

**UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION**

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

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**In the Matter of** )  
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**GENICA CORPORATION,** )  
**a corporation,** )  
 )  
**and** )  
 )  
 )  
**COMPGEEKS.COM also doing business as** )  
**COMPUTER GEEKS DISCOUNT OUTLET** )  
**and GEEKS.COM,** )  
**a corporation.** )  
\_\_\_\_\_ )

**DOCKET NO. C-4252**

**COMPLAINT**

The Federal Trade Commission, having reason to believe that Genica Corporation and Compgeeks.com also doing business as Computer Geeks Discount Outlet and geeks.com (“respondents”) have 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. Respondent Genica Corporation (“Genica”) is a Delaware corporation with its principal office or place of business at 1890 Ord Way, Oceanside, California 92056.
2. Respondent Compgeeks.com also doing business as Computer Geeks Discount Outlet and geeks.com (“Compgeeks.com”) is a California corporation with its principal office or place of business at 1890 Ord Way, Oceanside, California 92056. Compgeeks.com is a wholly-owned subsidiary of Genica, and Genica controlled the acts and practices of Compgeeks.com at issue in this complaint.
3. The acts and practices of respondents as alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

4. Respondents are in the business of selling computer systems, peripherals, and consumer electronics to consumers over the internet, including through a website ([www.geeks.com](http://www.geeks.com)) operated by respondent Compgeeks.com.
5. Respondents operate a computer network that consumers use, in conjunction with the [www.geeks.com](http://www.geeks.com) website and web application, to obtain information and to buy their products.
6. In selling products through the [www.geeks.com](http://www.geeks.com) website, respondents routinely collect sensitive information from consumers to obtain authorization for credit card purchases, including a first and last name, address, e-mail address, telephone number, credit card number, credit card expiration date, and credit card security code (hereinafter “personal information”). Personal information collected at the website is sent to computers on respondents’ computer network, reformatted, and sent to outside computer networks for payment authorization. Until at least December 2007, respondents stored information in clear, readable text on the network on a computer accessible through the [www.geeks.com](http://www.geeks.com) website.
7. Since at least October 2001, respondents have disseminated or caused to be disseminated privacy policies and statements on the [www.geeks.com](http://www.geeks.com) website, including, but not limited to, the following statements regarding the privacy and confidentiality of the consumer information they collect:

The objective of the safeguarding personal information principle is to assure you that we actively protect your privacy using a variety of security and controls. We use secure technology, privacy protection controls and restrictions on employee access in order to safeguard your personal information. We use state of the art technology (e.g., Secure Socket Layer, or SSL) encryption to keep customer personal information as secure as possible. We have also put in place privacy protection control systems designed to ensure that personal Customer data remains safe and private. (Exhibit A, current privacy policy effective 2007, and Exhibit B, former privacy policy effective between 2001 and 2007)

8. Until at least December 2007, respondents engaged in a number of practices that, taken together, failed to provide reasonable and appropriate security for the personal information stored on their network. Among other things, respondents: (1) stored personal information in clear, readable text; (2) did not adequately assess the vulnerability of their web application and network to commonly known or reasonably foreseeable attacks, such as “Structured Query Language” (“SQL”) injection attacks; (3) did not implement simple, free or low-cost, and readily available defenses to such attacks; (4) did not use readily available security measures to monitor and control connections between computers on the network and from the network to the internet; and

- (5) failed to employ reasonable measures to detect and prevent unauthorized access to personal information, such as by logging or employing an intrusion detection system.
9. Since at least January 2007 and continuing through at least June 2007, hackers repeatedly exploited the failures set forth in Paragraph 8 by using SQL injection attacks on the [www.geeks.com](http://www.geeks.com) website and web application. Through these attacks, the hackers found personal information stored on respondents' network and exported the information of hundreds of customers, including credit card numbers, expiration dates, and security codes, over the internet to outside computers.
  10. Respondents became aware of the breach in December 2007, at which time they took steps to prevent further unauthorized access and to notify law enforcement and affected consumers.
  11. Through the means described in Paragraph 7, respondents represented, expressly or by implication, that they implemented reasonable and appropriate measures to protect personal information against unauthorized access.
  12. In truth and in fact, respondents did not implement reasonable and appropriate measures to protect personal information against unauthorized access. Therefore, the representation set forth in Paragraph 11 was, and is, false or misleading.
  13. The acts and practices of respondents as alleged in this complaint constitute 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 sixteenth day of March, 2009, has issued this complaint against respondents.

By the Commission.

Donald S. Clark  
Secretary

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