

Complaint

IN THE MATTER OF

**SHOP TUTORS, INC.
D/B/A
LENDEDU,
NATHANIEL MATHERSON,
MATTHEW LENHARD,
AND
ALEXANDER COLEMAN**CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF SECTION 5 OF THE FEDERAL
TRADE COMMISSION ACT

*Docket No. C-4719; File No. 182 3180
Complaint, May 21, 2020 – Decision, May 21, 2020*

This consent order addresses Shop Tutors, Inc.’s (“LendEDU”) violation of Section 5 of the Federal Trade Commission Act by ranking companies in financial products based on compensation from the companies while touting consumer reviews written by LendEDU employees or their associates. The complaint alleges that Respondent’s rate tables, star ratings, and rankings gave higher numerical rankings and higher positions based on compensation to LendEDU. Respondent publicly represented to consumers that their website content was not based on compensation, but repeatedly acknowledged to financial services companies doing business with them that they can pay for placements. In numerous instances, the review of Respondent on third-party review sites were written or made up by LendEDU employees or their family, friends, or other associates. The consent order requires Respondent must not make any misrepresentations regarding the objectivity of any content and the influence of compensation on any content. Respondent must clearly and conspicuously represent the influence of any compensation on the Respondents’ products or services. Respondent must also pay the Federal Trade Commission \$350,000.

Participants

For the Commission: Brittany Frassetto, Marguerite Moeller, and Thomas Widor.

For the Respondents: Allen Denson and Michael Goodman, Hudson Cook, LLP; Jeffrey Smith, DeCotiis, Fitzpatrick, Cole & Giblin, LLP.

COMPLAINT

The Federal Trade Commission, having reason to believe that Shop Tutors, Inc. (“LendEDU” or the “Company”), Nathaniel Matherson, individually and as an officer of LendEDU, Matthew Lenhard, individually and as an officer of LendEDU, and Alexander Coleman, individually and as an officer of LendEDU (collectively, “Respondents”), have violated provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

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1. Respondent Shop Tutors, Inc., also doing business as LendEDU, is a Delaware corporation with its principal office or place of business at 80 River Street, Suite #3C-2, Hoboken, NJ.

2. Respondent Nathaniel Matherson (“Matherson”) is the co-founder and Chief Executive Officer of LendEDU. Individually or in concert with others, he controlled or had the authority to control, or participated in, the acts and practices of LendEDU, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of LendEDU.

3. Respondent Matthew Lenhard (“Lenhard”) is the co-founder and Chief Technology Officer of LendEDU. Individually or in concert with others, he controlled or had the authority to control, or participated in, the acts and practices of LendEDU, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of LendEDU.

4. Respondent Alexander Coleman (“Coleman”) is the Vice President of Product of LendEDU. Individually or in concert with others, he controlled or had the authority to control, or participated in, the acts and practices of LendEDU, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of LendEDU.

