

FTC Requests Protection of RadioShack Customer Personal Information

The court handling the bankruptcy of RadioShack Corp. should place conditions on the sale of personal consumer information to honor the privacy policies of the now defunct company, the Federal Trade Commission said in a letter to the privacy ombudsman in the case.

The FTC noted that RadioShack collected personal information from over 117 million customers. The information included name, physical mailing address, telephone number, email address, credit or debit card numbers, and purchase history. The information was covered by one of two privacy policies that stated RadioShack would not sell or rent personally identifiable information to anyone at any time and that the company prides itself on not selling its mailing lists. “For the period covered by these privacy policies, RadioShack thus clearly and expressly represented that customer information would not be rented or sold to third parties,” the FTC letter stated.

As part of the bankruptcy, the court could order the sale of the information and use the proceeds to pay creditors.

“We understand that RadioShack’s customer information constitutes a potentially valuable asset,” the letter continued. “We are concerned, however, that a sale or transfer of the personal information of RadioShack’s customers would contravene RadioShack’s express promise not to sell or rent such information and could constitute a deceptive or unfair practice under Section 5 of the FTC Act.”

The FTC offered two alternatives. One would be require RadioShack to obtain affirmative consent from its customers before any personal data is transferred. The other is to set conditions on the transfer, including:

- Customer information not be sold as a standalone asset;
- The buyer must be engaged in substantially the same lines of business as RadioShack;
- The buyer expressly agrees to be bound by and adhere to the terms of RadioShack’s privacy policies as to the personal information acquired from RadioShack; and
- The buyer agrees to obtain affirmative consent from consumers for any material changes to the privacy policy.

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