



On June 9, 2005 – two days after the release of the PC version of the game – game enthusiasts posted a program on the Internet, which, when downloaded and installed on a user’s PC, enables the sex mini-game code. This program was dubbed “Hot Coffee.” A subsequent version of the program imported nude skins resident on the game disc onto several of the female characters. PlayStation 2 and Xbox players eventually were able to access the mini-game by physically modifying or adding a hardware accessory to their game console, installing special software, and inputting cheat codes developed by third parties.

On July 20, 2005, the ESRB revoked the existing rating for the game as a result of, among other things, viewing *Grand Theft Auto: San Andreas* as modified by the Hot Coffee program and the widespread availability of that program. The companies entered into an agreement with the ESRB that provided that they would not contest a change in rating for the game from M (Mature 17+) to AO (Adults Only 18+) with an additional content descriptor for nudity. The companies also agreed to re-label or recall all existing inventory, and to make available to consumers a downloadable patch rendering the Hot Coffee content inoperable. In response, most retailers decided not to sell the re-labeled AO version of the game. In September 2005, the companies released a second M-rated version of *San Andreas* without the Hot Coffee content.

According to the FTC complaint, the companies represented, expressly or by implication, that the ESRB had rated the content of the original versions of *Grand Theft Auto: San Andreas* M (Mature 17+) and that the ESRB had assigned the following content descriptors as part of the ESRB rating: Blood and Gore, Intense Violence, Strong Language, Strong Sexual Content, and Use of Drugs. The complaint alleges that the companies did not disclose to consumers that the game discs contained unused, but potentially viewable, nude female skins and disabled, but potentially playable, software code for a sexually explicit mini-game that the ESRB had not rated. The presence on the game discs of this unrated content that might change, and, in fact, did change, the rating of the game to AO (Adults Only 18+) with an additional content descriptor for nudity, would have been material to many consumers, particularly parents, in their purchase, rental, or use of the product. The complaint alleges that the companies’ failure to disclose these facts, in light of the representation made, was and is a deceptive practice.

The proposed consent order contains provisions designed to prevent the companies from engaging in similar acts and practices in the future. Part I of the consent order requires the companies, in connection with the advertising, sale, or distribution of any electronic game, to disclose, clearly and prominently, on product packaging and in any promotion or advertisement for an electronic game, content relevant to the rating, unless that content has been disclosed sufficiently in prior submissions to the rating authority. Part I also prohibits the companies from misrepresenting the rating or content descriptors for an electronic game, and requires the companies to establish and implement, and thereafter maintain, a comprehensive system reasonably designed to ensure that all content in an electronic game is considered and reviewed by the companies in preparing submissions to a rating authority. Finally, Part I of the order states that nothing in the order shall constitute a waiver of the companies’ right to assert that any of

their conduct is or was protected by the First Amendment to the United States Constitution or any analogous provision of a State constitution, except that the companies nonetheless acknowledge their obligations to comply with the order.

Parts II through V of the consent order require the companies to keep copies of relevant advertisements and promotional materials, to provide copies of the order to certain of their personnel, to notify the Commission of changes in corporate structure, and to file compliance reports with the Commission. Part VI provides that the order will terminate after twenty (20) years under certa