

**Analysis of Proposed Consent Order to Aid Public Comment
In the Matter of SpyChatter, Inc. File No. 162 3251**

The Federal Trade Commission (“FTC” or “Commission”) has accepted, subject to final approval, a consent agreement applicable to SpyChatter, Inc. (“SpyChatter”).

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 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 representations that SpyChatter made to consumers concerning its participation in the Asia-Pacific Economic Cooperation (“APEC”) Cross Border Privacy Rules (“CBPR”) system. The APEC CBPR system is a voluntary, enforceable mechanism that certifies a company’s compliance with the principles in the CBPR and facilitates privacy-respecting transfers of data amongst APEC member economies. The APEC CBPR system is based on nine data privacy principles: preventing harm, notice, collection limitation, use choice, integrity, security safeguards, access and correction, and accountability. Companies that seek to participate in the APEC CBPR system must undergo a review by an APEC-recognized Accountability Agent, which certifies companies that meet the standards.

Companies under the FTC’s jurisdiction are eligible to apply for APEC CBPR certification. The names of certified companies are posted on a public-facing website, www.cbprs.org. Companies must re-apply annually in order to retain their status as current participants in the APEC CBPR system. A company that falsely claims APEC CBPR participation may be subject to an enforcement action based on the FTC’s deception authority under Section 5 of the FTC Act.

SpyChatter is an app that is designed to enable private messaging. According to the Commission's complaint, SpyChatter has set forth on its website, <http://www.spychatter.net/privacy-policy/>, privacy policies and statements about its practices, including statements related to its participation in the APEC CBPR system.

The Commission's complaint alleges that SpyChatter falsely represented that it was a participant in the APEC CBPR system when, in fact, it never sought or obtained certification.

Part I of the proposed order prohibits SpyChatter from making misrepresentations about its participation in any privacy or security program sponsored by a government or any self-regulatory or standard-setting organization, including, but not limited to, the APEC CBPR system.

Parts II through VI of the proposed order are reporting and compliance provisions. Part II requires acknowledgment of the order and dissemination of the order now and in the future to persons with responsibilities relating to the subject matter of the order. Part III ensures notification to the FTC of changes in corporate status and mandates that SpyChatter submit an initial compliance report to the FTC. Part IV requires SpyChatter to retain documents relating to its compliance with the order. Part V mandates that SpyChatter make available to the FTC information or subsequent compliance reports, as requested. 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.