



Office of the Secretary

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

May 24, 2018

Danea Basse
State of Michigan

Re: In the Matter of PayPal, Inc., Matter No. 1623102, C-4651

Dear Ms. Basse:

We would like to thank you for commenting on the Federal Trade Commission's ("Commission" or "FTC") proposed consent order in the above-referenced proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the agency's Rules of Practice, 16 C.F.R. §4.9(b)(6)(ii). The Commission is committed to protecting consumers engaged in peer-to-peer payments from deceptive or other unlawful practices, so we greatly appreciate your feedback on this matter.

The complaint in this matter alleges that PayPal, operating as Venmo, misled consumers by notifying them that funds they received were available to transfer to their bank accounts, without disclosing that funds could still be frozen or removed when Venmo reviewed the consumers' underlying transactions. The complaint also alleges that Venmo's privacy settings misled consumers about the extent to which they could keep their transactions private. It further alleges that Venmo misrepresented the extent to which consumers' financial accounts were protected by "bank grade security systems," and violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules.

The proposed order requires Venmo, when making representations about fund availability, to clearly disclose to consumers that transactions are subject to review and that funds can be frozen or removed as a result of that review. It requires Venmo to tell consumers how their information will be shared with other users, and how they can use Venmo's privacy settings to limit what information they share. It also prohibits them generally from making misrepresentations about the extent to which consumers can prevent the sharing of information and what steps they must take to prevent the sharing of information, the extent to which Venmo maintains a particular level of security, or any other limitation of the service.

Your comment expresses frustration with Venmo for inappropriately withholding your funds. We have added your comment to our agency's complaint database, which assists us in tracking complaints and helps inform our law enforcement decisions. Further, if you have any additional information regarding these practices, we would encourage you to submit a complaint with the Commission at our website, www.ftccomplaintassistance.gov, or by calling our Consumer Response Center (877) 382-4357.

Having considered all the facts of this case and all of the comments submitted in response to the proposed consent order, the Commission has now determined that the public interest would best be served by issuing the Complaint and the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary



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FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

May 24, 2018

Brown
State of Delaware

Re: In the Matter of PayPal, Inc., Matter No. 162 3102, C-4651

Dear Mr. or Ms. Brown:

We would like to thank you for commenting on the Federal Trade Commission's ("Commission" or "FTC") proposed consent order in the above-referenced proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the agency's Rules of Practice, 16 C.F.R. §4.9(b)(6)(ii). The Commission is committed to protecting consumers engaged in peer-to-peer payments from deceptive or other unlawful practices, so we greatly appreciate your feedback on this matter.

The complaint in this matter alleges that PayPal, operating as Venmo, misled consumers by notifying them that funds they received were available to transfer to their bank accounts, without disclosing that funds could still be frozen or removed when Venmo reviewed the consumers' underlying transactions. The complaint also alleges that Venmo's privacy settings misled consumers about the extent to which they could keep their transactions private. It further alleges that Venmo misrepresented the extent to which consumers' financial accounts were protected by "bank grade security systems," and violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules.

The proposed order requires Venmo, when making representations about fund availability, to clearly disclose to consumers that transactions are subject to review and that funds can be frozen or removed as a result of that review. It requires Venmo to tell consumers how their information will be shared with other users, and how they can use Venmo's privacy settings to limit what information they share. It also prohibits them generally from making misrepresentations about the extent to which consumers can prevent the sharing of information and what steps they must take to prevent the sharing of information, the extent to which Venmo maintains a particular level of security, or any other limitation of the service.

Your comment expresses the concern that the proposed consent order should have required PayPal to pay a penalty or to repay consumers for the funds that Venmo withheld from consumers. The Commission considers various factors in each individual case to determine whether to seek penalties and other relief, such as whether the relevant statutes provide for such relief, and how much money the relevant company takes from consumers. We considered those types of factors here, including that the Commission's complaint alleges violations of Section 5(a) of the FTC Act and the Gramm-Leach-Bliley Act, and the Commission is not authorized to

collect fines or penalties based on such violations. Based on our evidence and allegations, we have determined that the proposed consent order's injunctive relief will serve to remedy the alleged violations of the FTC Act and deter future violations. In addition, if PayPal violates this order in the future, it could be liable for civil penalties of up to \$41,484 per violation. As is the case with all Commission orders, Commission staff will closely monitor PayPal's future activities to determine whether any violations occur.

Having considered all the facts of this case and all of the comments submitted in response to the proposed consent order, the Commission has now determined that the public interest would best be served by issuing the Complaint and the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary



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FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

May 24, 2018

Richard Bruno
State of Arkansas

Re: In the Matter of PayPal, Inc., Matter No. 162 3102, C-4651

Dear Mr. Bruno:

We would like to thank you for commenting on the Federal Trade Commission's ("Commission" or "FTC") proposed consent order in the above-referenced proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the agency's Rules of Practice, 16 C.F.R. §4.9(b)(6)(ii). The Commission is committed to protecting consumers engaged in peer-to-peer payments from deceptive or other unlawful practices, so we greatly appreciate your feedback on this matter.

The complaint in this matter alleges that PayPal, operating as Venmo, misled consumers by notifying them that funds they received were available to transfer to their bank accounts, without disclosing that funds could still be frozen or removed when Venmo reviewed the consumers' underlying transactions. The complaint also alleges that Venmo's privacy settings misled consumers about the extent to which they could keep their transactions private. It further alleges that Venmo misrepresented the extent to which consumers' financial accounts were protected by "bank grade security systems," and violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules.

The proposed order requires Venmo, when making representations about fund availability, to clearly disclose to consumers that transactions are subject to review and that funds can be frozen or removed as a result of that review. It requires Venmo to tell consumers how their information will be shared with other users, and how they can use Venmo's privacy settings to limit what information they share. It also prohibits them generally from making misrepresentations about the extent to which consumers can prevent the sharing of information and what steps they must take to prevent the sharing of information, the extent to which Venmo maintains a particular level of security, or any other limitation of the service.

Your comment expresses frustration with PayPal for inappropriately withholding your funds. We have added your comment to our agency's complaint database, which assists us in tracking complaints and helps inform our law enforcement decisions. Further, if you have any additional information regarding these practices, we would encourage you to submit a complaint with the Commission at our website, www.ftccomplaintassistance.gov, or by calling our Consumer Response Center (877) 382-4357.

Having considered all the facts of this case and all of the comments submitted in response to the proposed consent order, the Commission has now determined that the public interest would best be served by issuing the Complaint and the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary



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FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

May 24, 2018

Alexander Chrisopoulos
State of Michigan

Re: In the Matter of PayPal, Inc., Matter No. 162 3102, C-4651

Dear Mr. Chrisopoulos:

We would like to thank you for commenting on the Federal Trade Commission's ("Commission" or "FTC") proposed consent order in the above-referenced proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the agency's Rules of Practice, 16 C.F.R. §4.9(b)(6)(ii). The Commission is committed to protecting consumers engaged in peer-to-peer payments from deceptive or other unlawful practices, so we greatly appreciate your feedback on this matter.

The complaint in this matter alleges that PayPal, operating as Venmo, misled consumers by notifying them that funds they received were available to transfer to their bank accounts, without disclosing that funds could still be frozen or removed when Venmo reviewed the consumers' underlying transactions. The complaint also alleges that Venmo's privacy settings misled consumers about the extent to which they could keep their transactions private. It further alleges that Venmo misrepresented the extent to which consumers' financial accounts were protected by "bank grade security systems," and violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules.

The proposed order requires Venmo, when making representations about fund availability, to clearly disclose to consumers that transactions are subject to review and that funds can be frozen or removed as a result of that review. It requires Venmo to tell consumers how their information will be shared with other users, and how they can use Venmo's privacy settings to limit what information they share. It also prohibits them generally from making misrepresentations about the extent to which consumers can prevent the sharing of information and what steps they must take to prevent the sharing of information, the extent to which Venmo maintains a particular level of security, or any other limitation of the service.

Your comment expresses frustration with PayPal for inappropriately withdrawing funds from an external account. We have added your comment to our agency's complaint database, which assists us in tracking complaints and helps inform our law enforcement decisions. Further, if you have any additional information regarding these practices, we would encourage you to submit a complaint with the Commission at our website, www.ftccomplaintassistance.gov, or by calling our Consumer Response Center (877) 382-4357.

Having considered all the facts of this case and all of the comments submitted in response to the proposed consent order, the Commission has now determined that the public interest would best be served by issuing the Complaint and the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary



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WASHINGTON, D.C. 20580

May 24, 2018

Darcy Pfeifer
State of Arizona

Re: In the Matter of PayPal, Inc., Matter No. 162 3102, C-4651

Dear Ms. Pfeifer:

We would like to thank you for commenting on the Federal Trade Commission's ("Commission" or "FTC") proposed consent order in the above-referenced proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the agency's Rules of Practice, 16 C.F.R. §4.9(b)(6)(ii). The Commission is committed to protecting consumers engaged in peer-to-peer payments from deceptive or other unlawful practices, so we greatly appreciate your feedback on this matter.

The complaint in this matter alleges that PayPal, operating as Venmo, misled consumers by notifying them that funds they received were available to transfer to their bank accounts, without disclosing that funds could still be frozen or removed when Venmo reviewed the consumers' underlying transactions. The complaint also alleges that Venmo's privacy settings misled consumers about the extent to which they could keep their transactions private. It further alleges that Venmo misrepresented the extent to which consumers' financial accounts were protected by "bank grade security systems," and violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules.

The proposed order requires Venmo, when making representations about fund availability, to clearly disclose to consumers that transactions are subject to review and that funds can be frozen or removed as a result of that review. It requires Venmo to tell consumers how their information will be shared with other users, and how they can use Venmo's privacy settings to limit what information they share. It also prohibits them generally from making misrepresentations about the extent to which consumers can prevent the sharing of information and what steps they must take to prevent the sharing of information, the extent to which Venmo maintains a particular level of security, or any other limitation of the service.

Your comment expresses frustration with PayPal for inappropriately withholding your funds. We have added your comment to our agency's complaint database, which assists us in tracking complaints and helps inform our law enforcement decisions. Further, if you have any additional information regarding these practices, we would encourage you to submit a complaint with the Commission at our website, www.ftccomplaintassistance.gov, or by calling our Consumer Response Center (877) 382-4357.

Having considered all the facts of this case and all of the comments submitted in response to the proposed consent order, the Commission has now determined that the public interest would best be served by issuing the Complaint and the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary



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FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

May 24, 2018

Sherri Reames
State of Texas

Re: In the Matter of PayPal, Inc., Matter No. 162 3102, C-4651

Dear Ms. Reames:

We would like to thank you for commenting on the Federal Trade Commission's ("Commission" or "FTC") proposed consent order in the above-referenced proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the agency's Rules of Practice, 16 C.F.R. §4.9(b)(6)(ii). The Commission is committed to protecting consumers engaged in peer-to-peer payments from deceptive or other unlawful practices, so we greatly appreciate your feedback on this matter.

The complaint in this matter alleges that PayPal, operating as Venmo, misled consumers by notifying them that funds they received were available to transfer to their bank accounts, without disclosing that funds could still be frozen or removed when Venmo reviewed the consumers' underlying transactions. The complaint also alleges that Venmo's privacy settings misled consumers about the extent to which they could keep their transactions private. It further alleges that Venmo misrepresented the extent to which consumers' financial accounts were protected by "bank grade security systems," and violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules.

The proposed order requires Venmo, when making representations about fund availability, to clearly disclose to consumers that transactions are subject to review and that funds can be frozen or removed as a result of that review. It requires Venmo to tell consumers how their information will be shared with other users, and how they can use Venmo's privacy settings to limit what information they share. It also prohibits them generally from making misrepresentations about the extent to which consumers can prevent the sharing of information and what steps they must take to prevent the sharing of information, the extent to which Venmo maintains a particular level of security, or any other limitation of the service.

Your comment expresses the concern that Venmo asked you for sensitive information without providing a secure method by which you could provide the information. The proposed order contains several provisions intended to ensure that PayPal takes reasonable measures to protect the privacy, security and integrity of consumer personal information it maintains. For instance, the proposed order requires Venmo to implement a comprehensive data security program and to obtain biennial third-party assessments of its security program for 10 years. In addition, if PayPal violates this order in the future, it could be liable for civil penalties of up to

\$41,484 per violation. As is the case with all Commission orders, Commission staff will closely monitor PayPal's future activities to determine whether any violations occur.

We take seriously your concerns about the privacy and security of sensitive information. We have added your comment to our agency's complaint database, which assists us in tracking complaints and helps inform our law enforcement decisions. Further, if you have any additional information regarding these practices, we would encourage you to submit a complaint with the Commission at our website, www.ftccomplaintassistance.gov, or by calling our Consumer Response Center (877) 382-4357.

Your comment also expresses concern that the proposed consent order does not appear to have done anything to prompt the company to change its behavior. The proposed consent order is now final and requires PayPal's compliance going forward.

Having considered all the facts of this case and all of the comments submitted in response to the proposed consent order, the Commission has now determined that the public interest would best be served by issuing the Complaint and the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary



Office of the Secretary

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FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

May 24, 2018

Matt Smith
State of New York

Re: In the Matter of PayPal, Inc., Matter No. 162 3102, C-4651

Dear Mr. Smith:

We would like to thank you for commenting on the Federal Trade Commission's ("Commission" or "FTC") proposed consent order in the above-referenced proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the agency's Rules of Practice, 16 C.F.R. §4.9(b)(6)(ii). The Commission is committed to protecting consumers engaged in peer-to-peer payments from deceptive or other unlawful practices, so we greatly appreciate your feedback on this matter.

The complaint in this matter alleges that PayPal, operating as Venmo, misled consumers by notifying them that funds they received were available to transfer to their bank accounts, without disclosing that funds could still be frozen or removed when Venmo reviewed the consumers' underlying transactions. The complaint also alleges that Venmo's privacy settings misled consumers about the extent to which they could keep their transactions private. It further alleges that Venmo misrepresented the extent to which consumers' financial accounts were protected by "bank grade security systems," and violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules.

The proposed order requires Venmo, when making representations about fund availability, to clearly disclose to consumers that transactions are subject to review and that funds can be frozen or removed as a result of that review. It requires Venmo to tell consumers how their information will be shared with other users, and how they can use Venmo's privacy settings to limit what information they share. It also prohibits them generally from making misrepresentations about the extent to which consumers can prevent the sharing of information and what steps they must take to prevent the sharing of information, the extent to which Venmo maintains a particular level of security, or any other limitation of the service.

Your comment expresses frustration with PayPal and its subsidiaries for illegal activities and recommends a large fine against, and further investigation into, PayPal. The Commission's complaint alleges violations of Section 5(a) of the FTC Act and the Gramm-Leach-Bliley Act, and the Commission is not authorized to collect fines or penalties based on such violations. The proposed consent order does, however, include strong injunctive relief to prevent future violations. In addition, if PayPal violates this order in the future, it could be liable for civil

penalties of up to \$41,484 per violation. As is the case with all Commission orders, Commission staff will closely monitor PayPal's future activities to determine whether any violations occur.

With regard to undertaking further investigation, we would encourage you to submit any complaint you have about PayPal or any other company to our agency's complaint database, which assists us in tracking complaints and helps inform our law enforcement decisions. You can submit a complaint with the Commission at our website, www.ftccomplaintassistance.gov, or by calling our Consumer Response Center (877) 382-4357.

Having considered all the facts of this case and all of the comments submitted in response to the proposed consent order, the Commission has now determined that the public interest would best be served by issuing the Complaint and the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

May 24, 2018

Brian Stewart
State of California

Re: In the Matter of PayPal, Inc., Matter No. 162 3102, C-4651

Dear Mr. Stewart:

We would like to thank you for commenting on the Federal Trade Commission's ("Commission" or "FTC") proposed consent order in the above-referenced proceeding. The Commission has placed your comment on the public record pursuant to Rule 4.9(b)(6)(ii) of the agency's Rules of Practice, 16 C.F.R. §4.9(b)(6)(ii). The Commission is committed to protecting consumers engaged in peer-to-peer payments from deceptive or other unlawful practices, so we greatly appreciate your feedback on this matter.

Your comment expresses the concern that PayPal and Venmo have kept funds away from consumers inappropriately. The FTC is similarly concerned that Venmo was not clear in its messaging to consumers about when funds could be withheld from them. The complaint in this matter alleges that PayPal, operating as Venmo, misled consumers by notifying them that funds they received were available to transfer to their bank accounts, without disclosing that funds could still be frozen or removed when Venmo reviewed the consumers' underlying transactions. The complaint also alleges that Venmo's privacy settings misled consumers about the extent to which they could keep their transactions private. It further alleges that Venmo misrepresented the extent to which consumers' financial accounts were protected by "bank grade security systems," and violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules.

The proposed order requires Venmo, when making representations about fund availability, to clearly disclose to consumers that transactions are subject to review and that funds can be frozen or removed as a result of that review. It requires Venmo to tell consumers how their information will be shared with other users, and how they can use Venmo's privacy settings to limit what information they share. It also prohibits them generally from making misrepresentations about the extent to which consumers can prevent the sharing of information and what steps they must take to prevent the sharing of information, the extent to which Venmo maintains a particular level of security, or any other limitation of the service.

Your comment also expresses the view that companies like PayPal should be subject to the same regulations to which banks are subject. The FTC does not have authority to regulate banks but does have authority to regulate a variety of non-bank financial institutions. The proposed order in this case makes clear that PayPal's Venmo is a financial institution for

purposes of complying with the Gramm-Leach-Bliley Act and therefore Venmo must comply with rules to protect the privacy and security of customer personal information.

Having considered all the facts of this case and all of the comments submitted in response to the proposed consent order, the Commission has now determined that the public interest would best be served by issuing the Complaint and the Decision and Order in final form without any modifications. The final Decision and Order and other relevant materials are available from the Commission's website at <http://www.ftc.gov>. The Commission thanks you again for your comment.

By direction of the Commission.

Donald S. Clark
Secretary