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SECTION 5 OF THE FTC ACT

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forth in the Rule including what information the operator collects from children online, how it uses such information, and disclosure practices for

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1           20.    However, before April 2021, this notice failed to satisfy the Rule's notice  
2 requirements that such notice inform parents of what information Microsoft would be collecting  
3 and how it would be used, as addressed further below.

4           21.    For example, the pre-April 2021 notice did not disclose that after a user creates an  
5 account, including after a parent creates a child's account as described, Defendant  
6 intended to collect images that could contain a child's likeness.

7           22.    After the child's account is created, the child's profile can be created. Defendant  
8 requires the child to display in the profile his/her gamertag, which is the primary identifier  
9 visible to the user and other Xbox Live users. Users are identified by their gamertags when  
10 communicating with other users. Children also may choose to include additional information in  
11 their profile, such as their "real name" (i.e., their first and last names), an avatar, or an uploaded  
12 photograph that serves as their "gamerpic." (By default, Microsoft disables profile sharing on  
13 child accounts).

14           23.    Defendant also creates a customer persistent identifier (an Xbox User ID or  
15 XUID) for each user (i.e., 84 0 3,)-TT0 1 Tf -0

1 games and apps and discloses the child's account information including the child's gamertag,  
2 persistent identifiers, and usage data to the third party game and app developers.

3 26. In addition, in instances where the parent did not complete the process of creating  
4 a Microsoft account for the child, Defendant retained the personal information collected from the  
5 child, in many cases for years. From 2015 until at least October 2020, Defendant indefinitely  
6 retained personal information collected, as described in Paragraphs 14 from  
7 approximately 10 million individuals (including children) when the account creation process was  
8 not completed. Defendant thus retained personal information collected from children younger  
9 than 13 for longer than reasonably necessary to fulfill the purpose for which it was collected.

10 DEFENDANT IS SUBJECT TO THE COPPA RULE

11 27.

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CONSUMER INJURY

40. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendant's violations of the FTC Act and the COPPA Rule. Absent



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