UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA

Federal Trade Commission,

Plaintiff,

v.

LifeLock, Inc., et al.,

Defendants.

No. CV-10-00530-PHX-JJT

[PROPOSED]

STIPULATED ORDER RESOLVING FTC'S ALLEGATIONS OF CONTEMPT AND MODIFYING STIPULATED FINAL JUDGMENT AND ORDER FOR PERMANENT INJUNCTION

Plaintiff Federal Trade Commission ("FTC" or "Commission") and defendant LifeLock, Inc. ("LifeLock") settle and resolve all matters in dispute arising from the FTC's Contempt action initiated against LifeLock on July 21, 2015 (DE #20), and pursuant to Federal Rule of Civil Procedure 60(b), to modify this Court's March 15, 2010 Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief (DE #9) ("Permanent Injunction").

FINDINGS

1. This Court entered the Permanent Injunction enjoining LifeLock from, *inter alia*, "misrepresenting in any manner, expressly or by implication, the means, methods, procedures, effects, effectiveness, coverage, or scope" of its identity theft protection service

The Permanent Injunction requires LifeLock to "establish and implement, and

3.

towards the purchase of products or services offered by LifeLock or any other entity.

ORDER

I. PERMANENT INJUNCTION

IT IS ORDERED that the Permanent Injunction shall remain in full force and effect except Sections VI through IX of the Permanent Injunction as to LifeLock, which are replaced with Sections V through VIII below.

II. MONETARY JUDGMENT AND CONSUMER REDRESS

IT IS FURTHER ORDERED that:

A. Judgment in the amount of One Hundred Million Dolla2(i) M

to any credit, offset, or any other reimbursement for any Money Received by Affected Consumers as provided in this Order.

- C. The Settlement Funds shall include any interest that the funds accrue while in the Court's Registry, minus costs pursuant to L.R. Civ. 67.1.
- D. The Settlement Funds shall be disbursed by motions pursuant to this Section II, if both of the following conditions are met: (1) LifeLock acts expeditiously to obtain final court approval of the settlement agreement in the Covered Class Action; and (2) all such motions are filed by the earlier of eighteen (18) months from the date of this Order or two hundred seventy (270) days from the date of final court approval of the settlement agreement in the Covered Class Action.
 - E. Subject to Section II.D, LifeLock may use up to file0 T9 0 Tc 0 Tw i.86 0 Td ()Tj /TT1 1 Tf 2.53 0 Td [(S)-4(ubj)-2(e)-2.3 Td [(f)5(ile)622()0.

- iii. The escrow account transfers all remaining funds, including any interest that has accrued in the escrow account, to the Commission after the expiration of the deadline for motions in Section II.D.2; and
- iv. As many Affected Consumers as reasonably practicable receive payments from the escrow fund.
- F. If an agreement governing an escrow account funded pursuant to Section II.E ceases to comply with any of the criteria in Section II.E.2, or such escrow account ceases to be administered in compliance with all of the criteria in Section II.E.2, LifeLock shall immediately:

 (1) deposit into the Court's Registry as Settlement Funds the amount of money in the escrow fund immediately prioreariearieark shadediateas5r9(as)-5.1(e1 0 T0 Tw 0.013 Tc 0.0Td (E)tTd [(I)-1(nt)-10]).

- J. The Commission shall be entitled to all remaining Settlement Funds in the Court's Registry: (1) upon the Court's resolution of all motions timely filed under this Section II, or if no such timely filed motion is pending, (2) upon the expiration of the deadline for motions in Section II.D.2.
- K. If any portion of the Money Received by Affected Consumers for which LifeLock received disbursement from the Settlement Funds is returned to LifeLock, LifeLock shall remit such portion to the Commission within

Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580. The subject line must begin: FTC v. LifeLock, Inc., X100023.

VI. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring LifeLock's compliance with the Permanent Injunction and this Order:

- A. Within fourteen (14) days of receipt of written notice from a representative of the Commission, LifeLock shall submit additional written reports or other requested information, which are true and accurate and sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business hours to any business location in LifeLock's possession or direct or indirect control to inspect the business operation;
- B. In addition, the Commission is authorized to use all other lawful means, including but not limited to:
 - 1. Obtaining discovery from any person, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69;
 - Posing as consumers and suppliers to LifeLock, their employees, or any
 other entity managed or controlled in whole or in part by LifeLock without
 the necessity of identification or prior notice;
- C. LifeLock shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent or employee who has agreed to such an interview, relating in any way to any conduct subject to the Permanent Injunction or this Order. The person interviewed may have counsel present; and

D. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

VII. RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that:

LifeLock is hereby restrained and enjoined from failing to create and retain the following records for the following periods:

- A. For a period of thirteen (13) years from the date of entry of the Permanent Injunction, the following records in connection with the sale or provision of products or services related to identity theft:
 - Accounting records that reflect the cost of goods or services sold, revenues generated, and the distribution of such revenues;
 - 2. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
 - Consumer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;

- Complaints and refund requests (whether received directly, indirectly, or through any third party) and any responses to those complaints and requests;
- Copies of all sales scripts, training materials, advertisements, or other marketing materials;
- 6. Any documents, whether prepared by or on behalf of LifeLock, that contradict, qualify or call into question LifeLock's compliance with Sections I, II, and III of the Permanent Injunction; and
- 7. All records and documents necessary to demonstrate full compliance with each provision of the Permanent Injunction and this Order, including but not limited to, copies of acknowledgments of receipt required by the Permanent Injunction and this Order, all reports submitted to the FTC pursuant to the Section of this Order titled "Compliance Reporting."
- B. For a period of three (3) years after the date of preparation of each Assessment required under the Section of the Permanent Injunction titled "Biennial Assessment Requirements": All materials relied upon to prepare the Assessment, whether prepared by or on behalf of LifeLock, including but not limited to all plans, reports, studies, reviews, audits, audit trails, policies, training materials, and assessments, and any other materials relating to LifeLock's compliance with the Section of the Permanent Injunction titled "Biennial Assessment Requirements."
- C. For a period of five (5) years from the date of entry of this Order, records and documents sufficient to provide all material facts regarding Money Received by Affected Consumers and the administration of the escrow account funded under Section II.E, including

but not limited to: (1) identity of each Affected Consumer who received a payment, (2) the amount of each payment, (3) the manner in which LifeLock issued each payment, (4) the date of each payment, (5) evidence that each payment was credited to an Affected Consumer's financial account or was otherwise cashed, and (6) all escrow account activity and balances.

VIII. DISTRIBUTION OF ORDER

IT IS FURTHER ORDERED that:

For a period of five (5) years from the date of entry of this Order, LifeLock shall deliver copies of the Permanent Injunction and this Order as directed below:

A. LifeLock must deliver a copy of the Permanent Injunction and this Order to: (1)

IX. ACKNOWLEDGEMENT OF RECEIPT OF THIS ORDER IT IS FURTHER ORDERED

STIPULATED AND AGREED TO BY:

FOR DEFENDANT LIFELOCK:



Richard Todd Davis Chief Executive Officer, LifeLock, Inc.



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