5. Respondents have marketed consumer financial products to consumers.

6. The acts and practices of Respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

RESPONDENTS’ BUSINESS PRACTICES

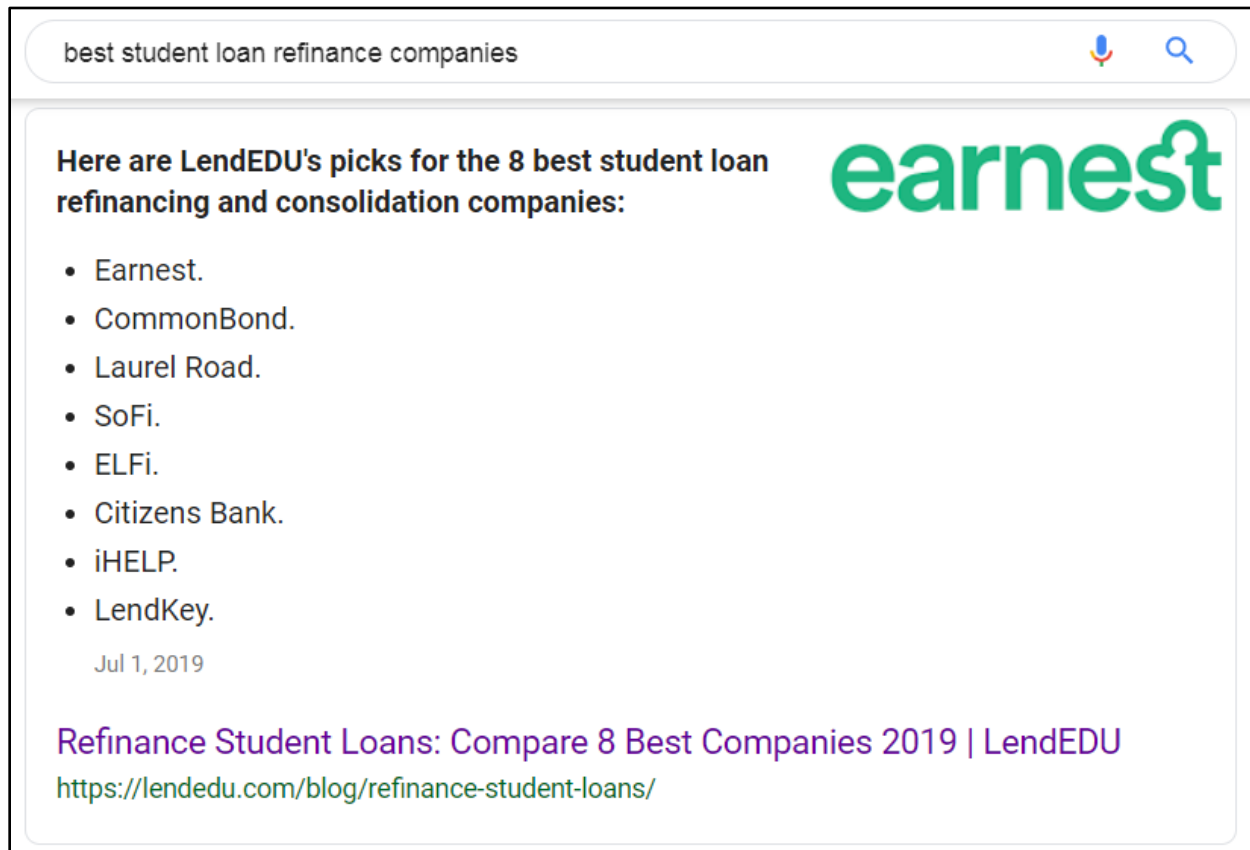
Overview

7. Since 2014, Respondents have operated the website www.lendedu.com, which they promote as a resource for consumers in search of financial products such as loans and insurance. In numerous instances, Respondents have described the content on the website, including their rate tables, star ratings, and rankings of the companies offering these financial products, as “objective,” “honest,” “accurate,” and “unbiased.” In reality, this content is not objective and, instead, is based on compensation from the companies. In addition, Respondents have touted positive consumer reviews about their company and website that, in fact, were written by LendEDU employees or their friends, family members, and associates.

Respondents’ LendEDU Website

8. Many consumers have learned of LendEDU while searching or shopping for loans or other financial products. Respondents have promoted LendEDU through social media, content marketing, and search engine advertising, including with Google’s AdWords, and search engine optimization strategies. Google search results for “best student loan refinance companies,” for example, include an organic, non-paid Google “featured snippet” for “LendEDU’s picks for the 8 best student loan refinancing and consolidation companies” with a link to Respondents’ website:

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The image is a screenshot of a search engine results page. The search bar at the top contains the text "best student loan refinance companies". To the right of the search bar are icons for voice search and a magnifying glass. Below the search bar, the first result is from LendEDU. The title of the result is "Here are LendEDU's picks for the 8 best student loan refinancing and consolidation companies:". To the right of this title is the Earnest logo. Below the title is a bulleted list of eight companies: Earnest, CommonBond, Laurel Road, SoFi, ELFi, Citizens Bank, iHELP, and LendKey. Below the list is the date "Jul 1, 2019". At the bottom of the snippet is a link titled "Refinance Student Loans: Compare 8 Best Companies 2019 | LendEDU" with the URL "https://lendedu.com/blog/refinance-student-loans/".

best student loan refinance companies

Here are LendEDU's picks for the 8 best student loan refinancing and consolidation companies:

- Earnest.
- CommonBond.
- Laurel Road.
- SoFi.
- ELFi.
- Citizens Bank.
- iHELP.
- LendKey.

