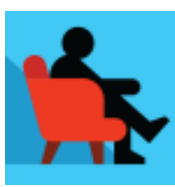




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TECHNOLOGY

# F.T.C. Penalizes TRUSTe, a Web Privacy Certification Company

By EDWARD WYATT NOV. 17, 2014

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The Federal Trade Commission on Monday penalized TRUSTe, a company that certifies websites for compliance with various privacy standards, saying it had deceived consumers about its recertification program and allowed itself to be falsely portrayed as a nonprofit corporation.

TRUSTe, whose formal name is True Ultimate Standards Everywhere Inc., will disgorge \$200,000 in profits to the Treasury as part of a settlement for failing to annually recertify the privacy practices of companies in more than 1,000 instances while claiming on its website that it did so each year.

The TRUSTe symbol has become the equivalent of an Underwriters Laboratories safety seal or a Good Housekeeping seal of approval, signaling to consumers that a website follows privacy practices like the Children’s Online Privacy Protection Act and the United States-European Union Safe Harbor Framework.

“TRUSTe promised to hold companies accountable for protecting consumer privacy, but it fell short of that pledge,” Edith Ramirez, the F.T.C.’s chairwoman, said in a statement. “Self-regulation plays an important role in helping to protect consumers. But when companies fail to live up to their promises to consumers, the F.T.C. will not hesitate to take action.”

The commission said that from 2006 to January 2013 TRUSTe failed to conduct annual privacy checks on some of the companies it certified. The company also failed to require companies using its seal to indicate after 2008 that the company was no longer a nonprofit corporation. Started in 1997, TRUSTe converted to for-profit in 2008.

The company advertises itself as “the #1 privacy brand” and requires sites that wish to display its seal to verify their practices, including meeting requirements for transparency and for consumer options about how personal information is collected and used.

In a statement, TRUSTe said that the companies it failed to recertify annually were among those with multiyear contracts, and that those instances represented “less than 10 percent of the total number of annual reviews the company was scheduled to conduct” from 2006 to 2013.

In [a posting](#) on the company’s blog, Chris Babel, TRUSTe’s chief executive, said 90 percent of the multiyear clients signed two-year contracts and so were reviewed every other year. “We have taken swift action to address the process issues covered by the agreement” with the F.T.C., Mr. Babel wrote.

**Correction: November 17, 2014**  
*An earlier version of this article misstated the failure for which TRUSTe was penalized. It failed to annually recertify privacy practices of companies in more than 1,000 instances; it did not faile to annually recertify those practices in 1,000 companies.*

A version of this article appears in print on November 18, 2014, on page B2 of the New York edition with the headline: F.T.C. Penalizes a Web Privacy Certification Company.  
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