

Analysis of Proposed Consent Order to Aid Public Comment
In the Matter of Tapjoy, Inc., File No. 1723092

The Federal Trade Commission (“Commission”) has accepted, subject to final approval, an agreement containing a consent order from Tapjoy, Inc. (“Tapjoy”). 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 30 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.

Tapjoy operates an advertising platform within mobile gaming applications. 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. To induce consumers to engage with third-party advertisers, Tapjoy offers in-app rewards in the form of a specified amount of virtual currency that can be used in the in-app games. However, in many instances, Tapjoy never issued the promised reward to consumers who complete an action as instructed, or only issued the currency after a substantial delay. Consumers who attempt to contact Tapjoy to complain about missing rewards have found it difficult to do so, and even consumers who have been able to submit a complaint nevertheless did not receive the promised reward.

The Commission’s proposed complaint alleges that Tapjoy has violated Section 5 of the FTC Act. In particular, the proposed complaint alleges that Tapjoy has represented that consumers will receive a reward of virtual currency upon completion of a specific action when, in many instances, that representation was false, misleading, or not substantiated at the time the representation was made.

The proposed order contains injunctive provisions addressing the alleged deceptive conduct. Part I.A of the proposed order prohibits Tapjoy from making the misrepresentations alleged in the complaint. Part I.B of the proposed order requires Tapjoy to make certain disclosures, specifically that its advertisers determine whether rewards are likely to issue, and when consumers are likely to receive rewards. Part I.C requires Tapjoy to obtain specified agreements from the associated advertiser before a reward is promoted or offered. Part I.D. requires Tapjoy, before a reward is promoted or offered, to obtain the materials used to promote or offer the reward, to use those materials to attempt to obtain the reward, to validate the accuracy of those materials, and to validate that the reward is delivered promptly or that any delay is disclosed. Part I.E requires Tapjoy to provide a prominently disclosed and easy-to-use method by which consumers may submit support requests. Part I.F requires Tapjoy to investigate patterns of customer support requests or other information indicating that a particular promotion or offer of a reward has inaccurate instructions or is failing to deliver the reward.

Parts II through V of the proposed order are reporting and compliance provisions. Part II requires acknowledgments of the order. Part III requires Tapjoy to notify the Commission of changes in corporate status and mandates that the company submit an initial compliance report to the Commission. Part IV requires the company to create certain documents relating to its

compliance with the order for 10 years and to retain those documents for a 5-year period. Part V mandates that the company make available to the Commission information or subsequent compliance reports, as requested.

Finally, Part VI states that the proposed order will remain in effect for 20 years, with certain exceptions.

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