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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,
Plaintiff,
v.
COGNOSPHERE, LLC, et al.,
Defendants.

Case No. 2:25-cv-447

STIPULATION FOR ENTRY OF
ORDER FOR PERMANENT
INJUNCTION, CIVIL PENALTY
JUDGMENT, AND OTHER RELIEF

1 Plaintiff, the United States of America, acting upon notification and referral
2 to the Attorney General by the Federal Trade Commission (“Commission” or
3 “FTC”), filed its Complaint for Permanent Injunction, Civil Penalty Judgment, and
4 Other Relief (“Complaint”), for a permanent injunction, civil penalties, and other
5 relief in this matter pursuant to Sections 5(a), 5(m)(1)(A), and 13(b) of the Federal
6 Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), the
7 Children’s Online Privacy Protection Act, 15 U.S.C. §§ 6502(c) and 6505(d), and
8 the Children’s Online Privacy Protection Rule (“COPPA Rule”), 16 C.F.R. Part
9 312. Plaintiff and Defendants have agreed to entry of a Stipulated Order for
10 Permanent Injunction, Civil Penalty Judgment, and Other Relief (the “Stipulated
11 Order”) (lodged concurrently with this Stipulation) to resolve all claims against
12 Defendants in this action. Plaintiff and Defendants have consented to entry of the
13 Stipulated Order without trial or adjudication of any issue of law or fact herein.

14 Plaintiff and Defendants hereby stipulate to entry of the Stipulated Order
15 with the following terms:

16 **FINDINGS**

- 17 1. This Court has jurisdiction over this matter.
- 18 2. The Complaint charges that Defendants participated in deceptive and
19 unfair acts or practices related to the sale of certain digital content and virtual
20 currency in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, and violations of
21 the Children’s Online Privacy Protection Act of 1998 (“COPPA”).
- 22 3. Defendants neither admit nor deny any of the allegations in the
23 Complaint, except as specifically stated in this Order. Only for purposes of this
24 action, Defendants admit the facts necessary to establish jurisdiction over
25 Defendants.
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1 4. Defendants waive any claim that they may have under the Equal Access
2 to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through
3 the date of this Order, and agree to bear their own costs and attorney fees.

4 5. Defendants and Plaintiff waive all rights to appeal or otherwise
5 challenge or contest the validity of this Order.

6 **DEFINITIONS**

7 For the purpose of this Order, the following definitions apply:

8 A. **“Child”** or **“Children”** means an individual or individuals under the
9 age of 13 residing in the United States.

10 B. **“Clear(ly) and Conspicuous(ly)”** means that a required disclosure is
11 easily noticeable (i.e., difficult to miss) and easily understandable by ordinary
12 consumers, including in all of the following ways:

13 1. In any communication that is solely visual or solely audible, the
14 disclosure must be made through the same means through which the
15 communication is presented. In any communication made through both
16 visual and audible means, such as a television advertisement, the
17 disclosure must be presented simultaneously in both the visual and
18 audible portions of the communication even if the representation
19 requiring the disclosure is made in only one means.

20 2. A visual disclosure, by its size, contrast, location, the length of
21 time it appears, and other characteristics, must stand out from any
22 accompanying text or other visual elements so that it is easily noticed,
23 read, and understood.

24 3. An audible disclosure, including streaming video, must be
25 delivered in a volume, speed, and cadence sufficient for ordinary
26 consumers to easily hear and understand it.

1 4. In any communication using an interactive electronic medium,
2 such as the Internet or software, the disclosure must be unavoidable.

3 5. The disclosure must use diction and syntax understandable to
4 ordinary consumers and must appear in each language in which the
5 representation that requires the disclosure appears.

6 6. The disclosure must comply with these requirements in each
7 medium through which it is received, including all electronic devices
8 and face-to-face communications.

9 7. The disclosure must not be contradicted or mitigated by, or
10 inconsistent with, anything else in the communication.

11 8. When the representation or sales practice targets a specific
12 audience, such as Children, Early Teens, the elderly, or the terminally
13 ill, “ordinary consumers” includes reasonable members of that group.

14 C. **“Close Proximity”** means that the disclosure is near the triggering
15 representation. For example, a disclosure made through a hyperlink, pop-up,
16 interstitial, or other similar technique is not in close proximity to the triggering
17 representation.

