

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Jon Leibowitz, Chairman**
 Pamela Jones Harbour
 William E. Kovacic
 J. Thomas Rosch

In the Matter of)
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JAMES B. NUTTER & COMPANY,)
a corporation.))
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DOCKET NO. C-4258

COMPLAINT

The Federal Trade Commission (“Commission”), having reason to believe that James B. Nutter & Company has violated the provisions of the Commission’s Standards for Safeguarding Customer Information Rule (“Safeguards Rule”), 16 C.F.R. Part 314, issued pursuant to Title V, Subtitle A of the Gramm-Leach-Bliley Act (“GLB Act”), 15 U.S.C. § 6801-6809, and the Commission’s Privacy of Customer Financial Information Rule (“Privacy Rule”), 16 C.F.R. Part 313, issued pursuant to the GLB Act; and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent James B. Nutter & Company is a privately-held Missouri company with its principal office or place of business at 4153 Broadway, Kansas City, Missouri 64111.
2. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act (“FTC Act”).
3. Respondent makes and services single-family residential mortgage loans throughout the United States.
4. Respondent routinely collects sensitive personal information from or about consumers. The information includes, among other things: name; street and email addresses; telephone number; Social Security number; driver’s license number; date of birth; bank and credit card account numbers; mortgage information; and income, debt, employment, and credit histories (collectively, “personal information”).

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nts **VIOLATIONS OF THE SAFEGUARDS RULE**

8. The Safeguards Rule, which implements Section 501(b) of the GLB Act, 15 U.S.C. § 6801(b), was promulgated by the Commission on May 23, 2002, and became effective on May 23, 2003. The Rule requires financial institutions to protect the security, confidentiality, and integrity of customer information by developing a comprehensive written information security program that contains reasonable administrative, technical, and physical safeguards designed to protect and control the information that the institution has collected, stored, processed, transmitted, or disposed of.

VIOLATIONS OF THE PRIVACY RULE

11. The Privacy Rule, which implements Sections 501-509 of the GLB Act, 15 U.S.C. §§ 6801-6809, was promulgated by the Commission on May 24, 2000, and became effective on July 1, 2001. The Rule requires financial institutions to provide customers, no later than when a customer relationship arises and annually for the duration of that relationship, a notice that, among other things, sets out the institution's security practices, accurately describes its disclosures of customer information to third parties, and accurately informs customers of their opt-out rights. 16 C.F.R. Part 313.
12. As set forth in Paragraph 7, respondent violated the Privacy Rule by failing to provide privacy notices for several years after the Rule became effective, and thereafter by providing notices that failed to set out respondent's security practices; did not accurately describe to customers that customer information would be disclosed to third parties, such as credit reporting agencies; and informed customers that they had 30 days in which to exercise their opt-out rights even though the Rule provides that they can opt out at any time during the course of their loans.
13. Pursuant to the GLB Act, violations of the Safeguards Rule and the Privacy Rule are prohibited. (City)Tj12.3600 0.0