

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Edith Ramirez, Chairwoman**
 Julie Brill
 Maureen K. Ohlhausen
 a limited liability company.)
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COMPLAINT

The Federal Trade Commission, having reason to believe that ADT LLC, a limited liability company (“Respondent”), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. ADT LLC, also doing business as ADT Security Services, is a Delaware limited liability company

demonstrated other child safety, home security, or technology products, in addition to the ADT Pulse, adding to the impression that the spokesperson was providing an impartial, expert review of products. In most of these media appearances, there was no mention of any connection between the spokesperson and Respondent.

5. Respondent also used these paid spokespersons to promote the ADT Pulse in what appeared to be independent and objective reviews on the spokesperson's own website, in blog posts, and in other online materials.

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6. Respondent provided both financial and in-kind compensation to its spokespersons for the activities referred to in Paragraphs 4 and 5. For example, Respondent paid three spokespersons, including a child safety expert, a home security expert, and a technology expert, a total of approximately \$313,000, with one spokesperson receiving more than \$200,000. Two of the spokespersons also received a free ADT Pulse security system, valued at approximately \$4,000. The spokespersons also appeared on more than 40 different television programs in markets across the country and posted regular blogs and other online material touting the benefits of the ADT Pulse.

7. Through the television and radio appearances and online materials referred to in Paragraphs 4 through 6, Respondent

texts that come into my iPhone if my daughter doesn't walk into the door from school So I can see my kids if they're not doing their homework after school

Kotb: How pricey is this whole apparatus?

Rhodes: You know, it's really not that much. It starts at \$399 and then it's a monthly fee, but you actually get a discount on your homeowner's insurance because it's your ADT security system.

Gifford: That's a great idea. Smart.

Rhodes: It's amazing!

[News segment continues with Ms. Rhodes discussing three other child safety products.]

B. Daybreak USA (USA Radio Network), Jan. 20, 2011 (Video attached as Exhibit B) (Excerpt of interview of Alison Rhodes on nationally syndicated talk radio show)

Host Scott West: A nationally known family safety and lifestyle expert who often provides tips and advice on keeping moms and kids safe, happy, and healthy, is with us this morning, Alison

Gregg: The purpose of the laptop is really more to focus on the video that's on the screen. What it's featuring is a service from ADT, that alarm company that people are familiar with. This kind of impressed us, because it's not just home security. It also features the ability to have full home automation, so while you're away from home, besides operating your security system even having video cameras in your home and seeing what's going on, you can even control your thermostat, your air conditioning, your heat, even your appliances like your coffee maker, too. And the fact is you can control it from any smart phone anywhere in the world. It will even save you money on your insurance because these types of systems are associated with discounts of upwards of 20 per cent on your insurance premiums.

Reporter: And the images look good too. I mean everything looks clear. That's amazing you can do that.

Gregg: It really is incredible and just an added dimension of home automation that you can really control remotely...

8. Through the means described in Paragraphs 4 through 7, Respondent has represented, expressly or by implication, that the demonstrations and discussions of the features and benefits of the ADT Pulse by individuals with expertise in child safety, technology, security, or other relevant fields, on various television and radio news programs and talks shows, and in online blogs and other online materials, were independent reviews by impartial experts.

9. In truth and in fact, the demonstrations and discussions of the features and benefits of the ADT Pulse were not independent reviews by impartial experts. The reviews were by experts who were ADT spokespersons who received financial and in-kind compensation for their promotion of the ADT Pulse. Therefore, the representation set forth in Paragraph 8 was, and is, false and misleading.

10. Through the means described in Paragraphs 4 through 7, Respondent has represented, expressly or by implication, that the demonstrations and discussions of the features and benefits of the ADT Pulse reflected the opinions of individuals with relevant expertise. On numerous occasions, Respondent failed to disclose or disclose adequately that these individuals were paid spokespersons for Respondent. These facts would be material to consumers in their decision to purchase the ADT Pulse. The failure to disclose these facts, in light of the representation made, was, and is, a deceptive practice.