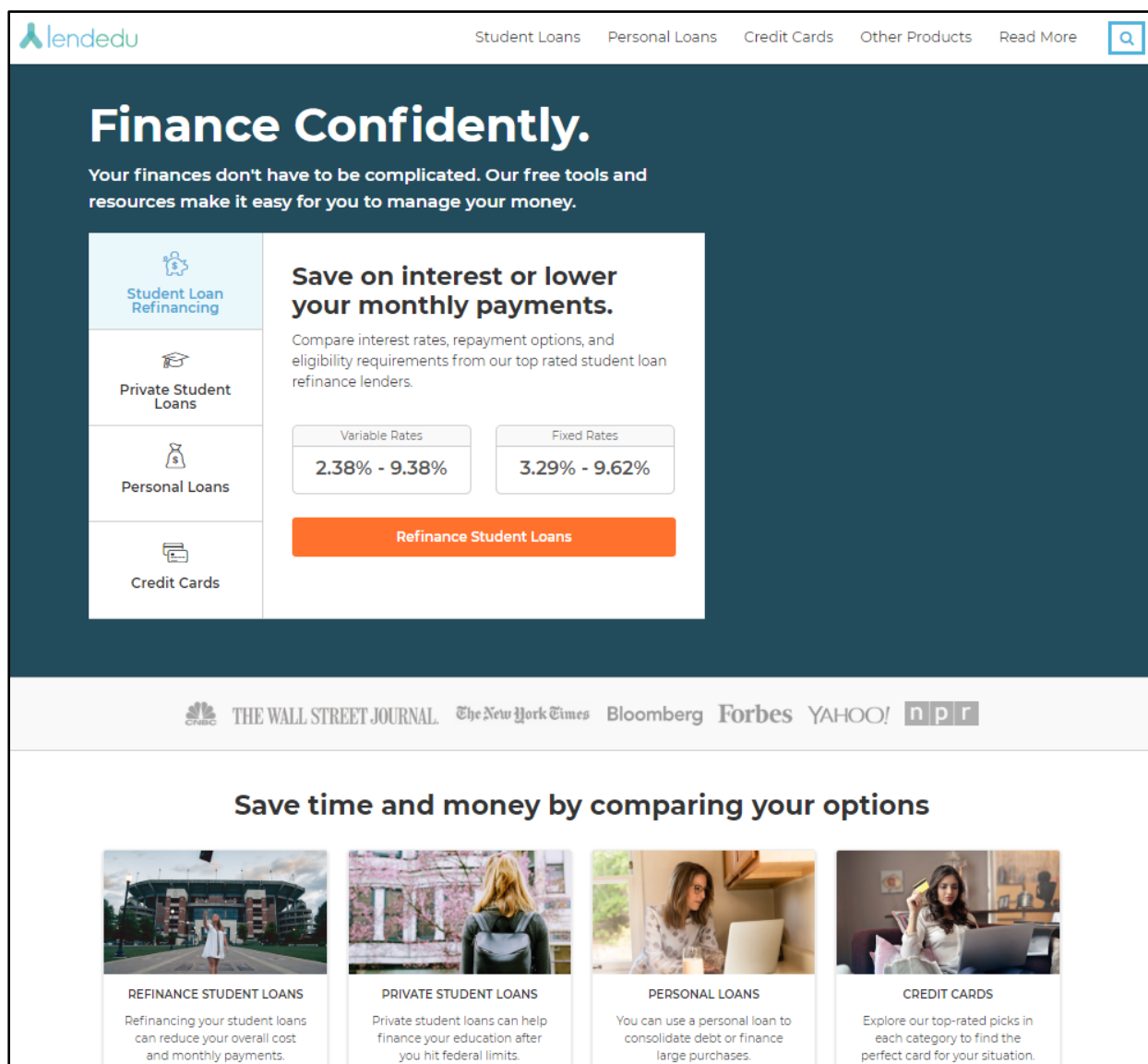
Jul 1, 2019

Refinance Student Loans: Compare 8 Best Companies 2019 | LendEDU
<https://lendedu.com/blog/refinance-student-loans/>

LendEDU also appears as the third non-paid search listing below this snippet.

