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23 UNITED STATES OF AMERICA

24 UNITED STATES DISTRICT COURT
25 CENTRAL DISTRICT OF CALIFORNIA
26 WESTERN DIVISION

27 UNITED STATES OF AMERICA,
28 Plaintiff,
29 v.
30 MYLIFE.COM, INC., a corporation,
31 and
32 JEFFREY TINSLEY, individually and as
33 an officer of MYLIFE.COM, INC.,
34 Defendants.

Case No. 20-cv-6692

**COMPLAINT FOR PERMANENT
INJUNCTION, OTHER
EQUITABLE RELIEF, AND
CIVIL PENALTIES AND
DEMAND FOR JURY TRIAL**

1 Plaintiff, the United States of America, acting upon notification and
2 authorization to the Attorney General by the Federal Trade Commission (“FTC” or
3 “Commission”), pursuant to Section 16(a)(1) of the Federal Trade Commission Act
4 (“FTC Act”), 15 U.S.C. § 56(a)(1), for its Complaint alleges:

5 **JURISDICTION AND VENUE**

6 1. This Court has subject matter jurisdiction over this matter pursuant to 28
7 U.S.C. §§ 1331, 1337(a), 1345, and 1355.

8 2. Venue is proper in this District under 28 U.S.C. §§ 1391(b)-(d), 1395(a),
9 and 15 U.S.C. § 53(b).

10 3. Defendants engage in trade in or affecting commerce, as “commerce” is
11 defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

12 **PLAINTIFF**

13 4. Plaintiff, the United States of America, brings this action under Sections
14 5(a), 5(m)(1)(a), 13(b), 16(a)(1), and 19 of the FTC Act, 15 U.S.C. §§ 45(a),
15 45(m)(1)(a), 53(b), 56(a)(1), and 57b; Section 6 of the Telemarketing and Consumer
16 Fraud and Abuse Prevention Act, 15 U.S.C. § 6105; Section 5 of the Restore Online
17 Shoppers’ Confidence Act, 15 U.S.C. § 8404; and Section 621(a) of the Fair Credit
18 Reporting Act, 15 U.S.C. § 1681s(a), to obtain permanent injunctive relief, rescission
19 or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-
20 gotten monies, or other equitable relief, in addition to civil penalties for Defendants’
21 violations of the FTC Act, 15 U.S.C. § 45(a), Restore Online Shoppers’ Confidence
22 Act, 15 U.S.C. § 8403, the Telemarketing Sales Rule, 16 C.F.R. Part 310, and the Fair
23 Credit Reporting Act, 15 U.S.C. §§ 1681-1681x.

24 **DEFENDANTS**

25 5. Defendant MyLife.com, Inc. (“MyLife”) is a privately-held Delaware
26 corporation with its principal place of business at 1100 Glendon Ave, Suite 720, Los
27 Angeles, California 90024.

28 6. Defendant Jeffrey Tinsley (“Tinsley”) is the founder, Chief Executive

1 Officer, and Chairman of MyLife, in which he has a major ownership interest. Since
2 the inception of MyLife, Mr. Tinsley has been responsible for MyLife’s overall
3 direction and strategies. Among other things, Mr. Tinsley has directed MyLife’s
4 billing, marketing, advertising, and subscription practices, and he personally markets
5 MyLife’s products. He created and developed the “Reputation Score” displayed on
6 each consumer’s profile on MyLife’s website. Mr. Tinsley also has personal
7 knowledge that MyLife continues to use certain business practices that MyLife agreed
8 to cease in order to settle several lawsuits. Mr. Tinsley resides in in this District and
9 transacts or has transacted business here and throughout the United States.

10 NATURE OF THE CASE

11 7. Defendants sell consumer background reports through their website,
12 **www.mylife.com** (“MyLife.com” or “MyLife”). Since approximately 2009,
13 Defendants have sold their consumer background reports primarily by allowing users
14 of their website to run free background searches for an individual’s name, and then
15 displaying search results that imply, often falsely, that the subject of a search may have
16 records of criminal or sexual offenses—records that can be viewed only by buying a
17 MyLife subscription. The MyLife search results also include a “Reputation Score”
18 about a searched-for individual purportedly based on “public information, gathered
19 from government, social, and other sources, plus personal reviews written by others.”
20 Told that “[r]eputation is more important than credit[,]” and lured by the prospect of
21 paying a relatively small fee to uncover the individual’s legal or criminal history and
22 other information, American consumers have paid millions of dollars for MyLife
23 premium subscriptions. MyLife has also used telemarketing to sell its subscriptions.

