



Office of the Secretary

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

September 5, 2006

Mr. Russell W. Schrader  
Senior Vice President and Assistant General Counsel  
VISA U.S.A. Inc.  
P.O. Box 194607  
San Francisco, California 94119-4607

Re: *In the Matter of CardSystems Solutions, Inc., et al., File No. 052 3148*

Dear Mr. Schrader:

This acknowledges your letter commenting on the Federal Trade Commission's consent agreement in the above-entitled proceeding. Your letter was placed on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission's Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii), and was given serious consideration by the Commission.

Your comment discusses a number of general matters concerning information security and also expresses support for imposing civil monetary penalties and obtaining redress in this case. The Federal Trade Commission Act ("FTC Act") does not authorize the Commission to obtain civil monetary penalties against CardSystems Solutions, Inc. ("CardSystems") based on the allegations in the complaint that gave rise to the order. With respect to future cases, the Commission in testimony on data security recommended that Congress consider whether companies that hold sensitive consumer data, for whatever purpose, should be required to take reasonable measures to ensure its safety. The Commission also has advocated civil penalty authority for its enforcement of these provisions. If CardSystems (or respondent Solidus Networks, Inc.) violates the Commission's final order, however, it would be liable for civil monetary penalties of up to \$11,000 per violation, pursuant to Section 5(l) of the FTC Act. In addition, whether or not the Commission will seek consumer redress in a particular case depends on a number of factors, including, but not limited to, the nature and magnitude of the consumer injury, whether victims are identifiable, and whether redress is practicable. After considering these and other factors in this case, the Commission determined not to seek consumer redress. Also, CardSystems faces potential liability in the millions of dollars under bank procedures and in private litigation for losses related to the breach.

