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privacy news

Toysmart Customer Database to be Destroyed

The Associated Press (AP) reported on January 10th 2001 that the defunct online toy store "Toysmart.com" would receive \$50,000 and have its customer database destroyed rather than sold off to pay creditors.

In June 2000 the company advertised in the Wall Street Journal that it was selling its property, including its customer lists. However, Toysmart's privacy policy, licensed by TRUSTe, stated that "personal information, submitted by visitors to our site, such as name, address, billing information and shopping preferences, is never shared with a third party."

In late July 2000 the US Federal Trade Commission (FTC) reached a settlement with Toysmart that allowed the company to sell its electronic assets only if the purchasing company followed the same privacy policy. However, the federal bankruptcy court handling the case refused to accept the deal, instead waiting to see if there were any potential buyers.

The FTC and the Attorneys General of 42 states and three other jurisdictions then sued Toysmart to keep it from divulging the data. The case was settled with the agreement to have the database destroyed.

New Zealand Releases Model Code for Consumer Protection in Electronic Commerce

In October 2000 the New Zealand Ministry of Consumer Affairs released its Model Code for Consumer Protection in Electronic Commerce. The Ministry sees the code as one possible means for e-commerce traders to ensure that consumers feel comfortable in an electronic marketplace. In a statement released on the Internet in October 2000, the Ministry noted recent findings that the majority of existing e-commerce traders have so far failed to address the elements that will ensure consumer comfort.

Businesses can adhere independently to the code, which can also provide a basis for self-regulatory mechanisms. Typically the latter require members to agree to operate at certain standards and processes that meet consumers' interests, and to display "seals" that attest to their compliance. The operators of the schemes then ensure that businesses do, in fact, adhere to the standards through audit and/or disciplinary processes.

The complete code and the accompanying Ministry of Consumer Affairs statement can be found at: http://www.consumer-ministry.govt.nz/model_code.html

Eugene Oscapella

I am delighted to introduce Eugene Oscapella, the international newsletter's new Associate Editor who has taken over from Laura Linkomies who ably edited the newsletter from 1997. He is a Barrister, Solicitor and Privacy Consultant whose clients since 1987 have included the Federal and Provincial Privacy Commissioners in Canada, and national Privacy Commissioners in other countries. You may contact him with contributions and comments at eugene@privacylaws.com

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