



# FTC Settles Enforcement Action with Tapjoy

**Commissioners issue a separate statement claiming platform app store dominance induces predatory mobile game monetization practices**

Regulator: The Federal Trade Commissioner (FTC)

## RISK BAROMETER:



## JURISDICTION RELEVANCE:

USA

## TIMELINE:

January 7th 2021

## WHAT YOU SHOULD KNOW:

- There is growing global regulatory scrutiny on the advertising of in-app purchases. The US federal consumer protection regulator, the FTC, originally [charged](#) California based mobile games advertiser, Tapjoy, with failing to provide in-game rewards users were promised for completing advertising offers. The terms of the [settlement](#) require Tapjoy to state the terms of their offers more conspicuously, closely monitor consumer complaints, and diligently track advertising partners who deliver (and fail to deliver) promised rewards.
- Of still greater interest to the mobile games industry is a separate [joint statement](#) issued by two Democrat Commissioners, Rohit Chopra and Rebecca Kelly Slaughter, and in particular, a subsection entitled "Gaming Gatekeepers and Trickle-Down Abuse."
- The statement claims that platform app store dominance (especially the app tax) "squeezes" mobile games developers to the point that they resort to "alternative monetization models that rely on surveillance, manipulation, and other harmful practices" including "loot boxes to squeeze

money" and "intrusive behavioural advertising." The language is highly loaded.

- The letter calls for the FTC to use its full suite of tools - competition, consumer protection, and data protection - to address deeper structural problems caused by platform dominance.

## MOST TELLING:

**"gatekeepers can harm developers and squelch innovation ... For example, many developers are turning to "loot boxes" to squeeze more revenue out of gamers. These loot boxes deploy dark patterns and other deceptions to lure gamers - often children into purchasing in-app rewards of randomly assigned value, turning videogames into virtual casinos."**  
(Statement of Commissioners, Rohit Chopra & Rebecca Slaughter)

## DELANY & CO HOT TAKE:

The letter shows a continued tendency amongst policymakers to demonise freemium. However, it is interesting that the "tech lash" may have shifted the onus of blame from developers to platforms. Will platforms seek to further tighten their ecosystems as a protection measure?