drives of used copy machines. The FTC is asking copy manufacturers and resellers whether they have informed their customers of the risks and provided their customers with information on mitigating measures.

Currently, the FTC does not have guidance specifically addressing how copy manufacturers and resellers should protect consumer information stored on digital copy machines. However, in a [May 11, 2010 letter](#) to Massachusetts Congressman Edward Markey, the FTC indicated that it expected to issue guidance on the matter.

One [article](#) published by the FTC, cited in its letter to Congressman Markey, "Protecting Personal Information: A Guide for Business," lays out five key principles for a sound data security plan and offers some guidance to copy manufactures and sellers as to the FTC's expectations. These five factors are:

- *Take stock.* Know what personal information you have in your files and on your computers.
- *Scale down.* Keep only what you need for your business.
- *Lock it.* Protect the information that you keep.
- *Pitch it.* Properly dispose of what you no longer need.
- *Plan ahead.* Create a plan to respond to security incidents.

By considering these steps in advance of receiving a communication from the FTC, companies can be prepared to respond to the FTC's inquiry. Another lesson from this development is that companies should regularly assess and mitigate their vulnerability to data leakage and potential compromises of personal or proprietary information throughout their products and organizations.

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