

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Joseph J. Simons, Chairman**
 Rohit Chopra
 Noah Joshua Phillips
 Rebecca Kelly Slaughter
 Christine S. Wilson

In the Matter of

**TAPJOY, INC.,
a corporation.**

DOCKET NO.

COMPLAINT

The Federal Trade Commission (“FTC” or “Commission”), having reason to believe that Tapjoy, Inc., a corporation, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Tapjoy, Inc. (“Tapjoy” or “Respondent”) is a Delaware corporation with its principal place of business at 353 Sacramento Street, 6th Floor, San Francisco, CA 94111.
2. Tapjoy has advertised, marketed, or distributed virtual currency to consumers throughout the United States.
3. The acts and practices of Tapjoy alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

Tapjoy’s Business Practices

4. Tapjoy operates an advertising platform within mobile gaming applications (“apps”). On the platform, Tapjoy promotes offers of in-app rewards (e.g., virtual currency) to consumers who complete an action, such as taking a survey or otherwise engaging with third-party advertising. Often, these consumers must divulge personal information or spend money. In many instances, Tapjoy never issues the promised reward to consumers who complete an action as instructed, or only issues the currency after a substantial delay. Consumers who attempt to contact Tapjoy to complain about missing rewards find it difficult to do so, and

many consumers who complete an action as instructed and are able to submit a complaint nevertheless do not receive the promised reward. Tapjoy has received hundreds of thousands of complaints concerning its failure to issue promised rewards to consumers. Tapjoy nevertheless has withheld rewards from consumers who have completed all required actions.

Tapjoy's Rewards Platform

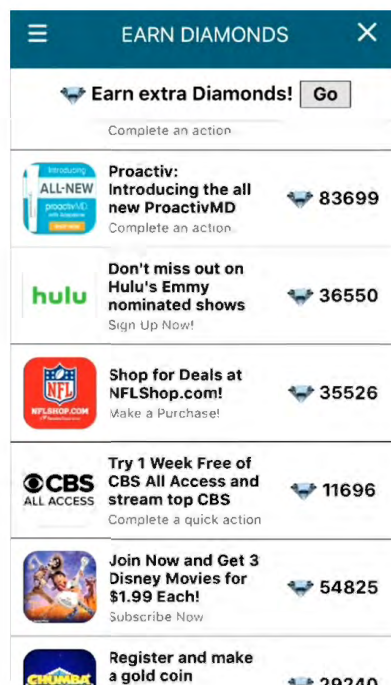
5. Tapjoy's advertising platform appears in certain mobile games, including, for example, games related to war, shopping, sports, and home improvement. Tapjoy receives network fees and commissions from third-party advertisers that engage with consumers through Tapjoy's platform. Advertisers pay Tapjoy for each consumer who Tapjoy induces to, for example:
 - purchase a product;
 - enroll in a free trial of a magazine subscription, video streaming service, or other continuity program;
 - disclose personally identifiable information;
 - download an additional app;
 - complete a survey; or
 - watch a short video.

Tapjoy then pays a portion of each commission to the game developer, known as the "publisher," through whose game the consumer engaged with Tapjoy's platform.

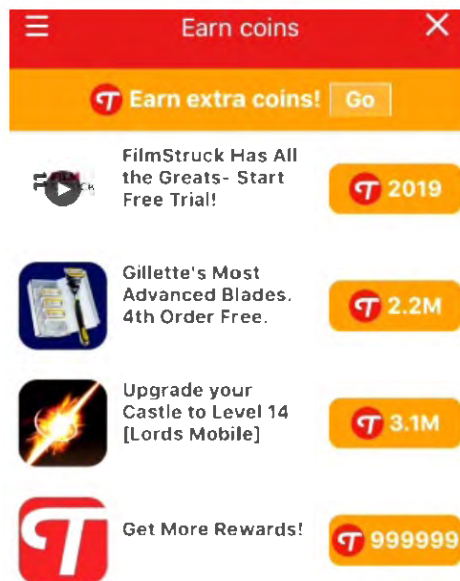
6. To induce consumers to engage with the advertisers, Tapjoy offers in-app rewards in the form of a specified amount of virtual currency that can be used in the publishers' games. These games require or allow consumers to obtain and use virtual currency, such as diamonds, gold bars, coins, or cash, to facilitate game play, unlock special features, or reach higher game levels.
7. Consumers typically are able to obtain virtual currency in two ways: (i) through the game in which Tapjoy's platform appears, or (ii) through Tapjoy's platform. When obtained directly through the game, as demonstrated by the offer below, virtual currency is available immediately upon purchase.



