

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright
Terrell McSweeney

In the Matter of
GOOGLE INC., a corporation.

DOCKET NO. C-4499

1. Respondent is a Delaware corporation with its principal place of business at 1600 Amphitheatre Parkway Mountain View, California 94043.
2. Respondent is billed for charges related to activity within software applications

charges, Google only sometimes requests a parent's Google password. In many instances, once the password is entered, Google begins a thirty minute window during which purchases can be made by children without further action by the account holder. During this process, Google in many instances has not informed account holders that password entry would approve a charge or initiate a thirty minute window during which children using the app can incur charges without further action by the account holder. Through these practices, Google often has obtained parents' informed consent to charges incurred by children. As a result, parents and other Google account holders have suffered significant monetary injury, with many thousands of consumers complaining about unauthorized app charges by children, and many consumers reporting hundreds of dollars in such charges.

Background on Google Play Store

5. Google offers apps through its Google Play Store, a digital store preloaded on Android mobile devices. Apps provide a wide variety of mobile computing functionality allowing users, for example, to browse the Internet, check the weather, or play games.

6. Google generally assigns each app to at least one topical category, such as "Games" or "News & Magazines." Google also groups apps by price, including the top "Free" apps and top "Paid" apps.

7. Google charges account holders for certain user activities within some apps. These in-app charges can range from \$0.99 to \$200 and can be incurred in unlimited amounts. In many instances, the apps containing in-app charges are games that children are likely to play.

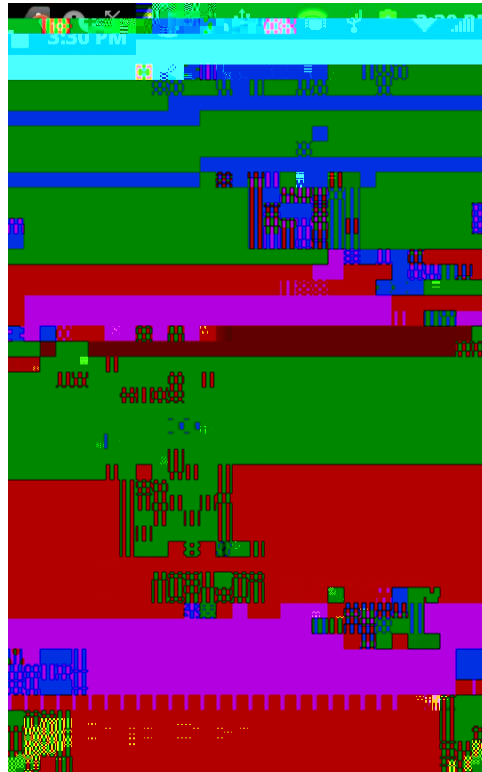
8. Account holders can associate their Google accounts with certain payment mechanisms such as a credit card, gift card, or mobile phone billing. In many instances, consumers set up such payment mechanism prior to installing an app or incurring in-app charges. Google bills consumers' Google accounts for Google Play Store transactions and in-app charges, and retains thirty percent of all revenue, amounting to tens of millions of dollars. Google's stated policy regarding refunds for in-app charges has been that refunds are at the discretion of the developer, and, as a matter of course, Google refers consumers seeking refunds to the app developer.

Installing an App from the Google Play Store

9. To install an app, a parent or other account holder must first locate it by searching for the app by keyword (e.g., the name of the app) or by browsing the various categories within the Google Play Store. Whether an account holder searches for an app by keyword or browses a Google Play Store category, the results display as a scrollable list of rectangular tiles with specific information about each app (referred to herein as "App Cards").

10. Each App Card contains the app's icon and name, the name of the developer, the user rating, and, in the bottom right-hand corner, the price of the app: either "FREE" or a specific dollar amount. Directly above the app's price is an icon consisting of three vertical dots. An

example of the App Cards that display when an account holder searches for an app called Bug Village appears below



Clicking on the vertical dots on an app's App Card opens a popup menu containing links labeled "Add to wishlist" and "Install." An image of an expanded popup menu containing the links appears below.

By clicking on the “Install” link, an account holder can begin the process of installing an app

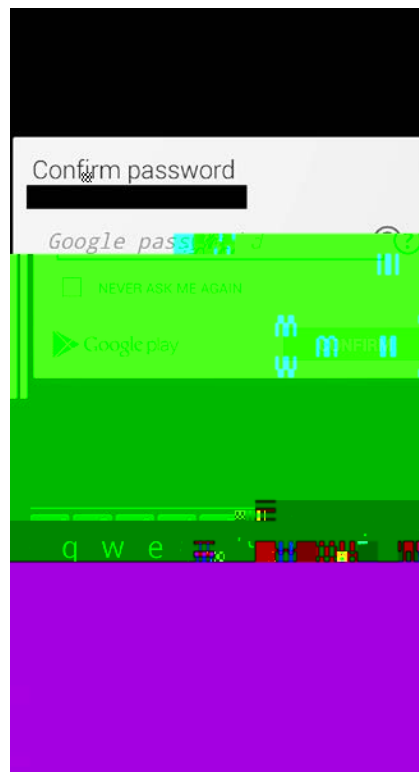
If an account holder scrolls through the product details page, certain information is available, including the app's description and content rating

complained that their children could not and did not understand that their activities while playing the app could result in charges that cost real money.

14. When a user engages in an activity associated with an in-app charge (e.g., clicking on a button to acquire virtual treats for use in a game), Google displays a popup containing information about the virtual item and the amount of the charge (the “Charge Popup”). A child, however, can clear the Charge Popup simply by pressing a button labeled “CONTINUE.”

15. In many instances, once a user cleared the Charge Popup, Google did not request any further action before billing the account holder for the corresponding in-app charge. In these cases, each time a child cleared the Charge Popup, Google billed the account holder for the in-app charge without obtaining his or her consent.

16. Not until mid- to late 2012 did Google begin requiring password entry in connection with in-app charges. A sample password prompt appearing within an app is below.



As initially displayed the password prompt does not contain any information about app charges. Once the account holder enters the Google password and presses “CONFIRM” Google bills the in-app charge to the linked Google account. By default, entering the Google password and pressing “CONFIRM” also begins a thirty-minute window during which Google does not display the password prompt for subsequent app-charges, allowing children to incur unlimited charges without password entry for thirty minutes. Regardless of the number or amount of charges incurred during this period, Google does not prompt for additional password entry.