24 8. The subscriptions sold by MyLife to millions of American consumers are
25 set up as recurring subscriptions that automatically renew upon expiration unless the
26 subscriber takes affirmative steps to cancel. Until 2019, a subscriber who wished to
27 cancel or disable automatic renewal of their subscription was required to call MyLife’s
28 customer service line. Many subscribers who called could not even reach a customer

1 service agent and ended up having their subscriptions renewed against their will. Other
2 subscribers who did reach a MyLife agent and tried to cancel were similarly frustrated,
3 being met with a sales pitch to renew rather than assistance in cancelling.

4 9. Although Defendants have never had a process for determining the
5 purpose for which their background reports are being obtained, Defendants are aware
6 that MyLife subscribers have used background reports for various purposes, including
7 to find out what information about themselves is available online or whether to rent to
8 or from someone.

9 **THE FTC ACT**

10 10. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or
11 deceptive acts or practices in or affecting commerce.”

12 **THE TELEMARKETING SALES RULE**

13 11. The Telemarketing Sales Rule (“TSR”) promulgated under the FTC Act
14 prohibits a seller or telemarketer from engaging in certain deceptive acts or practices.
15 A “seller” is “any person who, in connection with a telemarketing transaction,
16 provides, offers to provide, or arranges for others to provide goods or services to the
17 customer in exchange for consideration.” 16 C.F.R. § 310.2(dd). The TSR defines
18 “telemarketer” as “any person who, in connection with telemarketing, initiates or
19 receives telephone calls to or from a customer or donor.” *Id.* at § 310.2(ff).

20 12. TSR Subsection 310.3(a)(1) prohibits certain types of deceptive conduct
21 before obtaining a customer’s consent to pay for goods or services. Specifically, a
22 seller or telemarketer is prohibited from failing to disclose truthful material
23 information regarding the total costs to purchase, receive, or use the quantity of goods
24 or services being sold; material restrictions, limitations, or conditions to purchase,
25 receive, or use the goods or services being sold; and the seller’s policies and
26 representations regarding refunds, cancellations, exchanges, or repurchases. 16 C.F.R.
27 § 310.3(a)(1)(i)-(iii).

28 13. The TSR also prohibits certain types of misrepresentations and deceptive

1 conduct in the sale of goods or services. Subsection 310.3(a)(2) prohibits a seller or
2 telemarketer from misrepresenting, in the sale of goods or services, the total costs to
3 purchase, receive, or use, and the quantity of any goods or services offered for sale;
4 any material restriction, limitation, or condition to purchase, receive, or use the goods
5 or services offered for sale; or any material aspect of the nature or terms of the seller’s
6 refund, cancellation, or repurchase policies. 16 C.F.R. § 310.3(a)(2)(i)-(ii), (iv).

7 14. A TSR violation is a violation of a rule promulgated under Section 18 of
8 the FTC Act, 15 U.S.C. § 57a. 15 U.S.C. § 8404.

9 **THE RESTORE ONLINE SHOPPERS’ CONFIDENCE ACT**

10 15. The Restore Online Shoppers’ Confidence Act (“ROSCA”), 15 U.S.C. §
11 8401 *et seq.*, recognizes that “[c]onsumer confidence is essential to the growth of
12 online commerce,” and “[t]o continue its development as a marketplace, the Internet
13 must provide consumers with clear, accurate information and give sellers an
14 opportunity to fairly compete with one another for consumers’ business.” 15 U.S.C.
15 § 8401.

16 16. Section 4 of ROSCA generally prohibits charging consumers for goods
17 or services sold in transactions effected on the Internet through a “negative option”
18 feature, defined by the TSR, 16 C.F.R. § 310.2(w), as an offer or agreement to sell or
19 provide any goods or services “under which a customer’s silence or failure to take an
20 affirmative action to reject goods or services or to cancel the agreement is interpreted
21 by the seller as an acceptance of the offer.” 15 U.S.C. § 8403.

22 17. To comply with ROSCA, a seller or telemarketer must (1) provide text
23 that clearly and conspicuously discloses all material terms of the transaction before
24 obtaining the consumer’s billing information; (2) obtain the consumer’s express
25 informed consent before making the charge; and (3) provide simple mechanisms for a
26 consumer to stop recurring charges from being placed on the consumer’s credit card,
27 debit card, bank account, or other financial account.

28 18. A ROSCA violation is a violation of a rule promulgated under Section

1 18 of the FTC Act, 15 U.S.C. § 57a. 15 U.S.C. § 8404.

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THE FAIR CREDIT REPORTING ACT

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19. Section 621 of the Fair Credit Reporting Act (“FCRA”), 15 U.S.C. § 1681s, authorizes the FTC to enforce compliance with the FCRA by all persons subject thereto except to the extent that enforcement specifically is committed to some other governmental agency, irrespective of whether the person is engaged in commerce or meets any other jurisdictional tests set forth by the FTC Act. 15 U.S.C. § 1681s (x).

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20. The FCRA’s requirements apply to any Credit Reporting Agency (“CRA”), which Section 603(f) defines as:

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[A]ny person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports.

15 U.S.C. § 1681a(f). FCRA Section 603(d) defines a “consumer report” as:

[A]ny written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer’s eligibility for (A) credit or insurance to be used primarily for personal, family, or household purposes; (B) employment purposes; or (C) any other purpose authorized under Section 604.

15 U.S.C. § 1681a(d).

28

21. CRAs that sell consumer reports must comply with the FCRA. Section

1 604 of the FCRA, 15 U.S.C. § 1681b, prohibits a CRA from furnishing consumer
2 reports to persons whom it does not have a reason to believe have a permissible
3 purpose to obtain the consumer report. FCRA Section 604 lists the “permissible
4 purposes” for obtaining the report allowed under the FCRA. 15 U.S.C. §
5 1681b(a)(3)(A)-(G).

6 22. Section 607(a) of the FCRA, 15 U.S.C. §1681e(a), requires a CRA to
7 maintain reasonable procedures to limit the furnishing of consumer reports to the
8 purposes permitted by FCRA Section 604, 15 U.S.C. § 1681b. The reasonable
9 procedures mandated by Section 607(a) must:

- 10 a. Require the prospective user of the information to identify
11 themselves, certify the purposes for which the information is
12 sought, and certify that the information will be used for no other
13 purposes;
- 14 b. Make a reasonable effort to verify the identity of a new prospective
15 user and the uses for the consumer report certified by that
16 prospective user before furnishing a consumer report; and
- 17 c. Limit the furnishing of consumer reports to the purposes listed
18 under Section 604.

19 23. FCRA Section 607(b) requires a CRA to follow reasonable procedures to
20 assure the maximum possible accuracy of consumer report information. 15 U.S.C. §
21 1681e(b).

22 24. FCRA Section 607(d) requires a CRA to provide a Notice to Users of
23 Consumer Reports (“User Notice”) to anyone who receives a consumer report from
24 the CRA. 15 U.S.C. § 1681e(d). The User Notice must advise recipients of their legal
25 obligations under the FCRA, including that recipients must have a permissible purpose
26 for using the report and must have certified to the CRA that they will not use the report
27 for any other purpose. 15 U.S.C. § 1681e(d)(2); 12 C.F.R. § 1022, Appendix N
28 (Consumer Financial Protection Bureau model notice), available at

1 consumerfinance.gov/policy-compliance/rulemaking/regulations/1022/N/#ImageN2.

2
3 **DEFENDANTS' BUSINESS ACTIVITIES**

4 25. Since at least 2015, in their marketing and advertising, Defendants have
5 promoted the use of MyLife background reports in establishing an individual's
6 eligibility for employment, loans, and housing, displaying testimonials in which
7 customers praised MyLife's background reports as helpful for such purposes.

8 26. When a user performed a free search on MyLife.com on themselves or
9 someone else, or arrived at MyLife.com via a search engine, the website displayed a
10 "teaser" background report ("Teaser Background Report"). The Teaser Background
11 Report featured a "Reputation Score," which Defendants represented was "based on
12 public information, gathered from government, social, and other sources, plus personal
13 reviews written by others." Advertisements for MyLife's Reputation Score claim that
14 "[r]eputation is more important than credit."

15 27. Even if the searched-for individual had no history of criminal, traffic, or
16 sex offenses, the Teaser Background Report suggested that the individual had arrest or
17 criminal records, sexual offenses, potential bankruptcies, liens, or legal judgments.
18 The Teaser Background Report prominently featured a section titled "Court, Arrest, or
19 Criminal Records" that contained a large button inviting the user to "View [searched-
20 for individual's] Court, Arrest, or Criminal Records." The Teaser Background Report
21 also displayed a "Sex Offender Status" section, inviting the user to click on the large
22 button and "View [searched-for individual's] Sex Offender Records."

23 28. The prominent "View" buttons for "Court, Arrest or Criminal Records"
24 and "Sex Offender Records," together with statements that the search subject "may
25 have" such records, lead reasonable users to conclude that the searched-for individual
26 in fact has arrest, criminal, or sex offender records, even if they do not.

27 29. These statements and the MyLife.com user interface induce users to
28 purchase MyLife subscriptions to view the referenced records. Indeed, numerous

1 consumers have complained that they bought subscriptions based on Defendants'
2 misrepresentations about criminal or sex offender records.

3 30. MyLife also conducted outbound telemarketing campaigns to prospective
4 customers. On these outbound calls, MyLife made materially misleading and
5 deceptive statements and omissions, including about the benefits of a subscription and
6 about MyLife's cancellation and refund policies and practices.

7 31. Defendants have sold several types of subscriptions, such as one month
8 for \$19.95/month, three-month, six-month, or one-year subscriptions. A subscriber
9 receives one Detailed Background Report for each month of his or her subscription.
10 Defendants have also offered discounted trial subscriptions, in which potential users
11 are charged a nominal fee for a period of days, *e.g.*, three or seven days for \$1, to give
12 the users a chance to try MyLife's service.

13 32. The subscription pricing plans displayed to prospective subscribers do not
14 clearly or conspicuously disclose all material terms of the transaction before obtaining
15 the subscriber's billing information. For example, for a subscriber buying a 12-month
16 subscription for \$6.95/month, it was unclear whether, on completing their purchase,
17 the subscriber would be charged the monthly rate of \$6.95/month or, as was the case,
18 \$83.40—the total lump sum amount for all 12 months.

19 33. Defendants also fail to make clear to prospective subscribers that everyone
20 who bought a MyLife.com subscription is enrolled in an automatically renewing
21 subscription, although subscribers in California, Oregon, Washington, and
22 Connecticut were given the option to refuse automatic renewal. An automatically
23 renewing subscription is a negative option feature, meaning that when a subscriber's
24 subscription period was set to end, Defendants automatically charged them for a
25 renewal subscription unless the subscriber affirmatively acted to cancel his or her
26 subscription.

27 34. Until recently, a MyLife.com subscriber trying to cancel a premium
28 subscription or disable the auto-renewal of their subscription could not do so online or

1 via email; his or her only option was to call Defendants' customer service line.
2 MyLife.com users who called to cancel their subscriptions or to prevent automatic
3 renewal of their subscriptions, or to obtain a refund of Defendants' unauthorized
4 charges, often had difficulty doing so. Callers who called Defendants to cancel have
5 complained about having to call repeatedly, being put on hold for 30 minutes or more,
6 and being terminated or disconnected before they can talk to a MyLife customer-
7 service agent.

8 35. Subscribers bound to an automatically renewing subscription, who tried
9 and failed to connect with MyLife customer-service agents before their subscription
10 expired, ended up being charged full price for a premium subscription.

11 36. If callers did reach customer-service agents in seeking to cancel their
12 MyLife subscriptions or to obtain refunds, those MyLife agents made misleading and
13 deceptive statements and omissions to the callers, including false statements about the
14 ease with which subscribers could cancel their subscriptions, the existence of an
15 automatic-renewal feature, and the availability of refunds. During calls with MyLife
16 customer-service agents, subscribers who tried to cancel their premium subscriptions
17 have faced intense pressure to renew their subscriptions or were simply not permitted
18 to cancel their subscriptions or to obtain refunds.

19 37. Hundreds of consumers have complained about Defendants' business
20 practices, including that they were misled as to the benefits of a MyLife subscription,
21 that they did not realize they would have to pay the total lump sum for the entire length
22 of their subscription, that their subscription automatically renewed, and that it was
23 difficult or impossible to cancel a subscription or obtain a refund. Such practices have
24 resulted in lawsuits against MyLife brought by consumers and regulators. For
25 example, MyLife settled a suit by the State of Washington regarding these practices
26 by entering into a 2012 Assurance of Discontinuance that bound MyLife's owners and
27 officers. In 2015, MyLife settled a similar suit brought by Los Angeles County and
28 the City of Santa Monica with terms that also bound Mr. Tinsley and other company

1 principals. Mr. Tinsley has submitted declarations in such litigation. He also
2 maintains a personal blog attesting to his personal knowledge of MyLife’s business
3 practices, user agreements, and the purported benefits of a subscription.

4 38. Before furnishing a Detailed Background Report to a subscriber,
5 Defendants do not maintain any procedures to verify the identity of the subscriber, to
6 discern the subscriber’s purpose for obtaining the Detailed Background Reports, or to
7 determine whether that purpose was one of the permissible purposes set forth in FCRA
8 Section 604. Defendants also do not maintain any procedures for assuring that
9 information in the Detailed Background Report was of maximum accuracy or provide
10 User Notices to recipients of MyLife Detailed Background Reports.

11
12 **COUNT 1**

13 **SECTION 5(a) DECEPTIVE BUSINESS PRACTICES**

14 39. Paragraphs 1 through 38 are incorporated as if set forth herein.

15 40. Defendants represent to MyLife.com users that searched-for individuals
16 had criminal or sexual offender records histories that users could view after paying
17 money to MyLife.

18 41. In fact, in many instances, the searched-for individuals do not have
19 criminal or sexual offender records, or they have minor traffic citations only.
20 Defendants’ representations to the contrary are false or misleading.

21 42. Defendants’ practices as described above constitute deceptive acts or
22 practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

23 43. Unless enjoined and restrained by order of the Court, Defendants will
24 continue to engage in such violations.

25
26 **COUNT 2**

27 **TELEMARKETING SALES RULE**

28 44. Paragraphs 1 through 38 are incorporated as if set forth herein.

1 45. Defendants are “sellers” under the TSR who use telemarketing
2 transactions to provide or offer to provide background reports and the information in
3 those reports to a customer in exchange for consideration.

4 46. Defendants are “telemarketers” under the TSR who, in connection with
5 telemarketing, initiate or receive telephone calls to or from prospective or existing
6 customers.

7 47. In the sale of subscriptions, Defendants fail to disclose truthfully, in a
8 clear and conspicuous manner, (a) a statement of all material terms and conditions of
9 their refund or cancellation policies; and (b) that the Defendants have a policy of not
10 making refunds and of discouraging cancellations.

11 48. In the sale of subscriptions, Defendants misrepresent, directly or by
12 implication: (a) material aspects of the benefits of maintaining a MyLife subscription;
13 (b) material aspects of the Defendants’ refund and cancellations policies; and (c)
14 material aspects of the negative-option features of the subscription.

15 49. Defendants’ acts or practices violate the TSR, 16 C.F.R. § 310.3(a)(1)-
16 (2), and are therefore violations of a rule promulgated under Section 18 of the FTC
17 Act, 15 U.S.C. § 57a.

18 50. Defendants’ violations are willful and knowing.

19 51. Unless enjoined and restrained by order of the Court, Defendants will
20 continue to engage in such violations.

21
22 **COUNT 3**

23 **ROSCA**

24 52. Paragraphs 1 through 38 are incorporated as if set forth herein.

25 53. Defendants sell MyLife.com subscriptions through a negative-option
26 feature, and they have failed to clearly and conspicuously disclose before obtaining
27 subscribers’ billing information all material transaction terms, including that:

28 a. The total cost of the multi-month premium subscription will be due

- 1 immediately in a lump sum rather than in monthly installments;
- 2 b. MyLife will automatically enroll subscribers in subscriptions that
- 3 automatically renewed unless the subscriber affirmatively acted to
- 4 cancel his or her subscription;
- 5 c. Subscribers who wished to affirmatively cancel their subscriptions
- 6 could do so only by calling MyLife before the end of the
- 7 subscription period to avoid recurring charges; and
- 8 d. Subscribers who call MyLife’s customer service line to cancel their
- 9 subscriptions will be prevented or discouraged from doing so by
- 10 unavailable or uncooperative customer service agents.

11 54. Defendants fail to provide simple mechanisms for a subscriber to stop

12 recurring charges from being placed on his or her credit card, debit card, bank account,

13 or other financial account.

14 55. Defendants’ acts or practices violate Section 4 of ROSCA, 15 U.S.C. §

15 8403, and are therefore a violation of a rule promulgated under Section 18 of the FTC

16 Act, 15 U.S.C. § 57a.

17 56. Defendants’ violations are willful and knowing.

18 57. Unless enjoined and restrained by order of the Court, Defendants will

19 continue to engage in such violations.

20

21 **COUNT 4**

22 **FCRA**

23 58. Paragraphs 1 through 38 are incorporated as if set forth herein.

24 59. MyLife is a “consumer reporting agency” (“CRA”) that regularly

25 assembles and evaluates information on consumers into consumer reports that, for a

26 fee, it then provides to customers online through interstate commerce. 15 U.S.C. §

27 1681a(f). CRAs that sell consumer reports must comply with the FCRA.

28 60. The Teaser and Detailed Background Reports (collectively, “Background

1 Reports”) that Defendants provide to MyLife subscribers are “consumer reports” that
2 include information, such as court or arrest records, sex offender records, and
3 bankruptcies, that bears on a consumer’s character, general reputation, personal
4 characteristics, or mode of living and/or other attributes. 15 U.S.C. § 1681a(d).

5 61. Defendants promoted MyLife.com’s Background Reports to the public
6 for use in employment, tenant screening, or other uses covered by the FCRA and
7 expected the Background Reports to be used for those purposes. 15 U.S.C. § 1681a(d).

8 62. Section 604 of the FCRA, 15 U.S.C. § 1681b, prohibits a CRA from
9 furnishing consumer reports to persons that it does not have a reason to believe have a
10 permissible purpose to obtain the consumer report.

11 63. Defendants have furnished consumer reports, in the form of their
12 Background Reports, to MyLife subscribers without reason to believe those
13 subscribers have permissible purposes to obtain such reports. Defendants regularly
14 provide such consumer reports without knowing subscribers’ purposes for obtaining
15 the reports and without employing procedures for requesting and identifying each
16 subscriber’s purpose.

17 64. Pursuant to Section 621(a)(1) of the FCRA, 15 U.S.C. § 1681s(a)(1),
18 these acts and practices constitute unfair or deceptive acts or practices in violation of
19 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

20 65. Defendants’ violations are willful and knowing.

21 66. Unless enjoined and restrained by order of the Court, Defendants will
22 continue to engage in such violations.

23
24 **COUNT 5**

25 **FCRA**

26 67. Paragraphs 1 through 38 are incorporated as if set forth herein.

27 68. Defendants fail to maintain the reasonable procedures required by FCRA
28 Sections 607(a) and 607(b), because Defendants do not maintain reasonable

1 procedures that

- 2 a. Require MyLife subscribers obtaining Background Reports to
- 3 identify themselves, certify the purposes for which the Background
- 4 Reports are sought, or certify that they will not use information in
- 5 the Background Reports for other purposes;
- 6 b. Make reasonable efforts to verify the identity of a new subscriber
- 7 and to obtain certification by each subscriber about his or intended
- 8 use for the Background Reports;
- 9 c. Limit the furnishing of Background Reports to the purposes
- 10 allowed by Section 604; and
- 11 d. Assure maximum possible accuracy of the information in the
- 12 Background Reports about the subjects of those Background
- 13 Reports.

14 69. Defendants also fail to provide the User Notice to persons to whom it

15 provides Background Reports, as required by FCRA Section 607(d).

16 70. Pursuant to Section 621(a)(1) of the FCRA, 15 U.S.C. § 1681s(a)(1), the

17 acts and practices violative of Sections 607(a), 607(b), and 607(d) constitute unfair or

18 deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. §

19 45(a).

20 71. Defendants' violations are willful and knowing.

21 72. Unless enjoined and restrained by order of the Court, Defendants will

22 continue to engage in such violations.

23 **CONSUMER INJURY**

24 73. Consumers have suffered, and will continue to suffer, substantial injury

25 as a result of Defendants' violations of the FTC Act, the TSR, ROSCA, and the FCRA.

26 In addition, Defendants have been unjustly enriched as a result of their unlawful acts

27 or practices. Absent injunctive relief by this Court, Defendants are likely to continue

28 to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT’S POWER TO GRANT RELIEF

1
2 74. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers the Court to
3 grant injunctive and other such relief as the Court may deem appropriate to halt and
4 redress violations of any provision of law enforced by the FTC. The Court, in the
5 exercise of its equitable jurisdiction, may award ancillary relief, including rescission
6 or reformation of contracts, restitution, the refund of monies paid, and the
7 disgorgement of ill-gotten monies, to prevent and remedy any violation of any
8 provision of law enforced by the FTC.

