

**UNITED STATES OF AMERICA**

4. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act.
5. At all relevant times, respondents have been in the business of transcribing digital audio files (“audio files”) for individuals and businesses in a variety of professions and industries. Respondents’ customers include: university students and faculty; well-known corporations (including retailers, insurers, and telecom and financial service providers); government agencies; and health care providers and hospitals.
6. Respondents conduct their transcription business almost entirely online using: respondents’ own computers and devices; various websites; and computers and devices leased from third-party service providers that are operated by or for respondents (collectively, “respondents’ computer network”).
7. In conducting business, respondents rely almost exclusively on independent service providers to transcribe audio files that respondents assign to them. Respondents:
  - (a) assign non-medical audio file transcriptions to at least 100 independent typists located in North America; and
  - (b) automatically assigned all medical audio file transcriptions to Fedtrans Transcription Services, Inc. (“Fedtrans”), between at least January 1, 2009, and May 1, 2012. Fedtrans, which is located in India, assigned respondents’ files to independent typists to transcribe.
8. At all relevant times, respondents’ transcription process began when a customer logged in

10. Since at least 2006, respondents have disseminated or caused to be disseminated privacy policies and statements, including, but not necessarily limited to, the following statements regarding the privacy and security of personal information:

- Why GMR Transcription Services? . . . Security Measures to Protect Your Confidentiality.
- Each transcriptionist within the GMR community is required to sign a Confidentiality Agreement prior to working for us. This is kept on file. You can be assured that the materials going through our system are highly secure and are never divulged to anyone.

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15. Consumers have no way of independently knowing about respondents' security failures and could not reasonably avoid possible harms from such failures.
16. After being informed that the Fedtrans files were available online in clear readable text, respondents notified Fedtrans and asked the search engine that had indexed the files to remove the files from its cache.

## **VIOLATIONS OF THE FTC ACT**

### **COUNT I**

17. Through the means described in Paragraph 10, respondents represented, expressly or by implication, that they implemented reasonable and appropriate security measures to prevent unauthorized access to the personal information in audio and transcript files.
18. In truth and in fact, as described in Paragraphs 11-14, respondents did not implement

22. The acts and practices of respondents 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.

**THEREFORE**, the Federal Trade Commission this fourteenth day of August, 2014, has issued this complaint against respondents.

By the Commission, Commissioner McSweeney not participating.

Donald S. Clark  
Secretary

SEAL: