

Complaint

IN THE MATTER OF

FEDERAL-MOGUL MOTORPARTS, LLCCONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF SECTION 5 OF THE FEDERAL
TRADE COMMISSION ACT

Docket No. C-4717; File No. 172 3102
Complaint, May 12, 2020 – Decision, May 12, 2020

This consent order addresses Federal-Mogul Motorparts LLC's acts and practices alleged to constitute unfair or deceptive concerning its Wagner OEX brake pads. The complaint alleges that Respondents violated Section 5 of the Federal Trade Commission Act by disseminating advertisements, packaging, and promotional materials that represented its Wagner OEX brake pads would stop a pickup truck, SUV (sport utility vehicles), or CUV (crossover utility vehicles) up to 50 feet sooner than competing brake pads. The Respondents also indicated that the Wagner OEX brake pads significantly reduce the risk of collisions compared to competing brake pads when a driver is trying to stop in the shortest distance possible. The consent order prohibits the Respondents from making any representation about the braking benefits, performance, or efficacy of any aftermarket brake pads branded and/or marketed by Respondents for use as replacement brake pads.

Participants

For the *Commission*: *Matthew D. Gold, Sydney Knight, and Evan Rose.*

For the *Respondents*: *Matt Reilly, Ross Weisman, and Ray Woodring, Kirkland & Ellis LLP.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Federal-Mogul Motorparts LLC, a limited liability company ("Respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent is a Delaware limited liability company with its principal office or place of business at 27300 W. 11 Mile Rd., Southfield, MI 48034.
2. Respondent has manufactured, advertised, labeled, offered for sale, sold, and distributed products to consumers, including Wagner OE^X brake pads. The brake pads are aftermarket products that can be purchased and installed at automobile repair shops.
3. The acts and practices of Respondent alleged in this Complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.
4. Since at least 2015, Respondent has manufactured, advertised, labeled, marketed, promoted, offered for sale, sold, and distributed Wagner OE^X aftermarket replacement brake pads to the public for use on categories of vehicles known as CUVs (crossover utility vehicles), SUVs (sport utility vehicles), and pickup trucks. Wagner OE^X brake pads represent a "premium" price

Complaint

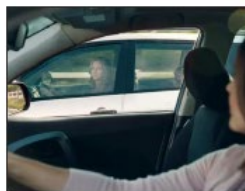
tier among aftermarket brake products sold by Respondent compared to “entry-level” and “mid-range” price tiers of brake products sold by Respondent.

5. To induce consumers to purchase Wagner OE^x brake pads, and to induce aftermarket automobile parts retailers and repair shops to install Wagner OE^x premium brake pads rather than other competing brake pads, Respondent has disseminated or has caused to be disseminated advertisements, packaging, and promotional materials, via various advertising media, including the television, internet, and print ads depicted in the attached Exhibits A, B, and C. Consumers who view Respondent’s advertisements can select and purchase Wagner OE^x brake pads at various third-party automobile parts retailers and repair shops in order to accomplish the installation themselves or by their preferred installer. The materials contain the following statements and depictions:

a. Storyboard of Television Advertisement (Exhibit A)



(Fade In) (Woman driving vehicle #1)



(Woman in vehicle #1 smiles at woman in vehicle #2)



(A truck is crossing in front of vehicles)



(Brake lights activated on both vehicles)



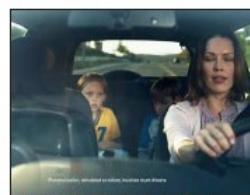
(Vehicle #1 stops safely while vehicle #2 continues moving forward)



(Driver and passengers of vehicle #1 look fearful)

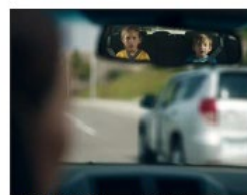


(Vehicle #2 crashes into truck)

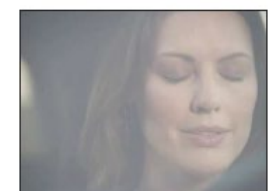


WOMAN in Vehicle #1 : Is everybody okay?

Text: Fictionalization, simulated accident, involves stunt drivers



VOICE OVER: Wagner OE^x brake pads...



can stop you up to 50 feet sooner.



Do you know what's on your vehicle?

Text: *Results based on independent testing comparing Wagner OE^x to competitors' brake pads on 2014 Ford F-150, 2011 RAV4 and 2013 Chevy Tahoe



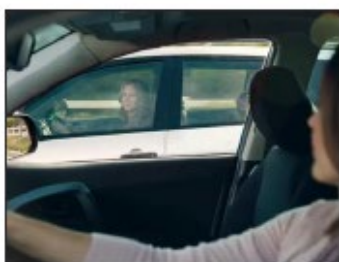
Install Wagner OE^x at Pep Boys and other leading repair shops.
(Fade Out)

Complaint

b. Storyboard of YouTube advertisement (Exhibit B)



(Fade In) (Woman driving vehicle #1)



(Woman in vehicle #1 gazes at woman in vehicle #2)



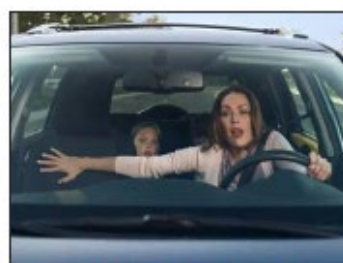
(A truck is crossing in front of vehicles)



(Brake lights activated on both vehicles)



(Vehicle #1 stops safely while vehicle #2 continues moving forward)



(Driver and passengers of vehicle #1 look fearful)



(Vehicle #2 crashes into truck)

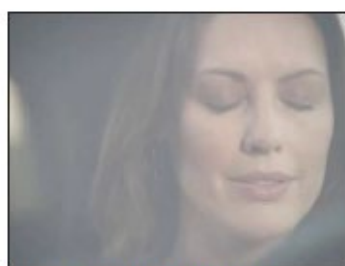


WOMAN in Vehicle #1 : Is everybody okay?

Text: Fictionalization, simulated accident, involves stunt drivers



VOICE OVER: Wagner OE' brakes



can stop you up to 50 feet sooner.



Do you know which brake pads are on your vehicle?

Text: *Results based on independent testing comparing Wagner OE' to competitors' brake pads on 2014 Ford F-150, 2011 RAV4 and 2013 Chevy Tahoe



Your kids' lives depend on it. Parts Matter. (Fade Out)

Complaint

c. Print advertisement (Exhibit C)

Stopping on a dime. It's worth every penny.




Wagner OE^x brake pads can stop your truck, SUV or crossover up to 50 feet sooner than other leading pads.* It can mean 50 feet saved when you need it most. And when your family's safety is on the line, isn't that what really matters? Find out more at wagnerbrake.com.

#partsmatter

WAGNER[®] OE^x

* Results based on independent testing comparing Wagner OE^x to competitor's brake pads on 2011 Ford F-150, 2011 Toyota/MAV and 2010 Chevy Tahoe. ©2017 Wagner Brake Parts Corporation. All trademarks herein are owned by their respective companies, or are otherwise used under license. All rights reserved.

FEDERAL-MOGUL

Complaint

6. Respondent hired an independent party to conduct head-to-head testing of Wagner OE^x brake pads against competing aftermarket brake products. The vehicles used in the tests included a 2014 Ford F-150, a 2013 Chevrolet Tahoe, and a 2011 Toyota RAV4.

- a. Pursuant to the test protocol used, certain stopping distance tests were conducted from a speed of 60 mph where the driver was instructed to stop the vehicle by applying a constant and relatively light force of 100 Newtons to the brake pedal. Research has shown that the vast majority of drivers are capable of applying up to four times that much pedal force.
- b. The Company's testing protocol also required that the testing be conducted immediately after the braking system was subjected to a sequence of "fade" or "heating" maneuvers designed to heat the brakes until they reached a set temperature above normal driving conditions, also known as "post-fade" or "hot performance" stops. "Post-fade" refers to when the brakes are at their hottest, a condition that will result in a reduction in stopping power. A post-fade condition typically occurs after repeated or sustained application of brakes, such as when a vehicle is driving down a long mountain or hill.
- c. The industry standard for measuring vehicle stopping distances is known as the Federal Motor Vehicle Safety Standard for Light Vehicle Brake Systems (FMVSS 135). According to this standard, an evaluation of the stopping distance performance of a vehicle requires that the driver try to stop the vehicle in "the shortest distance achievable," also known as a "best-effort" stop. In a best-effort stop, the driver pushes on the pedal as hard as necessary to achieve the shortest stopping distance.
- d. The testing protocol used in Respondent's testing did not evaluate conditions where a driver tries to stop the vehicle in the shortest achievable distance, such as when trying to avoid a collision. Neither did it simulate testing under ordinary driving conditions. Among other things, the test protocol's requirement that the driver apply a constant pedal force of 100 Newtons prevented the driver from applying the amount of pedal force necessary to stop the vehicle in the shortest achievable distance as required by FMVSS 135. Furthermore, by requiring the driver to apply no more than 100 Newtons of force during the "post-fade" or "hot performance" testing, the protocol produces stopping distances that are longer than when the test is conducted at temperatures associated with normal driving conditions. When operating the brakes at the higher temperatures associated with "post-fade" testing, the driver must apply greater pedal force to stop in the shortest achievable distance because heated or faded brakes require more force than cold brakes to produce a comparable level of stopping performance.

Complaint

Count I**False or Unsubstantiated Performance Claims**

7. In connection with the advertising, promotion, offering for sale, sale, or distribution of Wagner OE^X brake pads, Respondent has represented, directly or indirectly, expressly or by implication, that:

- a. In an emergency, when a driver is trying to stop in the shortest distance possible, Wagner OE^X brake pads will stop a pickup truck, SUV, or CUV up to 50 feet sooner than competing brake pads; and
- b. In an emergency, when a driver is trying to stop in the shortest distance possible, Wagner OEX brake pads installed on a pickup truck, SUV, or CUV, significantly reduce the risk of collisions compared to competing brake pads.

8. The representations set forth in Paragraph 7 are false or misleading, or were not substantiated at the time the representations were made.

Violations of Section 5

9. The acts and practices of Respondent as alleged in this Complaint constitute unfair or deceptive acts or practice in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this twelfth day of May, 2020, has issued this Complaint against Respondent.

By the Commission.

Complaint

Exhibit A



(Fade In) (Woman driving vehicle #1)



(Woman in vehicle #1 smiles at woman in vehicle #2)



(A truck is crossing in front of vehicles)



(Brake lights activated on both vehicles)



(Vehicle #1 stops safely while vehicle #2 continues moving forward)



(Driver and passengers of vehicle #1 look fearful)



(Vehicle #2 crashes into truck)



WOMAN in Vehicle #1 : Is everybody okay?

Text: Fictionalization, simulated accident, involves stunt drivers

VOICE OVER: Wagner OE[®] brake pads...

can stop you up to 50 feet sooner.



Do you know what's on your vehicle?

Text: *Results based on independent testing comparing Wagner OE[®] to competitors' brake pads on 2014 Ford F-150, 2011 RAV4 and 2013 Chevy TahoeInstall Wagner OE[®] at Pep Boys and other leading repair shops.
(Fade Out)

Storyboard of television advertisement

EXHIBIT A(1)

Complaint

(Video Exhibit Submitted Separately)

EXHIBIT A(2)

Complaint

Exhibit B



(Fade In) (Woman driving vehicle #1)



(Woman in vehicle #1 gazes at woman in vehicle #2)



(A truck is crossing in front of vehicles)



(Brake lights activated on both vehicles)



(Vehicle #1 stops safely while vehicle #2 continues moving forward)



(Driver and passengers of vehicle #1 look fearful)



(Vehicle #2 crashes into truck)



WOMAN in Vehicle #1 : Is everybody okay?

Text: Fictionalization, simulated accident, involves stunt drivers

VOICE OVER: Wagner OE[®] brakes

can stop you up to 50 feet sooner.



Do you know which brake pads are on your vehicle?

Text: "Results based on independent testing comparing Wagner OE[®] to competitors' brake pads on 2014 Ford F-150, 2011 RAV4 and 2013 Chevy Tahoe

Your kids' lives depend on it. Parts Matter. (Fade Out)

Storyboard of YouTube advertisement

EXHIBIT B(1)

Complaint

(Video Exhibit Submitted Separately)

EXHIBIT B(2)

Complaint

Exhibit C

Stopping on a dime. It's worth every penny.



Wagner OE[®] brake pads can stop your truck, SUV or crossover up to 50 feet sooner than other leading pads.* It can mean 50 feet saved when you need it most. And when your family's safety is on the line, isn't that what really matters? Find out more at wagnerbrake.com.

#partsmatter



WAGNER[®] OE^x

*Results based on independent testing comparing Wagner OE[®] to competitor's brake pads on 2014 Ford F-150, 2011 Toyota RAV4 and 2013 Chevy Tahoe.
©2017 Federal-Mogul Motorparts Corporation. All trademarks shown are owned by Federal-Mogul Corporation, or one or more of its subsidiaries, in one or more countries. All rights reserved.



Print advertisement

EXHIBIT C

Decision and Order

DECISION

The Federal Trade Commission (“Commission”) initiated an investigation of certain acts and practices of the Respondent named in the caption. The Commission’s Bureau of Consumer Protection (“BCP”) prepared and furnished to Respondent a draft Complaint. BCP proposed to present the draft Complaint to the Commission for its consideration. If issued by the Commission, the draft Complaint would charge the Respondent with violations of the Federal Trade Commission Act.

Respondent and BCP thereafter executed an Agreement Containing Consent Order (“Consent Agreement”). The Consent Agreement includes: 1) statements by Respondent that it neither admits nor denies any of the allegations in the Complaint, except as specifically stated in this Decision and Order, and that only for purposes of this action, it admits the facts necessary to establish jurisdiction; and 2) waivers and other provisions as required by the Commission’s Rules.

The Commission considered the matter and determined that it had reason to believe that Respondent has violated the Federal Trade Commission Act, and that a Complaint should issue stating its charges in that respect. The Commission accepted the executed Consent Agreement and placed it on the public record for a period of 30 days for the receipt and consideration of public comments. Now, in further conformity with the procedure prescribed in Rule 2.34, the Commission issues its Complaint, makes the following Findings, and issues the following Order:

Findings

1. The Respondent is Federal-Mogul Motorparts LLC, a Delaware limited liability company with its principal office or place of business at 27300 W. 11 Mile Rd., Southfield, MI 48034.
2. The Commission has jurisdiction over the subject matter of this proceeding and over the Respondent, and the proceeding is in the public interest.

ORDER**Definitions**

For purposes of this Order, the following definitions apply:

- A. “Covered Product” means any aftermarket brake pads branded and/or marketed by Respondent for use as replacement brake pads, including Wagner OE^X aftermarket brake pads and any aftermarket brake pads branded by third parties for which Respondent supplies marketing materials.
- B. “Respondent” means Federal-Mogul Motorparts LLC, a limited liability company, and its successors and assigns.

Decision and Order

Provisions**I. Prohibited Misleading and Unsubstantiated Representations about Brake Pads**

IT IS ORDERED that Respondent, and Respondent's officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them who receive actual notice of this Order, whether acting directly or indirectly, in connection with the labeling, advertising, promotion, offering for sale, or sale of any Covered Product, must not make any representation, in any manner, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration, about the braking benefits, performance, or efficacy of any Covered Product, including that such product:

- A. Will stop a vehicle significantly sooner than competing brake pads; or
- B. Reduces the risk of collisions compared to competing brake pads;

unless the representation is non-misleading, including that, at the time such representation is made, Respondent possesses and relies upon competent and reliable scientific evidence substantiating that the representation is true. For purposes of this Provision, competent and reliable scientific evidence shall consist of testing of the product that is sufficient in quality and quantity based on standards generally accepted by experts in the field of automobile brakes, when considered in light of the entire body of relevant scientific evidence, to substantiate that the representation is true. Such testing must be conducted by researchers qualified by training and experience to conduct such testing.

II. Acknowledgments of the Order

IT IS FURTHER ORDERED that Respondent obtain acknowledgments of receipt of this Order:

- A. Respondent, within 7 days after the effective date of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For 3 years after the issuance date of this Order, Respondent must deliver a copy of this Order to: (1) all of its principals, officers, directors, and LLC managers and members; (2) all of its employees and agents with managerial responsibilities in the labeling, advertising, promotion, offering for sale, or sale of any Covered Product; and (3) any business entity engaged in the labeling, advertising, promotion, offering for sale, or sale of any Covered Product, resulting from any change in structure as set forth in the Provision titled Compliance Report and Notices. Delivery must occur within 7 days after the effective date of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

Decision and Order

- C. From each individual or entity to which Respondent delivered a copy of this Order, Respondent must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

III. Compliance Report and Notices

IT IS FURTHER ORDERED that Respondent make timely submissions to the Commission:

- A. One year after the issuance date of this Order, Respondent must submit a compliance report, sworn under penalty of perjury, in which Respondent must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Respondent; (b) identify all of Respondent's businesses that sell any Covered Product by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each such business, including the goods and services offered, the means of advertising, marketing, and sales; (d) describe in detail whether and how Respondent is in compliance with each Provision of this Order, including a discussion of all of the changes the Respondent made to comply with the Order; and (e) provide a copy of each Acknowledgment of the Order obtained pursuant to this Order, unless previously submitted to the Commission.
- B. For 5 years after the issuance date of this Order, Respondent must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following: (a) any designated point of contact; or (b) the structure of Respondent or any entity that Respondent has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.
- C. Respondent must submit notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against Respondent within 14 days of its filing.
- D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: "I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____" and supplying the date, signatory's full name, title (if applicable), and signature.
- E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:

Decision and Order

Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: In re Federal-Mogul Motorparts LLC, FTC File No. 172-3102, Docket No. C-4717.

IV. Recordkeeping

IT IS FURTHER ORDERED that Respondent must create certain records for 10 years after the issuance date of the Order, and retain each such record for 5 years. Specifically, Respondent must create and retain the following records:

- A. Accounting records showing the revenues from all Covered Products sold;
- B. For Respondent's personnel who provide services related to the subject matter of the Order, whether as an employee or otherwise, a record of each person's: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. Records of all consumer complaints and refund requests concerning the subject matter of this Order, whether received directly or indirectly, such as through a third party, and any response;
- D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and
- E. A copy of each unique advertisement or other marketing material for any Covered Product.

V. Compliance Monitoring

IT IS FURTHER ORDERED that, for the purpose of monitoring Respondent's compliance with this Order:

- A. Within 10 days of receipt of a written request from a representative of the Commission, Respondent must submit additional compliance reports or other requested information, which must be sworn under penalty of perjury, and produce records for inspection and copying.
- B. For matters concerning this Order, representatives of the Commission are authorized to communicate directly with Respondent. Respondent must permit representatives of the Commission to interview anyone affiliated with Respondent who has agreed to such an interview. The interviewee may have counsel present.
- C. The Commission may use all other lawful means, including posing through its representatives as consumers, suppliers, or other individuals or entities, to Respondent or any individual or entity affiliated with Respondent, without the

Analysis to Aid Public Comment

necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

VI. Order Effective Dates

IT IS FURTHER ORDERED that this Order is final and effective upon the date of its publication on the Commission's website (ftc.gov) as a final order. This Order will terminate on May 12, 2040, or 20 years from the most recent date that the United States or the Commission files a complaint (with or without an accompanying settlement) in federal court alleging any violation of this Order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. Any Provision in this Order that terminates in less than 20 years;
- B. This Order's application to any Respondent that is not named as a defendant in such complaint; and
- C. This Order if such complaint is filed after the Order has terminated pursuant to this Provision.

Provided, further, that if such complaint is dismissed or a federal court rules that the Respondent did not violate any provision of the Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Order will terminate according to this Provision as though the complaint had never been filed, except that the Order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

ANALYSIS OF CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission ("FTC" or "Commission") has accepted, subject to final approval, an agreement containing a consent order with Federal-Mogul Motorparts LLC ("respondent").

The proposed consent order ("order") has been placed on the public record for 30 days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will again review the order and the comments received, and will decide whether it should withdraw the order or make it final.

Analysis to Aid Public Comment

This matter involves the respondent's advertising for Wagner OE^X brake pads. The proposed complaint alleges that Federal-Mogul violated Section 5(a) of the FTC Act by disseminating a series of false and unsubstantiated advertisements claiming that: (1) In an emergency, when a driver is trying to stop in the shortest distance possible, Wagner OE^X brake pads will stop a pickup truck, SUV, or crossover up to 50 feet sooner than competing brake pads; and (2) In an emergency, when a driver is trying to stop in the shortest distance possible, Wagner OE^X brake pads installed on a pickup truck, SUV, or crossover significantly reduce the risk of collisions compared to competing brake pads.

The order includes injunctive relief that prohibits these alleged violations and fences in similar and related conduct. The product coverage would apply to any Federal-Mogul- branded or marketed aftermarket brake pads, including Wagner OE^X aftermarket brake pads, as well as any third-party-branded aftermarket brake pads for which the respondent provides marketing materials.

Part I prohibits the respondent from making any representation about the braking benefits, performance, or efficacy of any covered product, including that such product: (1) will stop a vehicle significantly sooner than competing brake pads; and (2) reduces the risk of collisions compared to competing brake pads, unless the representation is non-misleading, and, at the time of making such representation, the respondent possesses and relies upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted by experts in the field of automotive braking, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true.

Part II requires the respondent to submit a signed acknowledgment that respondent received the order.

Part III requires the respondent to file compliance reports with the Commission, and to notify the Commission of bankruptcy filings or changes in corporate structure that might affect compliance obligations. **Part IV** contains recordkeeping requirements for accounting records, personnel records, consumer correspondence, advertising and marketing materials, and claim substantiation, as well as all records necessary to demonstrate compliance or non-compliance with the order. **Part V** contains other requirements related to the Commission's monitoring of the respondent's order compliance. **Part VI** provides the effective dates of the order, including that, with exceptions, the order will terminate in 20 years.

The purpose of this analysis is to facilitate public comment on the order, and it is not intended to constitute an official interpretation of the complaint or order, or to modify the order's terms in any way.

Complaint

IN THE MATTER OF

TAPLOCK, INC.CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF SECTION 5 OF THE FEDERAL
TRADE COMMISSION ACT

Docket No. C-4718; File No. 192 3011
Complaint, May 18, 2020 – Decision, May 18, 2020

This consent order addresses Tapplock, Inc.’s violation of Section 5 of the Federal Trade Commission Act by not taking reasonable measures to secure its locks, or follow industry best practices for protecting consumers’ privacy information. The complaint alleges that Respondent failed to identify reasonably foreseeable risks to the security of its smart locks or the security of customers’ personal accounts, such as penetration testing. Respondent also failed to adopt and implement written data security standards, policies, procedures, or practices. The consent order requires Respondent must not misrepresent the extent to which Respondent maintains and protects the security of a Covered Device or the privacy, security, confidentiality, or integrity of Personal Information. Respondent must not transfer, sell, share, collect, maintain, or store Personal Information unless it establishes and maintains a comprehensive Security Program that protects Covered Devices and security of Personal Information.

Participants

For the *Commission*: *Jah-Juin Ho* and *Whitney Moore*.

For the *Respondents*: *Michael Wang, President, pro se*.

COMPLAINT

The Federal Trade Commission (“Commission”), having reason to believe that Tapplock, Inc. (“Respondent” or “Tapplock”) has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Tapplock, Inc. is a Canadian corporation with its principal office or place of business at 121 Richmond Street West, Toronto, Ontario M5H 2K1, Canada.
2. The acts or practices of Respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act and constitute “deceptive acts or practices involving foreign commerce” as set forth in Section 5 of the FTC Act.

RESPONDENT’S BUSINESS PRACTICES

3. Respondent is an Internet of Things (“IoT”) company that, among other things, sells Internet-connected, fingerprint-enabled padlocks (“smart locks”) to U.S. consumers. Respondent’s smart locks interact with a companion mobile application (“app”) that U.S. users are able to download onto their mobile devices. This app logs usernames, e-mail addresses, profile photos,