9 75. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 5 of ROSCA,
10 15 U.S.C. § 8404, authorizes the Court to grant such relief as the Court finds necessary
11 to redress injury to consumers resulting from Defendants’ violations of ROSCA,
12 including the rescission or reformation of contracts and the refund of money.

13 76. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), as modified
14 by Section 4 of the Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461,
15 and Section 1.98(c) of the FTC’s Rules of Practice, 16 C.F.R. § 1.98(c), authorizes this
16 Court to award monetary civil penalties of up to \$42,530 for each violation of the TSR.
17 Defendants violated the TSR with the knowledge required by Section 5(m)(1)(A) of
18 the FTC Act, 15 U.S.C. § 45(m)(1)(A).

19 77. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), as modified
20 by Section 4 of the Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461,
21 and Section 1.98(c) of the FTC’s Rules of Practice, 16 C.F.R. § 1.98(c), authorizes this
22 Court to award monetary civil penalties of up to \$42,530 for each violation of ROSCA.
23 Defendants violated ROSCA with the knowledge required by Section 5(m)(1)(A) of
24 the FTC Act, 15 U.S.C. § 45(m)(1)(A).

25 78. Section 621(a) of the FCRA, 15 U.S.C. § 1681s(a), authorizes the Court
26 to issue a permanent injunction prohibiting Defendants from violating the FCRA.

27 79. Section 621(a)(2)(A) of the FCRA, 15 U.S.C. § 1681s(a)(2)(A), allows
28 the Court to award monetary civil penalties in the event of a knowing violation of the

1 FCRA, which constitutes a pattern or practice. Defendants' violations of the FCRA,
2 as alleged in this Complaint, have been knowing and have constituted a pattern or
3 practice of violations. As specified by the Federal Civil Penalties Inflation Adjustment
4 Act of 1990, 28 U.S.C. § 2461, as amended by the Debt Collection Improvement Act
5 of 1996, Pub. L. 104-134, § 31001(s)(1), 110 Stat. 1321-373, the Court is authorized
6 to award a civil penalty of up to \$3,993 per violation.

7 80. Each instance in which Defendants have failed to comply with the FCRA
8 constitutes a separate violation of the FCRA for the purpose of assessing monetary
9 civil penalties under Section 621 of the FCRA, 15 U.S.C. § 1681s.

10 81. Each instance in which Defendants have failed to comply with ROSCA
11 constitutes a separate violation for the purpose of assessing monetary civil penalties.

12 82. Each instance in which Defendants have failed to comply with the TSR
13 constitutes a separate violation for the purpose of assessing monetary civil penalties.

14 **PRAYER FOR RELIEF**

15 WHEREFORE, Plaintiff requests that this Court, pursuant to Sections
16 5(m)(1)(A), 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45(m)(1)(A), 53(b), 57b; the
17 TSR, 16 C.F.R. 310.3(a)(1)-(2); Section 5 of ROSCA, 15 U.S.C. § 8404; and Section
18 621 of the FCRA, 15 U.S.C. § 1681s, and pursuant to the Court's own equitable
19 powers:

- 20 A. Enter judgment against Defendants and in favor of Plaintiff for each
21 violation alleged in this Complaint;
- 22 B. Enter a permanent injunction to prevent future violations of the FTC Act,
23 the TSR, ROSCA, and the FCRA by Defendants;
- 24 C. Award Plaintiff monetary civil penalties against Defendants for each
25 violation of the TSR, ROSCA, and the FCRA alleged in this Complaint;
- 26 D. Award such relief as the Court finds necessary to redress injury to
27 consumers resulting from Defendants' violations of the FTC Act, the
28 TSR, and ROSCA, including but not limited to, rescission or reformation

1 of contracts, restitution, the refund of monies paid, and the disgorgement
2 of ill-gotten monies; and

3 E. Award Plaintiff the costs of bringing this action, as well as such other and
4 additional relief as the Court may determine to be just and proper.

5 **DEMAND FOR JURY TRIAL**

6 Plaintiff hereby demands a trial by jury of all issues so triable pursuant to Rule
7 38 of the Federal Rules of Civil Procedure.

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9 Dated: July 27, 2020

10 Respectfully submitted,

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12
13 FOR THE FEDERAL TRADE
14 COMMISSION:

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