

Analysis of Proposed Consent Order to Aid Public Comment
In the Matter of CVS Caremark Corporation, File No. 0723119

The Federal Trade Commission has accepted, subject to final approval, a consent agreement from CVS Caremark Corporation (“CVS”).

The proposed consent order 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.

The Commission’s proposed complaint alleges that CVS is in the business of selling prescription and non-prescription medicines and supplies, as well as other products. It operates, among other things, approximately 6,300 retail pharmacy stores in the United States (collectively, “CVS pharmacies”) and online and mail order pharmacy businesses. The company allows consumers buying products in CVS pharmacies to pay for their purchases with credit, debit and electronic benefit transfer cards; insurance cards; personal checks; or cash.

The complaint alleges that in conducting its business, CVS routinely obtains information from or about its customers, including, but not limited to, name; telephone number; address; date of birth; bank account number; payment card account number and expiration date; driver’s license number or other government-issued identification; prescription information, such as medication and dosage, prescribing physician name, address, and telephone number, health insurer name, and insurance account number and policy number; and Social Security number. The company also collects and maintains employment information from its employees, which includes, among other things, Social Security numbers.

The complaint further alleges that CVS engaged in a number of practices that, taken together, failed to provide reasonable and appropriate security for sensitive information from consumers and employees. In particular, CVS failed to: (1) implement policies and procedures to dispose securely of such information, including, but not limited to, policies and procedures to render the information unreadable in the course of disposal; (2) adequately train employees to dispose securely of such information; (3) use reasonable measures to assess compliance with its established policies and procedures for the disposal of such information; or (4) employ a reasonable process for discovering and remedying risks to such information.

The complaint alleges that as a result of these failures, CVS pharmacies discarded materials containing sensitive information in clear readable text (such as prescriptions, prescription bottles, pharmacy labels, computer printouts, prescription purchase refunds, credit card receipts, and employee records) in unsecured, publicly-accessible trash dumpsters on numerous occasions. For example, in July 2006 and continuing into 2007, television stations and other media outlets reported finding such information about customers and employees in unsecured dumpsters used by CVS pharmacies in at least 15 cities throughout the United States. When

discarded in publicly-accessible dumpsters, such information can be obtained by individuals for purposes of identity theft or the theft of pre

