1	Plaintiff, the United States of America, acting upon notification and on behalf of the
2	alleges that:
3	1.
4	1.
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	Complaint for Civil Penalties 2

Case 5:19-cv-02222 Document 1 Filed 04/24/19 Page 3 of 13

1	information online by operators of Internet Web sites and online services. COPPA directed the	
2	Commission to promulgate a rule implementing COPPA. The Commission promulgated the	
3	COPPA Rule on November 3, 1999, under Section 1303(b) of COPPA, 15 U.S.C. § 6502(b), and	. uR1 0 068 50
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28	Complaint for Civil Penalties 3	

others, he has formulated, directed, controlled, had the authority to control, or participated in the acts or practices of Unixiz, Inc. d/b/a i-Dressup.com, including the acts or practices set forth in this Complaint. Defendant Liu, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

9. Defendant Xichen Zhang is the Secretary of Unixiz, Inc. At all times material to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, had the authority to control, or participated in the acts or practices of Unixiz, Inc. d/b/a
i-Dressup.com, including the acts or practices set forth in this Complaint. Defendant Zhang, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

COMMERCE

16	
17	DEFENDANT BUSINESS PRACTICES
18	11. Defendants operated i-Dressup.com, a website where users including children
19	played dress up games, designed clothes, and decorateed their space. In addition, by
20	participating in i- online community, users would make friends and blog. i-
21	
22	online community encouraged users to explore their creativity and fashion sense with unique
23	personal profiles.
24	
25	
26	
27	
28	Complaint for Civil Penalties 4

17. As of January 1, 2016, i-Dressup had at least 2.1 million users, of which approximately 245,000 entered an under 13 birthdate.

DEFENDANTS ARE SUBJECT TO THE COPPA RULE

18. For purposes of Paragraphs 6 through 35

service directed

C.F.R. § 312.2.

19. The COPPA Rule applies to any operator of a commercial Web site or online service directed to children that collects, uses, and/or discloses personal information from children, or on whose behalf such information is collected or maintained, and to any operator of a commercial Web site or online service that has actual knowledge that it collects, uses, and/or discloses personal information from children. Defendants operated i-Dressup.com, which was a Web site directed to children. i-Dressup stated ost of our members are girls and boys between 7 and 17. Because Defendants collected personal information from users who indicated that they are under thirteen years of age when they registered with i-Dressup, Defendants also have actual knowledge that they collected personal information from children through i-Dressup.

20. The COPPA Rule defindsisclosnBTbq048 Tc 0 61 to include, among other things, a first and last name; a home or other physical address including street name and name of a city or town; online contact information (i.e., an email address or other substantially similar identifier that permits direct contact with a person online, such as an

Complaint for Civil Penalties

an

delete parental online contact information if consent is not obtained and a hyperlink to the privacy policy; c. obtaining verifiable parental consent prior to collecting, using, and/or disclosing personal information from children; d. deleting the parental online contact information if no consent was obtained; and e. establishing and maintaining reasonable procedures to protect the confidentiality, security, and integrity of personal information collected from children. **COPPA VIOLATIONS** 23. privacy policy failed to include information that the COPPA Rule requires operators of child-directed Web sites to disclose, such as name, address, telephone number and email address. 24. Defendants direct notice failed to include the content that the COPPA Rule requires. Among other things, include a hyperlink to iinform the recipient that if he/she did not provide consent within a reasonable time, from the date that the direct notice was sent, Defendants would delete the parent s online contact information from irecords. In fact, contrary but kept it indefinitely. 25. Defendants failed to obtain verifiable parental consent. For Safe Mode members, Defendants failed to obtain *any* parental consent, even though such members were covered by COPPA. For other members, the purported parental consent method was inadequate because it was not

8

Complaint for Civil Penalties

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Case 5:19-cv-02222 Document 1 Filed 04/24/19 Page 9 of 13

1	26.	Defendants engaged in a number of practices that, taken together, failed to	
2	provide reaso	onable and appropriate data security to protect the personal information collected	
3	from consumers, including children through i-Dressup.com. Among other things, Defendants:		
4	a.	failed to adequately assess the vulnerability of its web applications and network to	
5 6		commonly known or reasonably foreseeable att	
7			
8	b.		
9		submitted by users, including account passwords, in clear text;	
10	с.	failed to implement an intrusion detection and prevention system, or similar	
11		safeguards, to alert Defendants of potentially unauthorized access to their	
12		computer network; and	
13	d.	failed to monitor logs to identify potential security incidents.	
14 15	27.	In late September 2016, Defendants learned that a hacker had accessed their	
16	computer netv	vork, and accessed the personal information of consumers, including children who	
17	used i-		
18		er name, password, email address,	
19	full name, gen	der, and date of birth. The hacker accessed information of approximately	
20		rs, including 245,000 users who indicated they were under the age of 13.	
21	28.	r network by exploiting	
22			
23		own and reasonably foreseeable vulnerabilities.	
24	29.	Defendants were unaware that the personal information of any consumers had	
25	been accessed	from their computer network until the hacker sent the hacked data to journalists.	
26	One of the jou	irnalists, in turn, attempted to contact Defendants, but, after having received no	
27			
28	Complaint for (Civil Penalties 9	

1	
2	provider, who notified i-
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	Complaint for Civil Penalties 10

1	d. Failing to delete online contact information of the parent after having failed to	
2	obtain consent, in violation of Section 312.5(c)(1)tion 312.5(c)(1)tion 312.5(612 t	146 Tm0 g0 G
3		-
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28	Complaint for Civil Penalties 11	

	Case 5:19-cv-02222	Document 1 Filed 04/24/19 Page 13 of 13
1 2	FOR THE FEDERAL TRADE COMMISSION:	FOR PLAINTIFF THE UNITED STATES OF AMERICA:
3	MANEESHA MITHAL	JOSEPH H. HUNT
4	Associate Director Division of Privacy and Identity	Assistant Attorney General Civil Division
5	Protection	GUSTAV W. EYLER
6	ROBERT SCHOSHINSKI Assistant Director	Acting Director
7	Division of Privacy and Identity	<u>/S/</u>
8	Protection	KENDRACK D. LEWIS Trial Attorney
9	MONIQUE F. EINHORN Attorney	Consumer Protection Branch U.S. Department of Justice, Civil Division
10	Division of Privacy and Identity Protection	P.O. Box 386 Washington, DC 20044-0386
11	Federal Trade Commission	Tel: (202) 353-3881
12	600 Pennsylvania Avenue, N.W. Washington, DC 20580	
13	Tel: (202) 326-2575 Fax: (202) 326-3062	
14	RYAN M. MEHM	
15	Attorney	
16	Division of Privacy and Identity Protection	
17	Federal Trade Commission 600 Pennsylvania Avenue, N.W.	
18	Washington, DC 20580 Tel: (202) 326-2918	
19	Fax: (202) 326-3062	
20		
21		
22		
23		
24		
25		
26		
27		
28	Complaint for Civil Penalties	13