8. Consumers also can attempt to obtain currency by completing actions associated with third-party advertisements that Tapjoy displays to consumers on their in-game platform, known as their “offerwall.” Consumers can access Tapjoy’s offerwall by clicking on buttons within the game. Tapjoy’s offerwall lists a series of third-party advertisements, arranged for each consumer according to an algorithm Tapjoy developed. Next to each ad, Tapjoy represents the amount of virtual currency associated with completing that offer by displaying a number adjacent to or below the image of a diamond, gold bar, coin, or other symbol. For example, in the screenshot below, Tapjoy’s offerwall presents several third-party advertisements and claims that consumers can “earn” tens of thousands of virtual diamonds by completing the corresponding actions:

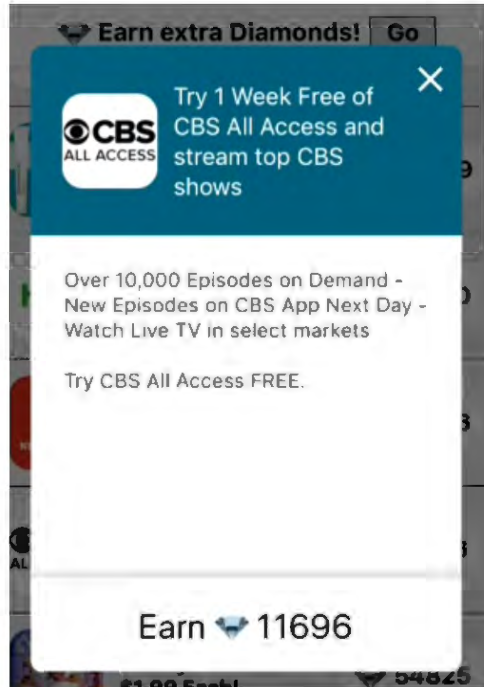


9. In some apps, the “T” from Tapjoy’s logo has appeared next to the amount of virtual currency offered for each advertiser-related action, as shown below:



10. Additionally, Tapjoy’s offerwall has contained a link that instructs users to “Get More Rewards!” The icon associated with this link also has been the “T” from Tapjoy’s logo. Clicking on this link has caused a pop-up window to overlay the offerwall. This pop-up window has repeated the instruction to “Get More Rewards!” and further has instructed users, “Earn more rewards for your app! Tap below to see all the amazing ways you can increase your currency.” A link to “Earn [currency]” has appeared below these instructions. Clicking on this link has taken the user to a page on Tapjoy’s website, more.tapjoy.com, where users have been able to review additional virtual currency offers. These offers have appeared identically to the offers on Tapjoy’s in-app offerwall.
11. In addition to incorporating into the offerwall text indicating that consumers will “earn” virtual currency by completing a particular action, Tapjoy also creates and publishes text that appears in conjunction with each advertisement describing what a consumer must do to complete the virtual currency offer. Tapjoy refers to this text as the “Call to Action,” or “CTA summary.” In default Calls to Action, Tapjoy instructs consumers that they must “complete an action,” “watch this video,” or “download and run this app” in order to obtain the associated virtual currency reward.
12. Clicking on an ad on Tapjoy’s offerwall causes a pop-up window to overlay the offerwall. In this pop-up window, Tapjoy again represents that consumers will “earn” the specified amount of virtual currency in exchange for completing the specified action. Additional information also is provided in the pop-up window about the offer’s requirements. As shown in the screenshot below of a pop-up window, for example, Tapjoy prominently claims that

consumers would “earn” virtual currency by registering for a free trial of a video streaming service.



13. In some instances, Tapjoy promises a small reward of virtual currency to consumers who complete a discrete action, such as watching a short video. In many such instances, consumers who click on the image of the virtual currency have been able to complete that action and receive their reward immediately.
14. In many other instances, however, Tapjoy promises a large reward of virtual currency to consumers who complete actions more significant than simply watching a video — for example, purchasing a good or service, registering for a free trial followed by recurring charges, submitting personal information, or downloading and operating another app. In these instances, clicking on the image of the virtual currency within the pop-up window takes consumers outside Tapjoy’s offerwall to the third-party advertiser’s website. When Tapjoy’s virtual currency offer involves downloading or using third-party apps, consumers typically are taken to a mobile app store to complete those offers.

