

It is against this backdrop that the Federal Trade Commission evaluates an appropriate remedy to address the conduct of Tapjoy, a mobile advertising platform that connects gamers, game developers, and advertisers. As detailed in the Commission's complaint, Tapjoy's practices allowed users to be cheated of promised rewards, and developers to be cheated of promised compensation. The proposed settlement does not remedy these past harms, but will require Tapjoy to better police its platform to prevent abuses going forward.⁴

Tapjoy's Middleman Misconduct

Tapjoy is a major mobile advertising platform that acts as a middleman between advertisers, gamers, and game developers. The platform woos developers into integrating its technology by promising payments for user activity. In a mobile gaming experience where developers use Tapjoy's advertising platform, Tapjoy displays "offers." When gamers complete these "offers," such as by signing up for subscriptions or making purchases, Tapjoy credits the user's account with coins or other currency for use in the game, and developers receive a percentage of Tapjoy's advertising revenue.⁵

However, according to the FTC's complaint, many players jumped through hoops – and even spent money and turned over sensitive data – to complete Tapjoy's offers, only to receive nothing in return.⁶ It appears that Tapjoy amplified false offers by its business partners, who baited gamers with big rewards only to cheat them when it was time to pay up.⁷ Tapjoy did little to clean up the mess, even when hundreds of thousands of gamers filed complaints.⁸ This also harmed developers of mobile games, who were cheated of advertising revenue they were entitled to.

In my view, Tapjoy's conduct violated the FTC Act's prohibition on unfair practices, as well as the prohibition on deceptive practices.⁹ The FTC's proposed settlement requires the platform to implement screening and testing procedures to weed out advertisers that cheat gamers and developers. This provision will help ensure Tapjoy takes more responsibility for fraud, rather than facilitating it.¹⁰

Gaming Gatekeepers and Trickle-Down Abuse

Tapjoy is not the only platform squeezing developers. In fact, the firm is a minnow next to the

advertisers, gamers, and game developers, Tapjoy allows these developers to generate advertising revenue that Apple and Google do not tax. But this monetization model also creates opportunities for fraud, and the Commission's complaint details how Tapjoy allowed this fraud to fester.

Monitoring the Middlemen

Developers of mobile games are delivering creative content that keeps Americans entertained and engaged, but face many middlemen, even beyond the dominant app stores. Game developers relied on Tapjoy to generate revenue for themselves and offer gamers a way to earn currency to enhance their play. However, Tapjoy's failure to screen fraudulent offers left both gamers and developers holding the bag.

The settlement proposed today should help reverse the lax policing practices that led hundreds of thousands of gamers to file complaints. But when it comes to addressing the deeper structural problems in this marketplace that threaten both gamers and developers, the Commission will need to use all of its tools.