18 D. **“Collect,” “Collected,” “Collecting,” or “Collection”** means, for the
19 purposes of Definitions I, M, O, S, U, V, W, and Provision V of this Order only,
20 the gathering of any Personal Information from a Child by any means, including
21 but not limited to:

22 1. Requesting, prompting, or encouraging a Child to submit
23 Personal Information online;

24 2. Enabling a Child to make Personal Information publicly
25 available in identifiable form; or

26 3. Passive tracking of a Child online.
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1 E. **“Covered Mechanism”** means any gameplay mechanic or element in
2 a Covered Product or Service, such as the Genshin Impact “Wish” system, loot
3 boxes, or other systems, by which a player of a game may use U.S. dollars, other
4 fiat currency, or cryptocurrency to purchase or attempt to purchase digital content
5 or merchandise, or virtual currency necessary to purchase digital content or
6 merchandise, where the item(s) of digital content or merchandise that will be
7 provided are determined by chance; require numerous purchases or attempts to
8 purchase to guarantee receipt of a specified item; or both.

9 F. **“Covered Product or Service”** means Genshin Impact or any video
10 game or video game service, such as HoYoLAB, controlled, distributed, or operated,
11 directly or indirectly, by Defendants, marketed, promoted, sold, or otherwise
12 distributed or made available in the United States. For purposes of this Order, to the
13 extent that, after entry of this Order, Defendants obtains direct or indirect control
14 over a video game or video game service, such video game or video game service
15 becomes a Covered Product or Service ninety (90) days after the date on which
16 Defendants obtained such control.

17 G. **“Defendants”** means Cognosphere, LLC and Cognosphere Pte. Ltd.,
18 and their successors and assigns.

19 H. **“Delete”** means to remove Personal Information such that it is not
20 maintained in retrievable form and cannot be retrieved in the normal course of
21 business.

22 I. **“Disclose,” “Disclosed,” “Disclosing,” or “Disclosure”** means, with
23 Respect to Personal Information, for the purposes of Definitions M, U, V, W, and
24 Provision V of this Order only:

- 25 1. The Release of Personal Information Collected by an Operator
26 from a Child in identifiable form for any purpose, except where an
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1 Operator provides such information to a Person who provides Support
2 for the Internal Operations of the Website or Online Service; and

3 2. Making Personal Information Collected by an Operator from a
4 Child publicly available in identifiable form by any means, including
5 but not limited to a public posting through the Internet, or through a
6 personal home page or screen posted on a website or online service; a
7 pen pal service; an electronic mail service; a message board; or a chat
8 room.

9 J. **“Early Teen”** means an individual aged 13, 14, or 15 residing in the
10 United States.

11 K. **“Effective Date”** means the date on which this Order is entered.

12 L. **“Internet”** means collectively the myriad of computer and
13 telecommunication facilities, including equipment and operating software, which
14 comprises the interconnected world-wide network of networks that employ the
15 Transmission Control Protocol/Internet Protocol, or any predecessor or successor
16 protocols to such protocol, to communicate information of all kinds by wire, radio,
17 or other methods of transmission.

18 M. **“Obtain, Obtained, or Obtaining Verifiable Parental Consent”**
19 means making any reasonable effort (taking into consideration available
20 technology) to ensure that before Personal Information is Collected from a Child, a
21 Parent of the Child:

22 1. Receives notice of the Operator’s Personal Information
23 Collection, use, and Disclosure practices; and

24 2. Authorizes any Collection, use, or Disclosure of the Personal
25 Information.

26 N. **“Online Contact Information”** means an email address or any other
27 substantially similar identifier that permits direct contact with a Person online,
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1 including but not limited to, an instant messaging user identifier, a voice over
2 internet protocol (VOIP) identifier, or a video chat identifier.

3 O. **“Operator”** means any Person who operates a website located on the
4 Internet or an online service and who Collects or maintains Personal Information
5 from or about the users of or visitors to such website or online service, or on whose
6 behalf such information is Collected and maintained, or offers products or services
7 for sale through the website or online service, where such website or online service
8 is operated for commercial purposes involving commerce among the several
9 States, or with one or more foreign nations; in any territory of the United States or
10 in the District of Columbia, or between any such territory and another such
11 territory or any State or nation; or between the District of Columbia and any State,
12 territory, or foreign nation.

