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have resolved all issues in this matter by the Proposed Stipulated Order for Permanent Injunction, Civil Penalty, signed at pages 20 through 22. The Parties submit that good cause exists to enter the Stipulated Proposed Order, which will provide appropriate relief on the allegations in the Complaint, including appropriate safeguards to prevent future violations of the Federal Trade Commission Act, 15 U.S.C. § 41 et seq., and the CAN-SPAM Act, 15 U.S.C. §§ 7701-7713. A statement by the Federal Trade Commission setting forth its reasons for settlement is attached as Exhibit B.

In light of this agreed-upon resolution of this action, the Parties respectfully request that the Court enter the Stipulated Proposed Order.

Dated: August 30, 2024

Respectfully submitted,

FOR DEFENDANT:

FOR THE UNITED STATES OF AMERICA:

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Attorneys
Division of Privacy and Identity Protection
Federal Trade Commission

Exhibit A

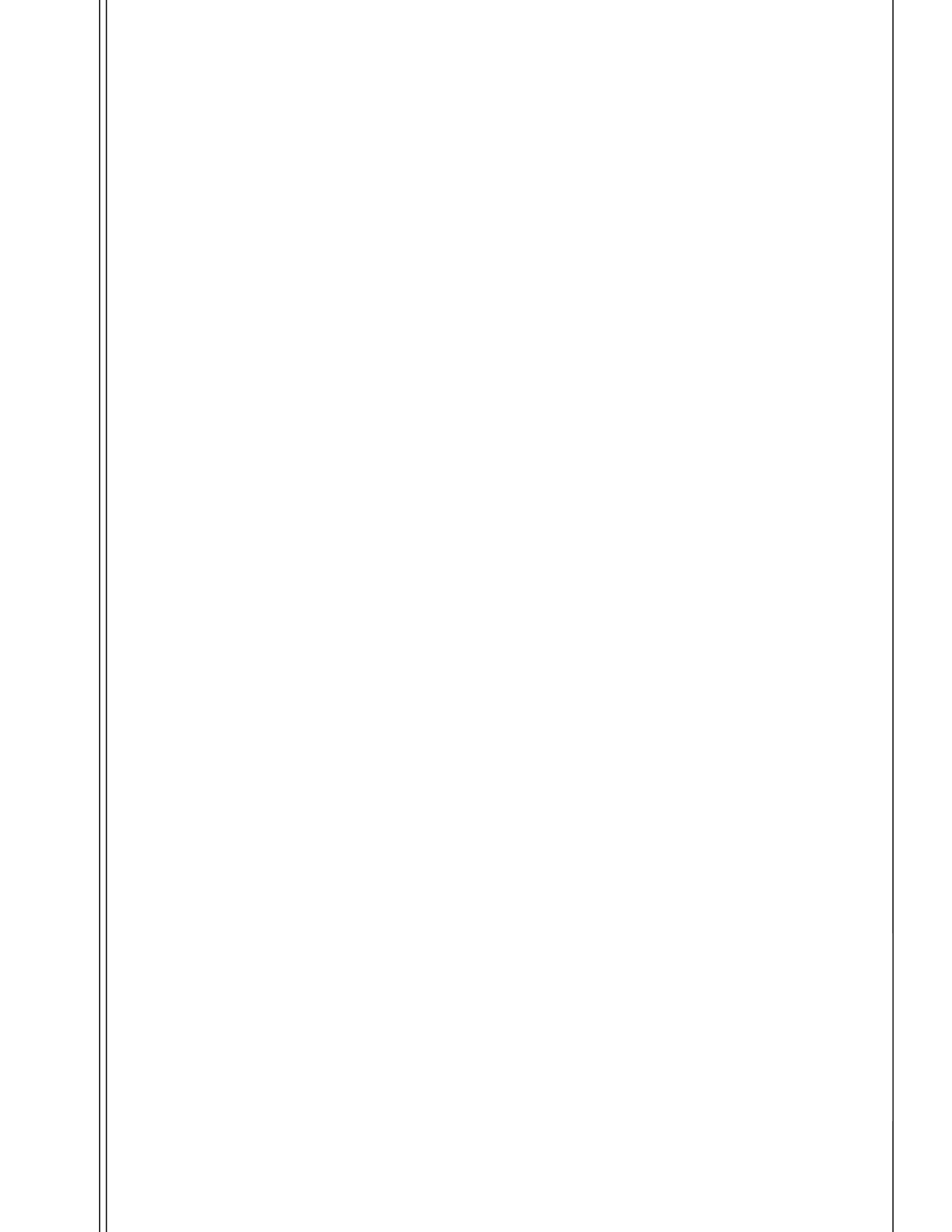
1 BRIAN M. BOYNTON, Principal Deputy Assistant Attorney General
2 BURDEN H. WALKER, Acting Deputy Assistant Attorney General

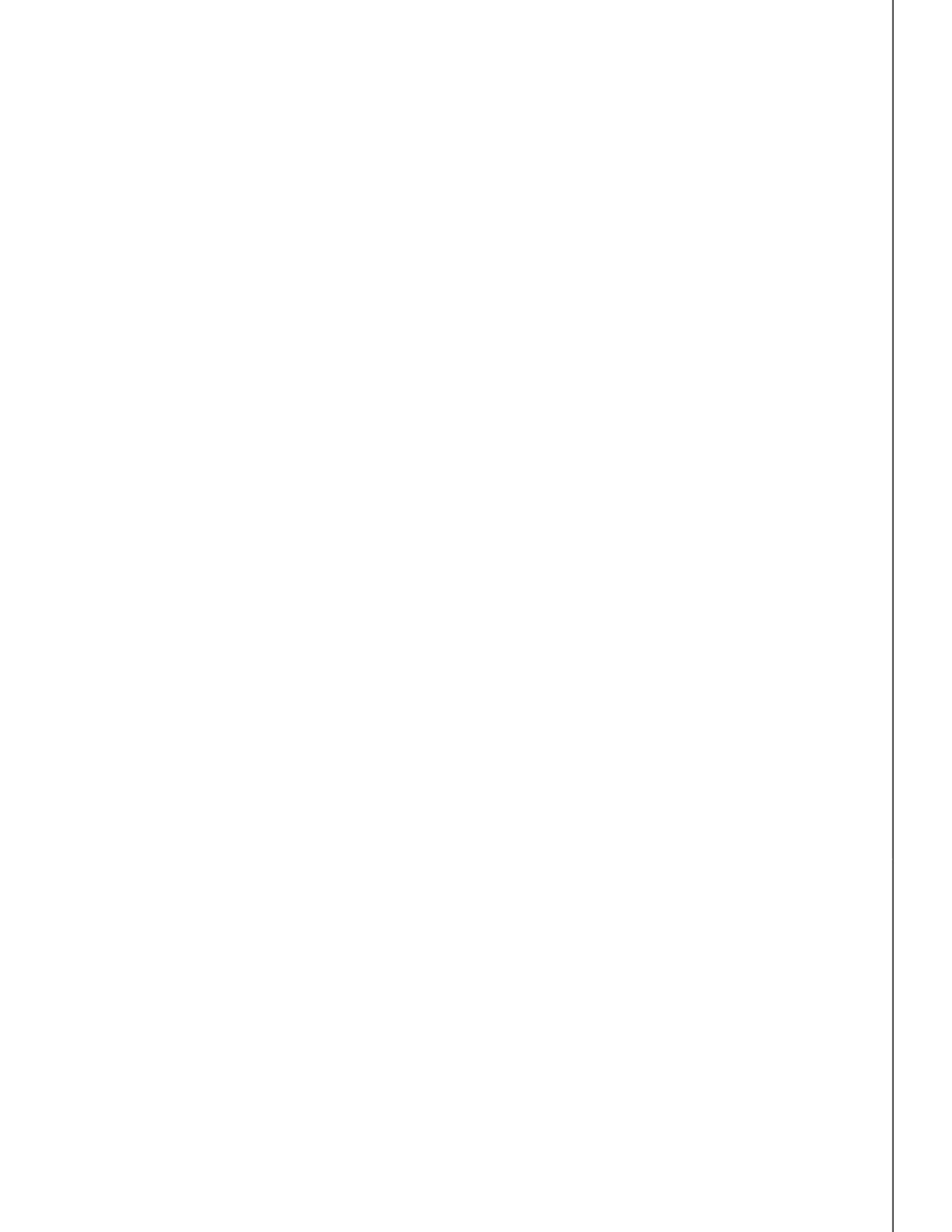
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- ii. failing to include unsubscribe links or other opt-out notice in commercial electronic mail messages; and
- iii. failing to honor consumers' requests to opt out of receiving commercial electronic mail messages.

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ORDER

I.

1 the security, confidentiality, and integrity of Personal Information and Customer Information. To
2 satisfy this requirement, Defendant must, at a minimum:

3 A. Document in writing the content, implementation, and maintenance of the Information Security
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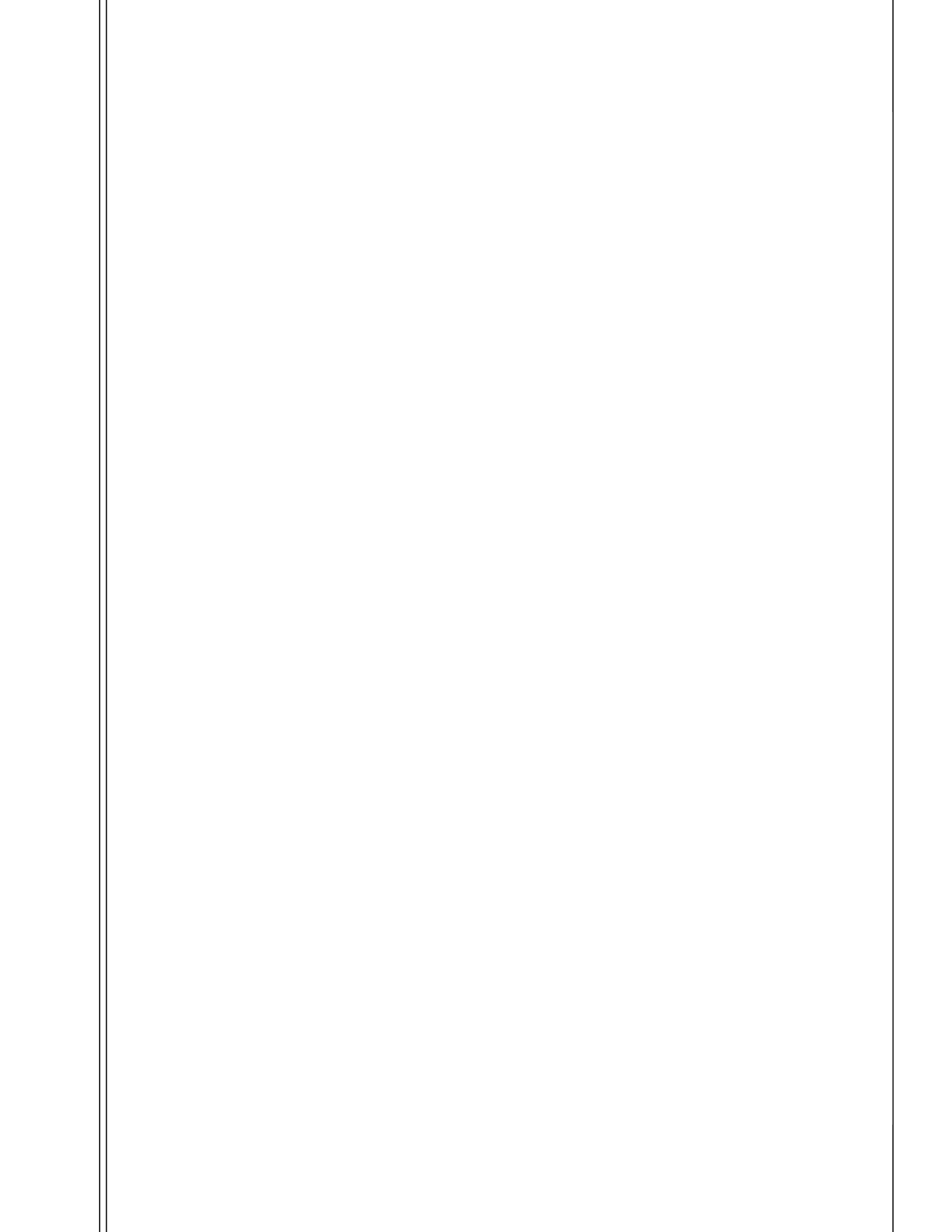
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2. Implementing technical measures to log and monitor Defendant's networks and assets for anomalous activity and active threats. Such measures shall require Defendant to determine baseline system activity and identify and respond to anomalous events and unauthorized

1 Defendant's network, resources, Personal Information, or Customer Information until they
2 meet Defendant's configuration standards;

- 3 6. Encryption of, at a minimum, all Personal Information and Customer Information on
4 Defendant's computer networks, including but not limited to cloud storage;
- 5 7. Policies and procedures to ensure that all information technology ("IT") assets on
6 Defendant's network with access to Personal Information or Customer Information are
7 securely installed and inventoried at least once every twelve (12) months;
- 8 8. Implementing vulnerability and patch management measures, policies, and procedures that
9 require confirmation that any directives to apply patches or remediate vulnerabilities are
10 received and completed and that include timelines for addressing vulnerabilities that account
11 for the severity and exploitability of the risk implicated.
- 12 9. Identify and document a comprehensive IT asset inventory that includes hardware, software,
13 and location of the assets;
- 14 10. Designing and implementing protections such as network intrusion protection, host intrusion
15 protection, and file integrity monitoring, across Defendant's network and IT assets;
- 16 11. Designing, implementing, and maintaining measures to limit unauthorized access in any
17 network or system that stores, collects, maintains, or processes Personal Information or
18 Customer Information, such as segmentation of networks and databases and properly
19 configured firewalls; and
- 20 12. Technical measures, procedures, and policy provisions to address the maintenance of any
21 type of information related to customers that was not being collected or maintained by
22 Defendant as of the entry date of this Order, including a determination of whether the
23 safeguards that control for the internal and external risks to the security, confidentiality, or
24 integrity of Customer Information should be applied to this new type of information.

- 25 F. Assess, at least once every twelve (12) months and promptly (not to exceed thirty (30) days)
26 following a Covered Incident, the sufficiency of any safeguards in place to address the internal
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1 for assessing an enterprise of Defendant's size, complexity, and risk profile; and (b)
2 sufficient to justify the Assessor's findings. No finding of any Assessment shall rely
3 primarily on assertions or attestations by Defendant's management. The Assessment must
4 be signed by the Assessor, state that the Assessor conducted an independent review of the
5 Information Security Program and did not rely primarily on assertions or attestations by
6 Defendant's management, and state the number of hours that each member of the
7 assessment team worked on the Assessment. To the extent that Defendant revises, updates,
8 or adds one or more safeguards required under Provision II of this Order during an
9 Assessment period, the Assessment must assess the effectiveness of the revised, updated, or
10 added safeguard(s) for the time period in which it was in effect, and provide a separate
11 statement detailing the basis for each revised, updated, or additional safeguard.

12 E. Each Assessment must be completed within 60 days after the end of the reporting period to
13 which the Assessment applies. Unless otherwise directed by a Commission representative in
14 writing, Defendant must submit the initial Assessment to the Commission within ten (10) days
15 after the Assessment has been completed via email to DEbrief@ftc.gov or by overnight courier
16 (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer
17 Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580.
18 The subject line must begin: "United States v. Verkada Inc., FTC File No. 2123068." All
19 subsequent biennial Assessments must be retained by Defendant until the Order is terminated
20 and provided to the Associate Director for Enforcement within ten (10) days of request. The
21 initial Assessment and any subsequent biennial Assessment provided to the Commission must
22 be marked, in the upper right-hand corner of each page, with the words "DPIP Assessment" in
23 red lettering.

24 **IV. COOPERATION WITH THIRD PARTY INFORMATION SECURITY ASSESSOR**

25 **IT IS FURTHER ORDERED** that Defendant, whether acting directly or indirectly, in
26 connection with any Assessment required by Provision III of this Order titled Information Security
27 Assessments by a Third Party, must:

- 1 A. Provide or otherwise make available to the Assessor all information and material in its
2 possession, custody, or control that is relevant to the Assessment for which there is no
3 reasonable claim of privilege;
- 4 B. Provide or otherwise make available to the Assessor information about Defendant's network(s),
5 systems, and IT assets so that the Assessor can determine the scope of the Assessment, and
6 visibility to those portions of the network(s), systems, and IT assets deemed in scope; and
- 7 C. Disclose all material facts to the Assessor, and not misrepresent in any manner, expressly or by
8 implication, any fact material to the Assessor's: (1) determination of whether Defendant has
9 implemented and maintained the Information Security Program required by Provision II of this
10 Order, titled Mandated Information Security Program; (2) assessment of the effectiveness of the
11 implementation and maintenance of sub-Provisions II.A-I; or (3) identification of any gaps or
12 weaknesses in, or instances of material noncompliance with, the Information Security Program.

13 **V. ANNUAL CERTIFICATION**

14 **IT IS FURTHER ORDERED** that Defendant must:

- 15 A. One (1) year after the entry date of this Order, and each year thereafter for twenty (20) years
16 after entry of this Order, provide the Commission with a certification from a senior corporate
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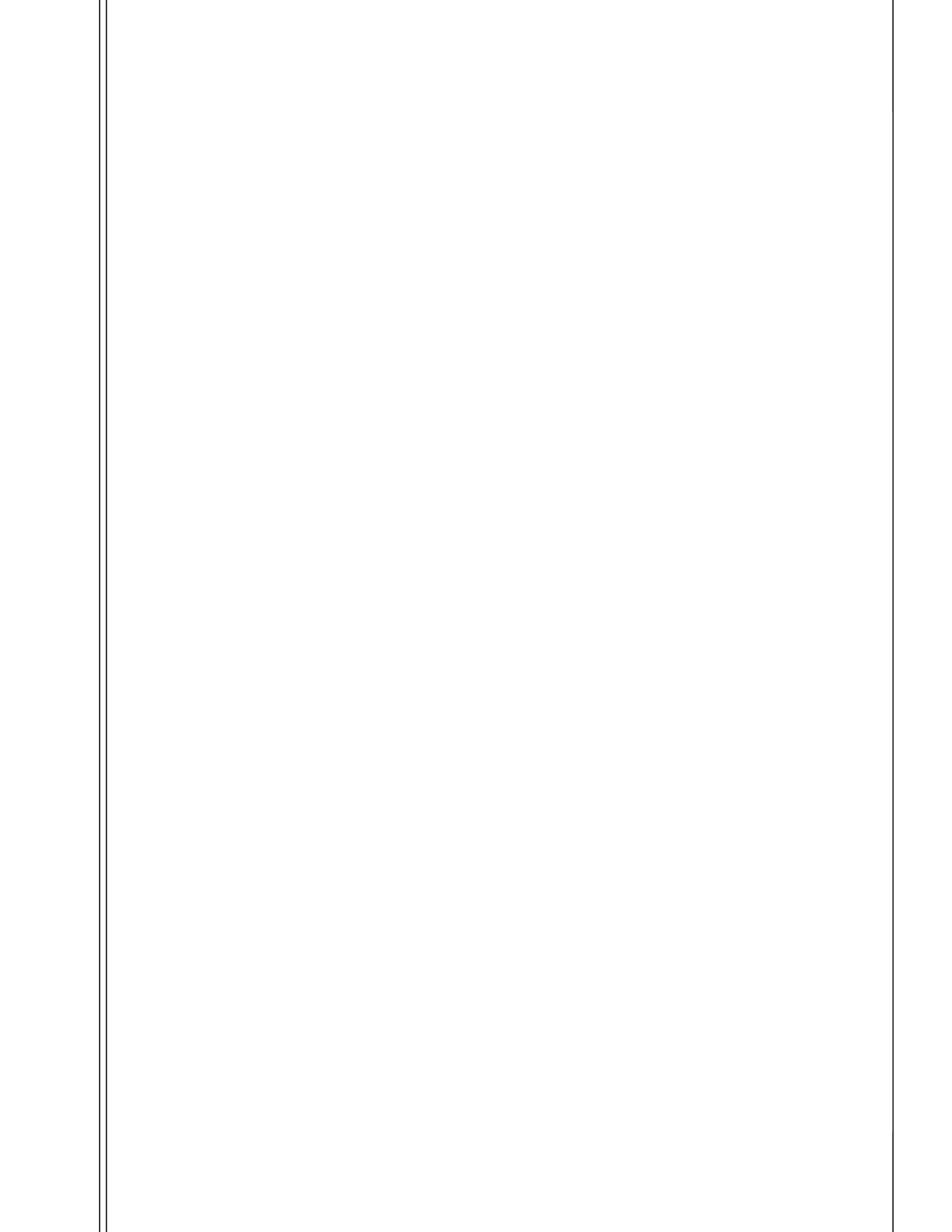
1 Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington,
2 DC 20580. The subject line must begin, “United States v. Verkada Inc., FTC File No.
3 2123068.”

4 **VI. COVERED INCIDENT REPORTS**

5 **IT IS FURTHER ORDERED** that, for twenty (20) years after entry of this Order, within ten
6 (10) days of any notification to a United States federal, state, or local entity of a Covered Incident,
7 Defendant must submit a report to the Commission. The report must include, to the extent possible:

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1 Employer Identification Numbers), which Defendant previously submitted to the Commission,
2 may be used for collecting and reporting on any delinquent amount arising out of this Order, in
3 accordance with 31 U.S.C. § 7701.

4 **X. ORDER ACKNOWLEDGMENTS**

5 **IT IS FURTHER ORDERED** that Defendant obtain acknowledgments of receipt of this
6 Order:

- 7 A. Defendant, within seven (7) days of entry of this Order, must submit to the Commission an
8 acknowledgment of receipt of this Order sworn under penalty of perjury.
- 9 B. For ten (10) years after entry of this Order, Defendant must deliver a copy of this Order to: (1)
10 all principals, officers, directors, and LLC managers and members; (2) all employees having
11 managerial responsibilities for conduct related to the subject matter of the Order and all agents
12 and representatives who have managerial responsibility for conduct related to the subject matter
13 of the Order; and (3) any business entity resulting from any change in structure as set forth in
14 the Provision titled Compliance Reporting. Delivery must occur within seven (7) days of entry
15 of this Order for current personnel. For all others, delivery must occur before they assume their
16 responsibilities.
- 17 C. From each individual or entity to which Defendant delivered a copy of this Order, Defendant
18 must obtain, within thirty (30) days, a signed and dated acknowledgment of receipt of this
19 Order.

20 **XI. COMPLIANCE REPORTING**

21 **IT IS FURTHER ORDERED** that Defendant make timely submissions to the Commission:

- 22 A. One year after entry of this Order, Defendant must submit a compliance report, sworn under
23 penalty of perjury, which does the following: (1) identify the primary physical, postal, and
24 email address and telephone number, as designated points of contact, which representatives of
25 the Commission and Plaintiff may use to communicate with Defendant; (2) identify all of
26 Defendant's businesses by all of their names, telephone numbers, and physical, postal, email,
27 and Internet addresses; (3) describe the activities of each business, including the goods and
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services offered, the means of advertising, marketing, and sales; (4) describe in detail whether and how Defendant is in compliance with each Provision of this Order; and (5) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission. 12thS-6or 1 Cd pur eatre7 0 12 53.28 676.08 1 Cd pur76.08y-2 (e)-6 (dgm)-2 (e)4 (nt)- nsswo oinnd (pc)4 1 0 y (h)-4 (-6 (dgmof)3 (dTJT*Tc 0 Tw2 (,0(12s)-q/GS-gnTJT*Tc 0 o(s)-1y' 2 (y 531

1 **IT IS FURTHER ORDERED** that Defendant must create certain records for twenty (20) years
2 after entry of the Order, and retain each such record for five (5) years. Specifically, Defendant must
3 create and retain the following records:

- 4 A. Accounting records showing the revenues from all goods or services sold;
- 5 B. Personnel records showing, for each individual working for Defendant, whether as an employee

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XIII. COMPLIANCE MONITORING

IT IS FURTHER ORDERED

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SO STIPULATED AND AGREED:

FOR PLAINTIFF:

THE UNITED STATES OF AMERICA

BRIAN M. BOYNTON
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BURDEN H. WALKER
Acting Deputy Assistant Attorney General, Civil Division

AMANDA N. LISKAMM
Director, Consumer Protection Branch

LISA K. HSIAO
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Date: August 30, 2024

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VERA...

[Handwritten signature: Bill Berry]

Date: *August 29, 2024*

BILL BERRY
GENERAL COUNSEL, INSECTOR, YERKADA INC.

Exhibit B

This statement accompanies the Stipulated Order for Permanent Injunction, Civil Penalty Judgment, and Other Equitable Relief (“Order”) executed by defendant Verkada Inc. (“Defendant”) in settlement of an action seeking injunctive relief, civil penalties, and other relief for Defendant’s violations of Section 5 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45, and the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM Act”), 15 U.S.C. §§ 7701-7713. The Order imposes injunctive relief and requires Defendants pay \$2,950,000 as a civil penalty.

Pursuant to Section 5(m)(3) of the FTC Act, 15 U.S.C. § 45(m)(3), the Commission hereby sets forth its reasons for settlement by entry of the Order:

Based on the allegations contained in the Complaint for Permanent Injunction, Civil Penalty Judgment, and Other Equitable Relief, and the factors set forth in Section 5(m)(1)(C) of the FTC Act, 15 U.S.C. § 45(m)(1)(C), the Commission believes that entry of the Order is appropriate and in the public interest.

First, the \$2,950,000 civil penalty and the injunctive provisions in the Order constitute an effective means to ensure Defendant’s future compliance with the law and deter others from engaging in similar violations.

Second, the Order is consistent with past orders entered in cases involving similar violations of the FTC Act and the CAN-SPAM Act.

Finally, with the entry of the Order, the time and expense of litigation against Defendant will be avoided.

For the foregoing reasons, the Commission believes that settlement by entry of the attached Order is justified and well within the public interest.