Tapjoy’s Virtual Currency Offers Often Require Consumers to Incur Charges or Divulge Personal Information

15. To obtain the rewards Tapjoy promises, consumers frequently must incur charges or reveal personal information. For example, Tapjoy’s offers often require consumers to pay for products or services sold by the third-party advertisers. Frequently, these products involve

recurring payment obligations, such as magazine subscriptions or video streaming services that require the payment of some amount each week or month. Consumers frequently complain that they spent a significant amount — often more than \$100 — in completing various Tapjoy offers. As one consumer put it, “These offers aren’t cheap and . . . the incentive to purchase them primarily is due to the gaming rewards.”

16. In other instances, to obtain the promised reward, consumers must sign up for a short-term free trial, frequently of one week or less, of a product or service offered by the advertiser. Once these trials expire, consumers are charged on a recurring basis for the product or service.
17. Finally, in many instances, consumers have been required to disclose personal information, including contact information and medical history to third-party advertisers, to complete an offer. Consumers who have pursued these offers have been required to disclose, for example, email addresses, telephone numbers, full names, and addresses. In many instances, however, consumers who have submitted the requested information do not receive the promised rewards.
18. Rather, those consumers have been presented with requests for additional personal information, including personally identifiable information and sensitive health information. For example, in one such offer, Tapjoy represented that it would reward consumers who submitted their email address to an advertiser. However, consumers who submitted their email addresses did not receive a reward. Instead, such consumers were presented with a survey that included questions about “whether you or a loved one” had various health conditions, including cancer, diabetes, or arthritis.
19. In other instances, consumers who have submitted the personal information requested by advertisers are presented with a seemingly endless series of additional advertising offers that require consumers to spend money or sign up for limited-time free trials.
20. Consumers who have completed the actions as instructed do not receive rewards from Tapjoy, but instead have found that the personal information that they submitted was sold by Tapjoy’s advertisers to third-party marketers. One consumer complained that she almost never received rewards from Tapjoy — instead, “All I ever get from completing any TapJoy offers are SPAM emails and Telemarketers calling my cellphone.” Another consumer reported, “Frequently after completing these offers [I] have not received compensation for this. . . . [Y]ou have these people calling and it is doubly annoying to get nothing for this.”

Tapjoy’s Failure to Reward Completed Offers

21. Many consumers complete offers through Tapjoy’s offerwall but do not receive the promised reward.

22. Indeed, Tapjoy recognized as far back as July 2016 that “too many users [were] simply not getting rewarded,” that Tapjoy “clearly [had] a problem,” and that “there are a number of scenarios where we fail to reward people.”
23. An internal presentation over six months later, at the end of February 2017, similarly identified “poor customer experience,” “inconsistent user rewarding,” and “waning reputation” among the “hurdles” the company was facing.
24. Tapjoy’s virtual currency rewarding “problem” has had significant consequences for consumers. Over the past several years, people have filed hundreds of thousands of complaints with Tapjoy, nearly all of which relate to Tapjoy’s failure to issue virtual currency to consumers who completed the offers as instructed.
25. Many consumers who spent money in completing the offers through Tapjoy’s offerwall never receive the promised reward. Tapjoy has received tens of thousands of complaints from consumers who spent money or signed up for limited-time free trials through Tapjoy’s offerwall but have not received promised virtual currency.
26. In many instances in which Tapjoy has represented that it will issue rewards of virtual currency to consumers who disclose specified personal information, consumers have not received their reward.
27. Tapjoy has acknowledged in internal emails that it was “not news” that consumer complaint rates related to offers that purported to request personal information were “out of control.”
28. Nevertheless, Tapjoy has continued to prominently and falsely claim that it will always issue rewards to consumers who simply submit personal information or perform other actions.
29. In numerous instances, even when Tapjoy issues promised rewards, it does not issue them for several days or more after consumers complete the offers. However, nowhere on Tapjoy’s offerwall does it reveal that rewards will not be fulfilled for multiple days.