13 P. **“Parent”** includes a legal guardian.

14 Q. **“Persistent Identifier”** means an identifier that can be used to
15 recognize a user over time and across different websites or online services. Such
16 Persistent Identifier includes, but is not limited to, a customer number held in a
17 cookie, an Internet Protocol (IP) address, a processor or device serial number, a
18 mobile advertising identifier, or unique device identifier.

19 R. **“Person”** means any individual, partnership, corporation, trust, estate,
20 cooperative, association, or other entity.

21 S. **“Personal Information”** means individually identifiable information
22 about an individual Collected online, including:

- 23 1. A first and last name;
- 24 2. A home or other physical address including street name and
25 name of a city or town;
- 26 3. Online Contact Information;

- 1 4. A screen or user name where it functions in the same manner as
- 2 Online Contact Information;
- 3 5. A telephone number;
- 4 6. A Social Security number;
- 5 7. A Persistent Identifier;
- 6 8. A photograph, video, or audio file where such file contains a
- 7 Child's image or voice;
- 8 9. Geolocation information sufficient to identify street name and
- 9 name of a city or town; or
- 10 10. Information concerning the Child or the Parents of that Child
- 11 that the Operator Collects online from the Child and combines with a
- 12 Persistent Identifier.

13 T. **“Release of Personal Information”** means the sharing, selling,

14 renting, or transfer of Personal Information to any Third Party.

15 U. **“Support for the Internal Operations of the Website or Online**

16 **Service”** means:

- 17 1. Those activities necessary to:
 - 18 a. Maintain or analyze the functioning of the website or
 - 19 online service;
 - 20 b. Perform network communications;
 - 21 c. Authenticate users of, or personalize the content on, the
 - 22 website or online service;
 - 23 d. Serve contextual advertising on the website or online
 - 24 service or cap the frequency of advertising;
 - 25 e. Protect the security or integrity of the user, website, or
 - 26 online service;
 - 27 f. Ensure legal or regulatory compliance; and
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1 g. Fulfill a request of a Child as permitted by 16 C.F.R.
2 §§ 312.5(c)(3) and (4);

3 2. So long as the information Collected for the activities listed in
4 paragraphs (1)(a)-(g) of this definition is not used or Disclosed to
5 contact a specific individual, including through behavioral
6 advertising, to amass a profile on a specific individual, or for any
7 other purpose.

8 V. **“Third Party”** means, for the purpose of Definition T only, any
9 Person who is not:

- 10 1. An Operator with respect to the Collection or maintenance of
11 Personal Information on the Website or online service; or
12 2. A Person who provides Support for the Internal Operations of
13 the Website or Online Service and who does not use or Disclose
14 information protected under the COPPA Rule (attached as Appendix
15 A) for any other purpose.

16 W. **“Website or Online Service Directed to Children”** means a
17 commercial website or online service, or portion thereof, that is targeted to
18 Children.

- 19 1. In determining whether a website or online service, or a portion
20 thereof, is directed to Children, the Commission will consider its
21 subject matter, visual content, use of animated characters or Child-
22 oriented activities and incentives, music or other audio content, age of
23 models, presence of Child celebrities who appeal to Children,
24 language or other characteristics of the website or online service, as
25 well as whether advertising promoting or appearing on the website or
26 online service is directed to Children. The Commission will also

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1 consider competent and reliable empirical evidence regarding
2 audience composition, and evidence regarding the intended audience.

3 2. A website or online service shall be deemed directed to
4 Children when it has actual knowledge that it is Collecting Personal
5 Information directly from users of another website or online service
6 directed to Children.

7 3. A website or online service that is directed to Children under
8 the criteria set forth in paragraph (1) of this definition, but that does
9 not target Children as its primary audience, shall not be deemed
10 directed to Children if it:

11 a. Does not Collect Personal Information from any visitor
12 prior to Collecting age information; and

13 b. Prevents the Collection, use, or Disclosure of Personal
14 Information from visitors who identify themselves as under age
15 13 without first complying with the notice and parental consent
16 provisions of the COPPA Rule (attached as Appendix A).

17 4. A website or online service shall not be deemed directly to
18 Children solely because it refers or links to a commercial website or
19 online service directed to Children by using information location
20 tools, including a directory, index, reference, pointer, or hypertext
21 link.

22 **ORDER**

23 **I. BAN ON SALES TO CHILDREN AND EARLY TEENS WITHOUT A**
24 **PARENT’S AFFIRMATIVE EXPRESS CONSENT**

25 IT IS ORDERED that no later than six (6) months after the Effective Date,
26 Defendants, Defendants’ officers, agents, employees, and all other Persons in
27 active concert or participation with any of them, who receive actual notice of this
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1 Order, whether acting directly or indirectly, in connection with the advertising,
2 marketing, promoting, offering for sale, or selling of any virtual currency or digital
3 content or merchandise are permanently restrained and enjoined from allowing
4 accounts associated with a Child or Early Teen user to spend fiat currency or
5 cryptocurrency in game without first obtaining the Affirmative Express Consent
6 from a Parent of that Child or Early Teen authorizing the Child or Early Teen’s
7 account to engage in fiat currency or cryptocurrency transactions. Prior to
8 obtaining the Affirmative Express Consent from a Parent of that Child or Early
9 Teen, Defendants must Clearly and Conspicuously disclose to the Parent:

- 10 A. The material aspects of the nature and terms of the video game;
- 11 B. The presence and use of paid virtual currency in order to purchase
12 digital content or merchandise, including via a Covered Mechanism; and
- 13 C. The material aspects of the nature and terms of any Covered
14 Mechanism including:
- 15 1. That obtaining items of digital content or merchandise are
16 determined by chance, require multiple purchases or attempts to
17 purchase to guarantee receipt of a specified item, or both;
- 18 2. The likelihood that a consumer will obtain particular digital
19 content or merchandise; and
- 20 3. The range of potential total costs in U.S. dollars, or applicable
21 fiat currency, if a user used only fiat currency to acquire featured
22 content.

23 For the purpose of this Section, “**Affirmative Express Consent**” means any
24 freely given, specific, informed, and unambiguous indication of an individual’s
25 wishes demonstrating agreement by the individual, such as by a clear affirmative
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1 action, following a Clear and Conspicuous disclosure of items A to C listed above
2 under this Section. The following do not constitute Affirmative Express Consent:

- 3 1. Inferring consent from a consumer hovering over, muting,
4 pausing, closing, or otherwise failing to act on a given piece of
5 content; or
- 6 2. Obtaining consent through a user interface that has the effect of
7 subverting or impairing user autonomy, decision-making, or choice.

8 **II. BAN AGAINST SALES OF CHANCES TO OBTAIN DIGITAL**
9 **CONTENT OR MERCHANDISE VIA A COVERED MECHANISM**
10 **WITHOUT AN OPTION TO PURCHASE USING FIAT CURRENCY**
11 **DIRECTLY**

12 IT IS FURTHER ORDERED that no later than six (6) months after the
13 Effective Date, Defendants, Defendants' officers, agents, employees, and all other
14 Persons in active concert or participation with any of them, who receive actual
15 notice of this Order, whether acting directly or indirectly, in connection with the
16 advertising, marketing, promoting, offering for sale, or selling of any digital
17 content or merchandise via a Covered Mechanism, are permanently restrained and
18 enjoined from failing to provide consumers a means to directly purchase with fiat
19 currency a chance to obtain digital content or merchandise via a Covered
20 Mechanism, without requiring consumers to purchase or exchange virtual
21 currency. The means to purchase directly must be provided at the same time a
22 Covered Mechanism is offered and must clearly indicate the cost to purchase using
23 fiat currency.

24 **III. PROHIBITION AGAINST MISREPRESENTATIONS**

25 IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents,
26 employees, and all other Persons in active concert or participation with any of
27 them, who receive actual notice of this Order, whether acting directly or indirectly,
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1 in connection with the advertising, marketing, promoting, offering for sale, or
2 selling of any Covered Product or Service, are permanently restrained and enjoined
3 from misrepresenting, expressly or by implication:

4 A. The in-game content offered via a Covered Mechanism;

5 B. The likelihood that a consumer will obtain any particular digital
6 content, such as a playable character or digital item, by purchasing a chance to obtain
7 the content via a Covered Mechanism;

8 C. The likelihood that a consumer will win a reward or advantage by
9 participating in any promotional offering or sale of any in-game content, such as a
10 weapon or character;

11 D. The range of potential total cost in U.S. dollars, or applicable fiat
12 currency, if a user used only fiat currency to acquire featured content via a Covered
13 Mechanism;

14 E. The material aspects of the nature or terms of any Covered Mechanism;
15 or

16 F. Any other fact material to consumers concerning any Covered Product
17 or Service.

18 **IV. REQUIRED DISCLOSURES FOR COVERED MECHANISMS AND**
19 **MULTI-TIERED VIRTUAL CURRENCY**

20 IT IS FURTHER ORDERED that no later than six (6) months after the
21 Effective Date, Defendants, Defendants' officers, agents, employees, and all other
22 Persons in active concert or participation with any of them, who receive actual notice
23 of this Order, whether directly or indirectly, in connection with offering or making
24 available any digital content or merchandise via a Covered Mechanism or selling
25 multi-tiered virtual currency, are permanently restrained and enjoined from failing
26 to present consumers with certain required information, as follows:
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1 A. Within Defendants’ video games wherever Defendants offer or make
2 available digital content or merchandise via a Covered Mechanism, Defendants must
3 Clearly and Conspicuously disclose, without requiring any additional input from the
4 consumer:

5 1. The likelihood a consumer will obtain any digital content or
6 merchandise prominently featured or depicted at the point of sale via a
7 Covered Mechanism, or in the promotion of digital content or
8 merchandise accessible by a Covered Mechanism, placed in Close
9 Proximity to the digital content or merchandise featured or depicted;
10 and

11 2. The range of potential total costs in U.S. dollars, or applicable
12 fiat currency, if the user used only fiat currency to acquire featured
13 digital content or merchandise via a Covered Mechanism.

14 B. At any point of sale at which Defendants make any bundle or package
15 of virtual currency available for purchase within Defendants’ video games,
16 Defendants must Clearly and Conspicuously disclose, without requiring any
17 additional input from the consumer:

18 1. The number of transactions that the bundle or package of virtual
19 currency provides the consumer to obtain digital content or
20 merchandise via a Covered Mechanism (such as a “Fate” in Genshin
21 Impact’s Wish System); and

22 2. The rate of exchange in U.S. dollars or applicable fiat currency of
23 that virtual currency for one transaction with a Covered Mechanism.

24 C. Defendants shall make easily accessible on their website and at the
25 game login screen, an online notice containing the following information concerning
26 the Covered Mechanisms made available within Defendants’ video games or online
27 services:

1 1. Each possible featured in-game item that a consumer may
2 obtain via a Covered Mechanism, and for each featured in-game item
3 so identified, the likelihood that, the consumer will obtain that
4 featured item; and

5 2. The range of potential total costs in U.S. dollars, or applicable
6 fiat currency, if the user used only fiat currency to acquire featured in-
7 game items via a Covered Mechanism.

8 **V. INJUNCTION CONCERNING THE COLLECTION OF PERSONAL**
9 **INFORMATION FROM CHILDREN**

10 IT IS FURTHER ORDERED that Defendants and Defendants’ officers,
11 agents, employees, and attorneys, and all other Persons in active concert or
12 participation with any of them, who receive actual notice of this Order, whether
13 acting directly or indirectly, in connection with being an Operator of any Website or
14 Online Service Directed to Children or of any website or online service with actual
15 knowledge that it is Collecting or maintaining Personal Information from a Child,
16 are hereby permanently restrained and enjoined from, with respect to such service:

17 A. Failing to post a prominent and clearly labeled link to an online notice
18 of the Operator’s information practices with regard to Children, if any, on the home
19 or landing page or screen of its website or online service, and at each area of the
20 website or online service where Personal Information is Collected from Children,
21 unless the COPPA Rule (attached as Appendix A or as subsequently amended),
22 provides an exception to providing such notice;

23 B. Failing to make reasonable efforts, taking into account available
24 technology, to ensure that a Parent of a Child receives direct notice of the
25 Operator’s practices with regard to the Collection, use, or Disclosure of Personal
26 Information from Children, including notice of any material change in the
27 Collection, use, or Disclosure practices to which the Parent has previously
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1 consented, unless the COPPA Rule (attached as Appendix A or as subsequently
2 amended), provides an exception to providing such notice;

3 C. Failing to Obtain Verifiable Parental Consent before any Collection,
4 use, or Disclosure of Personal Information from Children, including consent to any
5 material change in the Collection, use, or Disclosure practices to which the Parent
6 has previously consented, unless the COPPA Rule (attached as Appendix A or as
7 subsequently amended), provides an exception to Obtaining Verifiable Parental
8 Consent; and

9 D. Violating the COPPA Rule (attached as Appendix A or as
10 subsequently amended).

11 **VI. INJUNCTION CONCERNING CHILDREN’S PERSONAL**
12 **INFORMATION PREVIOUSLY COLLECTED**

13 IT IS FURTHER ORDERED that Defendants, Defendants’ officers, agents,
14 employees, and attorneys, and all other Persons in active concert or participation
15 with any of them, who receive actual notice of this Order, in connection with being
16 an Operator of the video game Genshin Impact and HoYoLAB website shall:

17 A. No later than one hundred and twenty (120) days after the Effective
18 Date, implement a neutral age gate to request the user to provide age information
19 and identify the user’s age. Defendants shall Delete all Personal Information that
20 is associated with any user of Genshin Impact or HoYoLAB in the United States,
21 unless:

22 1. The user has provided age information through a neutral age
23 gate identifying the user as age 13 or older; or

24 2. Defendants have provided direct notice and Obtained Verifiable
25 Parental Consent;

26 B. If the age of a particular user of an existing account is not identified
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1 within one hundred and eighty (180) days after the Effective Date (the “Account
2 Suspension Date”), Defendants shall (1) notify such user, if email address is
3 available, that their Personal Information will be deleted if they do not provide age
4 information, (2) refrain from Collecting Personal Information from that account,
5 and (3) refrain from Disclosing or using Personal Information Collected from that
6 account, except for the use of persistent identifiers to Support the Internal
7 Operations, until and unless the age of user is identified, at which point Defendants
8 shall comply with sub-Provision VI.A. If the age of a particular user of an existing
9 account is still not identified within one (1) year of the Account Suspension Date,
10 Defendants shall Delete all Personal Information Collected from that account.

11 C. Within one (1) year and one (1) month of the Account Suspension
12 Date, provide a written statement to the Commission, sworn under penalty of
13 perjury, that:

- 14 1. Describes all processes through which Defendants provided
15 direct notice and sought to Obtain Verifiable Parent Consent for any
16 accounts covered by this Provision VI;
- 17 2. Identifies the total number of accounts for which (i) direct notice
18 was provided; (ii) Defendants Obtained Verifiable Parental Consent;
19 (iii) verifiable parental consent was affirmatively declined; and (iv) no
20 response was provided;
- 21 3. Identifies the total number of accounts for which (i) the age of
22 the user is not identified as covered by sub-Provision VI.B; and (ii) for
23 which the Personal Information Collected from the user was deleted
24 when the age of the user was not identified within one (1) year of the
25 Account Suspension Date, as covered by sub-Provision VI.B.
- 26 4. Describes in detail any Personal Information Defendants retain
27 in accordance with sub-Provisions VI.D or VI.E, the basis for such
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1 retention, and, as applicable, the specific government agency, law,
2 regulation, or court order that requires such retention; and

3 5. Confirms that all Personal Information required to be Deleted by
4 this Provision VI has been Deleted.

5 *Provided, however, that:*

6 D. Persistent Identifiers that Defendants are otherwise required to Delete
7 by this Provision VI need not be Deleted to the extent they are used solely for
8 Support for the Internal Operations of Genshin Impact and/or HoYoLAB; and

9 E. Personal Information that Defendants are otherwise required to Delete
10 by this Provision VI may be retained, and may be disclosed, as requested by a
11 government agency or required by law, regulation, or court order. Within thirty (30)
12 days after the obligation to retain any such Personal Information has ended,
13 Defendants shall Delete such Personal Information and provide an additional written
14 statement to the Commission, sworn under penalty of perjury, confirming that
15 Defendants have deleted such Personal Information.

16 **VII. MONETARY JUDGMENTS**

17 IT IS FURTHER ORDERED that:

18 A. Judgment in the amount of Twenty Million Dollars (\$20,000,000) is
19 entered in favor of Plaintiff against Defendants, jointly and severally, as a civil
20 penalty.

21 B. Defendants are ordered to pay to Plaintiff, by making payment to the
22 Treasurer of the United States, Twenty Million Dollars (\$20,000,000) which, as
23 Defendants stipulate, their undersigned counsel holds in escrow for no purpose other
24 than payment to Plaintiff. Such payment must be made within fourteen (14) days of
25 entry of this Order by electronic fund transfer in accordance with instructions
26 provided by a representative of Plaintiff.

1 **VIII. ADDITIONAL MONETARY PROVISIONS**

2 IT IS FURTHER ORDERED that:

3 A. Defendants relinquish dominion and all legal and equitable right, title,
4 and interest in all assets transferred pursuant to this Order and may not seek the
5 return of any assets.

6 B. The facts alleged in the Complaint will be taken as true, without
7 further proof, in any subsequent civil litigation by or on behalf of the Commission
8 including in a proceeding to enforce its rights to any payment or monetary
9 judgment pursuant to this Order, such as a nondischargeability complaint in any
10 bankruptcy case.

11 C. Defendants acknowledge that their Taxpayer Identification Numbers
12 (Social Security Numbers or Employer Identification Numbers), which Defendants
13 must submit to the Commission, may be used for collecting and reporting on any
14 delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

15 **IX. ORDER ACKNOWLEDGMENTS**

16 IT IS FURTHER ORDERED that each Defendant obtain acknowledgments
17 of receipt of this Order, as follows:

18 A. Each Defendant, within ten (10) days of entry of this Order, must
19 submit to the Commission an acknowledgment of receipt of this Order, sworn
20 under penalty of perjury.

21 B. For five (5) years after entry of this Order, each Defendant must
22 deliver a copy of this Order to: (1) all principals, officers, directors, and LLC
23 managers and members; (2) all employees, agents, and representatives having
24 managerial responsibilities for conduct related to the subject matter of the Order;
25 (3) all Persons who are paid or otherwise compensated to promote any product or
26 service offered by Defendants; and (4) any business entity resulting from any
27 change in structure as set forth in the Provision titled Compliance Reporting.

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1 Delivery must occur within ten (10) days of entry of this Order for current
2 personnel. For all others, delivery must occur before they assume their
3 responsibilities.

4 C. From each individual or entity to which a Defendant delivered a copy
5 of this Order, that Defendant must obtain, within thirty (30) days, a signed and
6 dated acknowledgment of receipt of this Order.

7 **X. COMPLIANCE REPORTING**

8 IT IS FURTHER ORDERED that Defendants make timely submissions to
9 the Commission:

10 A. One (1) year after entry of this Order, each Defendant must submit a
11 compliance report, sworn under penalty of perjury:

12 1. Each Defendant must: (a) identify the primary physical, postal,
13 and email address and telephone number, as designated points of
14 contact, which representatives of the Commission and Plaintiff may
15 use to communicate with that Defendant; (b) identify all of that
16 Defendant's businesses by all of their names, telephone numbers, and
17 physical, postal, email, and Internet addresses; (c) describe each
18 Covered Product or Service, including the means of advertising,
19 marketing, and sales and the nature, terms, and use of any Covered
20 Mechanisms; (d) describe in detail whether and how that Defendant is
21 in compliance with each provision of this Order; and (e) provide a
22 copy of each Order Acknowledgment obtained pursuant to this Order,
23 unless previously submitted to the Commission.

24 B. For ten (10) years after entry of this Order, each Defendant must
25 submit a compliance notice, sworn under penalty of perjury, within 14 days of any
26 change in the following:
27
28

1 1. Each Defendant must report any change in: (a) any designated
2 point of contact; or (b) the structure of any Defendant or any entity
3 that Defendant has any ownership interest in or controls directly or
4 indirectly that may affect compliance obligations arising under this
5 Order, including: creation, merger, sale, or dissolution of the entity or
6 any subsidiary, parent, or affiliate that engages in any acts or practices
7 subject to this Order.

8 C. Each Defendant must submit to the Commission notice of the filing of
9 any bankruptcy petition, insolvency proceeding, or similar proceeding by or
10 against such Defendant within fourteen (14) days of its filing.

11 D. Any submission to the Commission required by this Order to be
12 sworn under penalty of perjury must be true and accurate and comply with 28
13 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under
14 the laws of the United States of America that the foregoing is true and correct.
15 Executed on: _____” and supplying the date, signatory’s full name, title (if
16 applicable), and signature.

17 E. Unless otherwise directed by a Commission representative in writing,
18 all submissions to the Commission pursuant to this Order must be emailed to
19 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:
20 Associate Director for Enforcement, Bureau of Consumer Protection, Federal
21 Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The
22 subject line must begin: “United States v. Cognosphere, LLC et al., FTC File No.
23 2223152.”

24 **XI. RECORDKEEPING**

25 IT IS FURTHER ORDERED that each Defendant must create certain records
26 for ten (10) years after entry of the Order, and retain each such record for five (5)
27 years. Specifically, each Defendant must create and retain the following records:
28

1 A. Accounting records showing the revenues from each Covered Product
2 or Service;

3 B. Personnel records showing, for each Person providing services in
4 connection with any Covered Product or Service, whether as an employee or
5 otherwise, that Person's: name; addresses; telephone numbers; job title or
6 position; dates of service; and (if applicable) the reason for termination.

7 C. Copies or records of all consumer complaints and refund requests
8 concerning the subject matter of the Order, whether received directly or through any
9 U.S. federal or state government regulatory authority; and

10 D. All records necessary to demonstrate full compliance with each
11 provision of this Order, including all submissions to the Commission.

12 XII. COMPLIANCE MONITORING

13 IT IS FURTHER ORDERED that, for the purposes of monitoring
14 Defendants' compliance with this Order:

15 A. Within fourteen (14) days of receipt of a written request from a
16 representative of the Commission or Plaintiff, each Defendant must: submit
17 additional compliance reports or other requested information, which must be sworn
18 under penalty of perjury; appear for depositions, and produce documents for
19 inspection and copying. The Commission and Plaintiff are also authorized to
20 obtain discovery, without further leave of court, using any of the procedures
21 prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic
22 depositions), 31, 33, 34, 36, 45, and 69, provided that Defendants, after attempting
23 to resolve a dispute without court action and for good cause shown, may file a
24 motion with this Court seeking an order for one or more of the protections set forth
25 in Rule 26(c).

26 B. For matters concerning this Order, the Commission and Plaintiff are
27 authorized to communicate directly with each Defendant. Defendants must permit
28

1 representatives of the Commission and Plaintiff to interview any employee or other
2 Person affiliated with any Defendant who has agreed to such an interview. The
3 Person may have counsel present.

4 C. The Commission and Plaintiff may use all other lawful means,
5 including posing, through its representatives as consumers, suppliers, or other
6 individuals or entities, to Defendants or any individual or entity affiliated with
7 Defendants, without the necessity of identification or prior notice. Nothing in this
8 Order limits the Commission's lawful use of compulsory process, pursuant to
9 Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

10 **XIII. RETENTION OF JURISDICTION**

11 IT IS FURTHER ORDERED that this Court retains jurisdiction of this
12 matter for purposes of construction, modification, and enforcement of this Order.

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1 SO STIPULATED:

2 **FOR PLAINTIFF UNITED STATES OF AMERICA:**

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6 Deputy Assistant Attorney General, Civil Division

7 AMANDA N. LISKAMM

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9 LISA K. HSIAO

10 Senior Deputy Director, Civil Litigation

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13
14
15
16 /s/ Marcus P. Smith

Date: January 17, 2025

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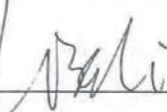
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14 *Attorneys for the Federal Trade Commission*

1 **FOR DEFENDANTS COGNOSPHERE, LLC AND COGNOSPHERE PTE.**
2 **LTD.:**

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4 
5 On behalf of Cognosphere, LLC

Date: 12/10/2024

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7 
8 On behalf of Cognosphere Pte. Ltd.

Date: 10/12/2024

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