Division of Advertising Practices

Robert Levitan, CEO
Pando Networks, Inc.
520 Broadway, 10th Floor
New York, NY 10012

UNITED STATES OF AMERICA

FEDERAL TRADE COMMISSION WASHINGTON, D.C. 20580

August 5, 2009

Re: Inadvertent Sharing Protection Working Group Voluntary Best Practices
Compliance

Dear Mr. Levitan:

In July 2008, numerous distributors of peer-to-peer file-sharing applications, including
Pando Networks, agreed to abide by a set of guidelines (hereafter "Voluntary Best Practices"), created by the Distributed Computing Industry Association, to minimize the inadvertent sharing of sensitive files over peer-to-peer networks. The staff of the U.S. Federal Trade Commission's Division of Advertising Practices has recently reviewed and analyzed the Pando software application, version 2.3.0.11, to determine if it complies with the Voluntary Best Practices. This letter sets forth the results of that review.

We recognize that the Pando software application operates differently than some other peer-to-peer file-sharing applications in that the files made available for sharing by users are hosted and accessed on the Pando website, instead of on the users' computers. Nevertheless, users can designate files to be shared with specific individuals and the general public as a whole. Accordingly, to minimize the risk of consumers inadvertently sharing files, it is important that the Pando software application comply with the Voluntary Best Practices. The staffs tests show that the program does not comply with the Voluntary Best Practices in the following ways:

Section (1)(A), which requires clear, timely, and conspicuous plain-language
warnings about the risks of inadvertent sharing of personal or sensitive data, in
order for User-Originated Files or pre-existing folders to be shared. In fact, the
Pando program appears to provide no warnings whatsoever that would alert users
about the potentially sensitive nature of the files being shared;

• Section (3), which requires that recursive sharing be disabled by default. The default settings of the Pando program allow for the recursive sharing of folders
and complete drives (e.g., the C: or D: drive, a network drive, or an external
drive);