

**Analysis of Proposed Consent Orders to Aid Public Comment**  
***In the Matter of Baker Tilly Virchow Krause, LLP, File No. 142 3019***

The Federal Trade Commission (“FTC” or “Commission”) has accepted, subject to final approval, a consent agreement applicable to Baker Tilly Virchow Krause, LLP (“Baker Tilly”).

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

This matter concerns alleged false or misleading representations that Baker Tilly made to consumers concerning its participation in the Safe Harbor privacy framework (“Safe Harbor”) agreed upon by the U.S. and the European Union (“EU”) (“U.S.-EU Safe Harbor Framework”). It is among several actions the Commission is bringing to enforce the promises that companies make when they certify that they participate in the Safe Harbor Framework. The Safe Harbor framework allows U.S. companies to transfer data outside the EU consistent with European law. To join the Safe Harbor framework, a company must self-certify to the U.S. Department of Commerce (“Commerce”) that it complies with a set of principles and related requirements that have been deemed by the European Commission as providing “adequate” privacy protection. These principles include notice, choice, onward transfer, security, data integrity, access, and enforcement. Commerce maintains a public website, [www.export.gov/safeharbor](http://www.export.gov/safeharbor), where it posts the names of companies that have self-certified to the Safe Harbor framework. The listing of companies indicates whether their self-certification is “current” or “not current.” Companies are required to re-certify every year in order to retain their status as “current” members of the Safe Harbor framework.

In 2008, Commerce developed the U.S.-EU Safe Harbor Framework Certification Mark (“the mark”) to allow companies to highlight for consumers their compliance with the Safe Harbor Framework. Upon request, Commerce provides the mark to those organizations that maintain a “current” self-certification to the U.S.-EU Safe Harbor Framework. Commerce has established certain rules for using the mark, such as requirements related to the mark’s placement on a website and the inclusion of a link to [www.export.gov/safeharbor](http://www.export.gov/safeharbor).

Baker Tilly is an accounting and advisory services firm. According to the Commission’s complaint, since at least June 2010, Baker Tilly has set forth on its website, [www.bakertilly.com](http://www.bakertilly.com), privacy policies and statements about its practices, including statements related to its participation in the U.S-EU Safe Harbor Framework. In addition, from at least June 2010, Baker Tilly displayed the mark on its website.

The Commission’s complaint alleges that Baker Tilly, through its statements and use of the mark, falsely represented that it was a “current” participant in the Safe Harbor when, in fact, from June 2011 until December 2013, Baker Tilly was not a “current” participant in the Safe Harbor. The Commission’s complaint alleges that in June 2010, Baker Tilly submitted a Safe Harbor self-certification. Baker Tilly did not renew its self-certification in June 2011 and

Commerce subsequently updated Baker Tilly's status to "not current" on its public website. In December 2013, Baker Tilly renewed its self-certification to the Safe Harbor and its status was changed to "current" on Commerce's website.

Part I of the proposed order prohibits Baker Tilly from making misrepresentations about its membership in any privacy or security program sponsored by the government or any other self-regulatory or standard-setting organization, including, but not limited to, the U.S.-EU Safe Harbor Framework.

Parts II through VI of the proposed order are reporting and compliance provisions. Part II requires Baker Tilly to retain documents relating to its compliance with the order for a five-year period. Part III requires dissemination of the order now and in the future to persons with responsibilities relating to the subject matter of the order. Part IV ensures notification to the FTC of changes in corporate status. Part V mandates that Baker Tilly submit an initial compliance report to the FTC, and make available to the FTC subsequent reports. Part VI is a provision "sunsetting" the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to facilitate public comment on the proposed order. It is not intended to constitute an official interpretation of the proposed complaint or order or to modify the order's terms in any way.