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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON

16  
17 FEDERAL TRADE COMMISSION,  
18 Plaintiff,  
19  
20 v.  
DAVID C. SHONKA  
AMAZON.COM, INC.,  
Defendant.

Case No. \_\_\_\_\_

**COMPLAINT FOR PERMANENT  
INJUNCTION AND OTHER  
EQUITABLE RELIEF**

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1 for sale, or sold apps that can be downloaded from Amazon’s Appstore and installed on its  
2 Kindle Fire and Kindle Fire HD devices (“Kindle Fires”), or on mobile devices running the  
3 Android operating system (“Android mobile devices”).

4 **COMMERCE**

5 7. At all times material to this Complaint, Amazon has maintained a substantial  
6 course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act,  
7 15 U.S.C. § 44.

8 **DEFENDANT’S BUSINESS PRACTICES**

9 8. Amazon offers thousands of apps through its mobile app store, including games  
10 that children are likely to play. In many instances, after installation, children can obtain virtual  
11 items within a game, many of which cost real money. Amazon bills charges for items that cost  
12 money within the app—“in-app charges”—to the parent. Amazon began billing for in-app  
13 charges in November 2011, well after media reports about children incurring unauthorized  
14 charges in similar apps from other mobile app stores. Amazon nonetheless often has failed to  
15 obtain parents’ or other account holders’ informed consent to in-app charges incurred by  
16 children. Just weeks after Amazon began billing for in-app charges, consumer complaints about  
17 unauthorized charges by children on Amazon’s mobile devices reached levels an Amazon  
18 Appstore manager described as “near house on fire[.]” In total, parents and other Amazon  
19 account holders have suffered significant monetary injury, with thousands of consumers  
20 complaining about unauthorized in-app charges by their children, and many consumers reporting  
21 up to hundreds of dollars in such charges.

22 **Background on Amazon’s Appstore**

23 9. Amazon offers apps through its Appstore, a digital store preloaded on Kindle  
24 Fires and available for installation on Android mobile devices. Apps provide a wide variety of  
25 mobile computing functionality, allowing users to, for example, watch television shows, check  
26 the weather, or play games.

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1 10. Before it agrees to offer any app designed by a third-party developer in the  
2 Appstore, Amazon reviews the app’s functionality, content, and user experience. Amazon  
3 generally assigns each app it sells to at least one topical category, such as “Games” or “News &  
4 Magazines.” Certain categories expand into subcategories. The “Games” category, for instance,  
5 includes subcategories like “Kids” and “Strategy.” Amazon also groups apps by price, including  
6 the top “Free” apps and top “Paid” apps.

7 11. Amazon offers apps for free or a specific dollar amount. Amazon also charges  
8 account holders for certain user activities within some apps. These in-app charges generally  
9 range from \$0.99 to \$99.99 and can be incurred in unlimited amounts. In many instances, the  
10 apps containing in-app charges are games that children are likely to play.

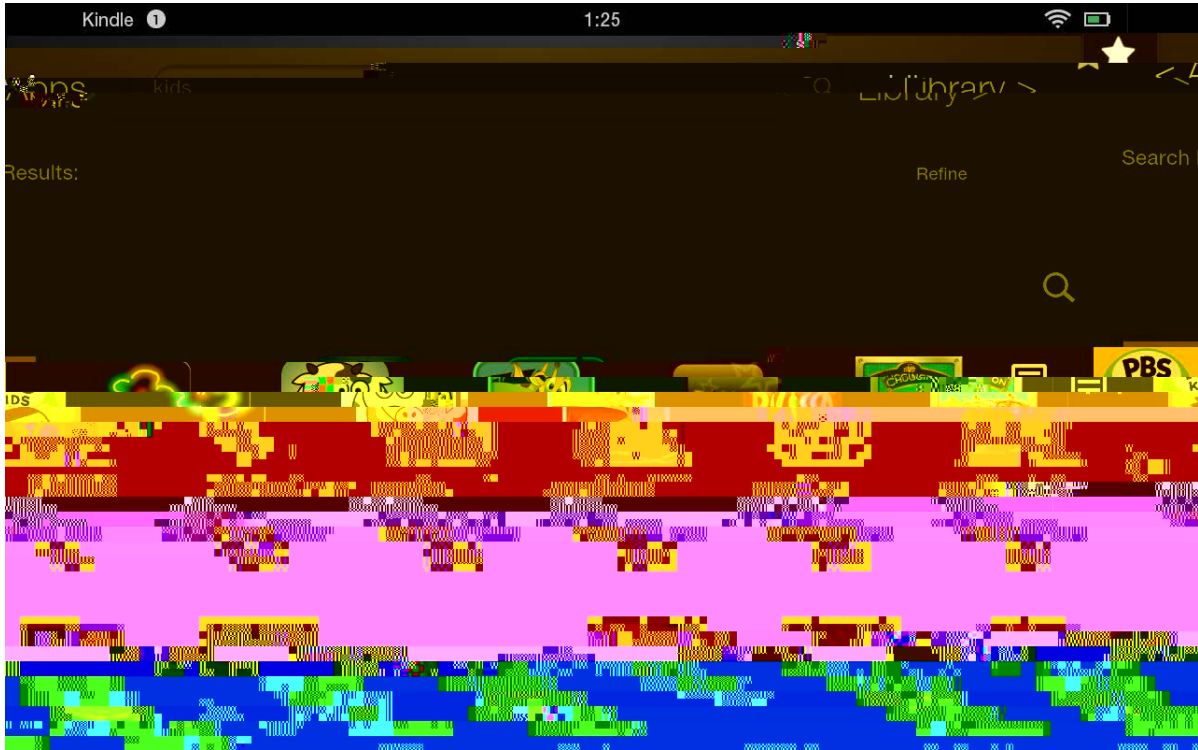
11 12. Amazon controls the billing process for in-app charges and retains 30% of all  
12 revenue from i-10(cat)-6(e)-10W-4(cat) 0 Tc 0 Tw 12 -0 0 12 72 436.08 Tm [(r)3(5999 re f1(h)-4(ar)-11(g)6