Tapjoy Often Withholds Rewards Despite Consumer Complaints about Uncompensated Offers

30. Many consumers who do not receive the promised virtual currency from Tapjoy despite having completed the actions associated with an offer seek to contact Tapjoy to request the reward. In many instances, however, consumers find that they cannot contact Tapjoy, or that Tapjoy does not respond to their communications, wrongfully “closes” their complaint, or delays responding until consumers have incurred additional charges or other obligations related to the third-party advertisement.

31. Despite these failures in responding to consumer complaints, and even though consumers frequently must resort to filing consumer complaints in an effort to obtain the virtual rewards promised by Tapjoy, Tapjoy continues to represent on its offerwall, without qualification, that consumers will earn virtual rewards by performing certain actions.

Tapjoy's Practice of Discouraging Customer Service Inquiries

32. Because of a high volume of consumer complaints, Tapjoy has adopted policies that serve to discourage contacts from consumers who have not received their rewards. Beginning in or around March 2017, Tapjoy prohibited consumers from submitting complaints regarding unrewarded virtual currency within 24 hours after completing an offer. Tapjoy has failed to disclose to consumers in making the offer of virtual currency that they must wait any amount of time after completing the required action to receive it, or that they will be unable to contact Tapjoy for 24 hours after completing the action. Indeed, Tapjoy understood that, before March 2017, half of all consumer complaints were filed within 15 minutes after consumers completed Tapjoy's offer but did not receive the promised reward.
33. Additionally, in or around November 2017, Tapjoy removed a link from its offerwall, labeled "Missing [Currency]?", that previously allowed consumers to contact customer support to submit complaints regarding missing rewards.
34. Beginning in or around November 2017, consumers have been able to submit a customer support complaint to Tapjoy only after waiting 24 hours, returning to the offerwall, and finding an obscurely located link.

Tapjoy's Failure to Respond to Customer Service Complaints

35. Consumers who are able to submit a complaint often find that they nevertheless are unable to obtain the reward promised by Tapjoy. Until at least 2018, Tapjoy sent consumers who filed complaints regarding unrewarded virtual currency an automated email that requested proof that the consumer completed the offer, such as a confirmation email or billing invoice. Unbeknownst to consumers, they had to respond to this email within 72 hours to avoid having their complaints closed and marked as "solved."
36. Consumers who did not respond to Tapjoy's automated email within 72 hours received another automated email from Tapjoy stating that it "marked your case . . . as Solved because we haven't heard from you in at least 72 hours." Tapjoy then promised that consumers who would like assistance could "simply reply to this email to reopen the case."
37. However, in many instances, consumers who sent the requested proof to Tapjoy, including within 72 hours, received no response from the company. As one consumer complained, "they requested my screenshots as proof that I have done the offer so I sent it to them and I haven't heard anything from them since. . . . I just want my diamonds"

38. Similarly, many consumers who sent the requested proof nevertheless received an email stating that Tapjoy has “marked your case . . . as Solved because we haven’t heard from you in at least 72 hours.” As one consumer complained, “I email them and they ignore me and then days later send an email saying ‘since they haven’t heard from me in 72 hours, they mark the case closed!’”
39. Moreover, many consumers who attempted to respond to Tapjoy’s “Solved” email—including consumers who previously submitted proof of completion of an offer—did not receive any reward, or any other response from Tapjoy, despite sending repeated emails to Tapjoy in an attempt to “reopen the case.”
40. In many instances in which Tapjoy delays issuing a reward, or incorrectly closes a complaint as “Solved,” consumers have been required to purchase limited-time free trials or other recurring subscriptions of Tapjoy’s advertisers’ goods and services to earn the promised reward. When consumers attempt to contact Tapjoy to inquire about the status of their rewards, Tapjoy often fails to respond or delay responding until after the free or limited-time free trial offer has expired. As a result, consumers are charged the full cost of advertisers’ goods and services while awaiting the reward of virtual currency from Tapjoy.

Count I
Deceptive Acts and Practices

41. In connection with Tapjoy’s advertising, marketing, promotion, or display of offers of virtual currency, Tapjoy has represented, directly or indirectly, expressly or by implication, that consumers will receive a reward of virtual currency upon completion of a specific action.
42. The representation set forth in Paragraph 41 is false and misleading or was not substantiated at the time the representation was made.

Violations of Section 5 of the FTC Act

43. The acts and practices of Tapjoy as alleged in this complaint constitute deceptive acts or practices, in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this _____ day of _____, 20__, has issued this Complaint against Tapjoy.

By the Commission.

April J. Tabor
Secretary

SEAL: