

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

COMMISSIONERS: Jon Leibowitz, Chairman
William E. Kovacic
J. Thomas Rosb
Edith Ramirez
Julie Brill

In the Matter of)
)
)
LOOKOUT SERVICES, INC.,)
a corporation.)
)
_____)

DOCKET NO. C-

COMPLAINT

The Federal Trade Commission, having reason to believe that Lookout Services, Inc. (“respondent” or “Lookout”) 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.

5. Since at least April 2009, Lookout has disseminated or caused to be disseminated statements in its marketing materials, including, but not limited to, the following sta

- f. allowed users to bypass the authentication procedures on Lookout's website when they typed in a specific URL;
 - g. failed to employ sufficient measures to detect and prevent unauthorized access to computer networks, such as by employing an intrusion detection system and monitoring system logs; and
 - h. created an unnecessary risk to personal information by storing passwords used to access the I-9 database in clear text.
8. In October 2009, and again in December 2009, Lookout's weak authentication practices and web application vulnerabilities enabled an employee of a Lookout customer to gain access to the personal information of over 37,000 consumers.
9. Specifically, in October 2009, the employee obtained a URL for a secure web page during a webinar for the I-9 Solution. She later typed that URL

14. In truth and in fact, as described in Paragraph 7, respondent did not implement reasonable and appropriate measures to protect personal information against unauthorized access. Therefore, the representations set forth in Paragraph 13 were, and are, false and misleading, and constitute a deceptive act or practice.
15. As set forth in Paragraph 7, respondent failed to employ reasonable and appropriate measures to prevent unauthorized access to sensitive personal information. Respondent's practices caused, or are likely to cause, substantial injury to consumers that is not offset by countervailing benefits to consumers or competition and is not reasonably avoidable by consumers. This practice was, and is, an unfair act or practice.
16. 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, 15 U.S.C. § 45(a).

THEREFORE, the Federal Trade Commission this ____ day of ____, 2011 has issued this complaint against respondent.

By the Commission

Donald S. Clark
Secretary