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14. By clicking on an app's icon, the account holder can access the app's detail page, such as the one below.



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1 charges over an unspecified duration (ranging from fifteen minutes to an hour) without seeking  
2 the account holder’s password. A sample password prompt appears below.

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23. In many instances, during the processes described in paragraphs 13 to 22,  
Amazon has not obtained account holders’ consent to in-app charges by children.

**Amazon Bills Many Parents for Unauthorized In-App Charges Incurred by Children**

24. Many of the apps that charge for in-app activities are apps that children are likely  
to use. Indeed, many such apps are searchable under the keyword “kids,” are described or  
marketed as suitable for children, or are widely used by children.

25. Many of these games invite children to obtain virtual items in contexts that blur

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1 virtual currency; sometimes, they cost real money. Parents can find the “All Ages” app Tap Zoo  
2 by searching the Appstore for the word “kids.”

3 26. Similarly, in the app “Ice Age Village,” children manage an ice-age habitat with  
4 instructions offered by characters from the animated “Ice Age” movies. The in-game “Shop”  
5 offers virtual items, each of which cost a certain amount of virtual currency (either “coins” or  
6 “acorns”). The price of each virtual item is displayed on bright green buttons that, when pressed,  
7 allow children to purchase the virtual items without any associated real-money charge. But  
8 another popup offers coins and acorns with similar bright green buttons that initiate real-money  
9 transactions. Children can obtain various quantities of acorns for various amounts of real money,  
10 with the largest quantity (2,100) costing \$99.99. Parents can find the “All Ages” app Ice Age  
11 Village by searching the Appstore for the word “kids.”

12 27. Amazon has received thousands of complaints related to unauthorized in-app  
13 charges by children in these and other games, amounting to millions of dollars of charges. In  
14 fact, by December 2011, the month after Amazon introduced in-app charges, an Appstore  
15 manager commented that “we’re clearly causing problems for a large percentage of our  
16 customers,” describing the situation as “near house on fire.” Seven months later, in July 2012,  
17 the Appstore manager again described this issue as a “house on fire” situation. Not until June  
18 2014 did Amazon change its in-app charge framework to obtain account holders’ informed  
19 consent for in-app charges on its newer mobile devices.

20 28. Many consumers report that they and their children were unaware that in-app  
21 activities would result in real monetary loss. For example, one Appstore reviewer complaining  
22 about over \$80 in unauthorized charges in Tap Zoo commented that her eight-year-old daughter  
23 thought she was purchasing the in-game coin packs with virtual currency, not real money. A  
24 consumer whose child incurred unauthorized in-app charges in Ice Age Village explained that  
25 her daughter “thought she was paying with acorns, but it seems to be hitting my credit card.” As  
26 one Amazon customer service representative acknowledged in responding to a parent’s inquiry

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**COUNT I**

**Unfair Billing of In-App Charges**

33. In numerous instances, Defendant has billed parents and other Amazon account holders for children’s activities in apps that are likely to be used by children without having obtained the account holders’ express informed consent.

34. Defendant’s practices as described in paragraph 33 have caused or are likely to cause substantial injury to consumers that consumers themselves cannot reasonably avoid and that is not outweighed by countervailing benefits to consumers or competition.

35. Defendant’s practices as described in paragraph 33 therefore constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a) and (n).

**CONSUMER INJURY**

36. Consumers have suffered and will continue to suffer substantial injury as a result of Defendant’s violations of the FTC Act. In addition, Defendant has been unjustly enriched as a result of their unlawful acts or practices. Absent inju

