

In the Matter of ADT LLC

ANALYSIS OF PROPOSED CONSENT ORDER TO AID PUBLIC COMMENT, File No. 122 3121

The Federal Trade Commission (“FTC” or “Commission”) has accepted, subject to final approval, an agreement containing a consent order from ADT LLC, also doing business as ADT Security Services (“ADT”).

The proposed consent order (“proposed 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 or make final the agreement’s proposed order.

This matter involves ADT’s use of paid spokespersons to promote the ADT Pulse home security system in appearances on national and local television and radio news programs and talk shows. The Commission’s complaint alleges that the paid spokespersons were identified on air as experts in child safety, home security, or technology. The experts demonstrated and provided favorable reviews of the ADT Pulse as part of news segments on topics related to their expertise. In most of these appearances, there was no mention of any connection between the experts and ADT. The complaint also alleges that ADT used these paid spokespersons to promote the ADT Pulse in what appeared to be independent and objective reviews on the spokesperson’s own website, in blog posts, and in other online materials. The complaint alleges that ADT violated Section 5 by misrepresenting that the demonstrations and discussions of the features and benefits of the ADT Pulse were independent reviews by impartial experts. The complaint further alleges that ADT violated Section 5 by failing to disclose that the experts were ADT’s paid spokespersons.

The proposed order includes injunctive relief to address these alleged violations and requires ADT to follow certain monitoring and compliance procedures related to its use of paid spokespersons.

Part I of the proposed order prohibits ADT, in connection with the advertising of any security or monitoring product or service, from misrepresenting that a discussion or demonstration of such product or service is an independent review provided by an impartial expert.

Part II of the proposed order requires ADT, in connection with the advertising of any security or monitoring product by means of an endorsement, to disclose clearly and prominently a material connection, if one exists, between the endorser and ADT.

Part III of the proposed order requires ADT to take all reasonable steps to remove, within seven days of service of the order, any demonstration, review, or

endorsement, by an endorser with a material connection to ADT, that does not comply with Parts I and II of the order.

Part IV of the proposed order sets out certain monitoring and compliance obligations that ADT must meet with respect to any endorser with a material connection to ADT, including: obtaining signed acknowledgements from such endorsers that they will disclose their connection to ADT; monitoring the endorsers' media appearances and online reviews; terminating endorsers who fail to disclose their connection to ADT; and maintaining records of its monitoring efforts.

Parts V through VIII of the proposed order require ADT to: keep copies of relevant consumer complaints and inquiries and documents demonstrating order compliance; provide copies of the order to officers, employees, and others with responsibilities with respect to the subject matter of the order; notify the Commission of changes in corporate structure that might affect compliance obligations under the order; and file compliance reports with the Commission.

Part IX provides that the order will terminate after twenty (20) years, with certain exceptions.

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