



Office of the Secretary

UNITED STATES OF AMERICA  
**Federal Trade Commission**  
WASHINGTON, D.C. 20580

March 25 2014

Mr. Robert Barnes

Re: In the Matter of Apple Inc., File No. 1123108

Dear Mr. Barnes

Thank you for your comment on the Federal Trade Commission's consent agreement in the above-titled proceeding. The Commission has placed your comment on the public record pursuant to rule 4.9(b)(6)(ii) of the Commission's Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii), and has given it serious consideration.

In your comment, you express concern that Apple is already refunding consumers for unauthorized charges by children and has already reached a settlement concerning such charges. You also object to the portion of the proposed order providing that, to the extent that Apple refunds less than \$32.5 million to consumers as part of the refund process, the remaining portion must be paid to the Commission.

The Commission's proposed complaint alleges that Apple in many instances has billed consumers for inappropriate charges incurred by children without obtaining the account holder's informed consent to the charges, and that this practice constitutes an unfair practice under Section 5 of the FTC Act. It alleges that, since at least March 2011, tens of thousands of consumers have complained about unauthorized inappropriate charges by children, amounting to

unlawful under Section 5 of the FTC Act – and it does not provide the full extent of relief in the proposed order here. The proposed order, unlike the class settlement, provides full refunds to all injured consumers and requires Apple to alter its business practices going forward to obtain express, informed consent to app charges before billing for such charges.

Finally, you express concern about the monetary provisions of the order. Under the proposed order, Apple must provide a minimum of \$32.5 million in refunds to account holders who have been billed for unauthorized app charges incurred by minors. The threshold amount of \$32.5 million is designed to ensure that injured consumers receive full relief under the proposed order. The remainder would be turned over to the Commission only to the extent that Apple refunds less than that amount the year following entry of the order. As noted in the proposed order, any such funds would be used for informational remedies, further redress, or disbursement to the U.S. Treasury.

After reviewing your letter, other public comments filed with the Commission, and the investigative record, the Commission has determined that the relief set forth in the proposed order is appropriate and sufficient to remedy the violations alleged in the proposed complaint, and it is in the public interest to issue the Decision and Order in final form. The final Decision and Order and other relevant materials are available on the Commission's website at <http://www.ftc.gov/enforcement/cases/proceedings/112-108/appleinc>. It helps the Commission's analysis to hear from a variety of sources in its work. The Commission thanks you again for your comment.

By direction of the Commission, Commissioner Wright dissenting

Donald S. Clark  
Secretary