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9. When consumers visit LendEDU's home page, they have seen a screen similar to the following:



Respondents have encouraged consumers to use their website “confidently” and to “save time and money by comparing your options” in one place. As depicted above, the website allows consumers to choose from various financial products, including student loan refinancing, private student loans, personal loans, and credit cards.

10. As one example, consumers selecting student loan refinancing are taken to Respondents’ student loan refinance webpage. On this page, Respondents have provided a rate table, rankings, star ratings, and reviews for what Respondents have represented to be the best or top companies offering the financial product. The top of the page has looked similar to the following:

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[Refinance Student Loans](#)
[Private Student Loans](#)
[Personal Loans](#)
[News](#)
[Login](#)

Student Loan Consolidation & Refinancing Lenders for 2018

STUDENT LOAN
REFINANCING &
CONSOLIDATION
2018



Lower Interest Rate

Lower Monthly Payment

Save Thousands Today

Updated: 3/28/2018

Looking to refinance student loans? Want to consolidate student loans?

Today, [7 out of 10 graduates](#) are graduating with some form of student loan debt. With an average balance of \$28,000, student debt is a big part of the average college graduate's life.

At LendEDU, we help borrowers compare the top student loan companies in one place. We put together this guide to help you get information on all of the top student loan refinance lenders without having to jump around multiple websites. After you are done, you will know how to refinance and consolidate student loans.

Below we've ranked the leading student loan refinancing and consolidation companies. It is free to apply and the process usually takes about 15 minutes. How much could you save? Find out today. You might be able to save \$20,000 or more!

Our Top Picks

	★★★★★ Learn More
	★★★★★ Learn More
	★★★★★ Learn More
	★★★★★ Learn More
	★★★★★ Learn More
	★★★★★ Learn More
	★★★★★ Learn More
	★★★★★ Learn More

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11. Scrolling down the page, Respondents show a rate table that compares these best companies, including their interest rates and loan terms:

Compare the Best Student Loan Refinance Rates

Instantly view loan options from \$5,000 to \$500,000 using our student loan refinance comparison tool.

Easily select your loan type, educational level, and loan amount to compare loan companies that meet your selected criteria.

Current Loan Type ?
All Loan Types

Highest Degree Obtained ?
All Degree Types

Loan Amount ?
All Loan Amounts

I want to compare:

Rates & Terms

Loan Details

Eligibility Requirements

Application & Fees

Lender	Fixed APR	Variable APR	Loan Terms (Years)	
	3.25% - 7.13% ¹ Fixed APR	2.89% - 7.38% ¹ Variable APR	5, 7, 10, 15 or 20 Loan Terms (Years)	Check Rate  at SoFi's secure website
	3.25% - 6.32% Fixed APR	2.57% - 5.87% Variable APR	5 - 20 Loan Terms (Years)	Check Rate  at Earnest's secure website
	3.15% - 8.12% Fixed APR	2.56% - 7.94% Variable APR	5, 7, 10, 15 or 20 Loan Terms (Years)	Check Rate  at LendKey's secure website

A consumer clicking the “Check Rate” button is taken directly to the website for that company.

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12. Below the rate table, Respondents then have ranked the best or top companies:

Top 9 Companies for Student Loan Refinancing: In-Depth Reviews

1. SoFi





Reduce your payment and interest rate.
Members save \$22,359 in 15 minutes!


[VISIT SITE >>](#)

- ✓ Refinance and consolidate both federal and private student loans
- ✓ Rates as low as 2.89% for variable rates
- ✓ Rates as low as 3.25% for fixed rates
- ✓ 5, 7, 10, 15, 20 year repayment terms
- ✓ No application fees, origination fees, or pre-payment fees
- ✓ Unemployment protection is available
- ✓ Easy application process

2. Earnest





You could save a boat load.
Customers save \$21,810 on average!


[VISIT SITE >>](#)

- ✓ Refinance and consolidate both federal and private student loans
- ✓ 5 - 20 year repayment terms
- ✓ Variable rates as low as 2.57%
- ✓ Fixed rates as low as 3.25%
- ✓ Data-driven customer evaluation helps you get qualified
- ✓ Zero application fees, origination fees, or pre-payment fees

3. LendKey





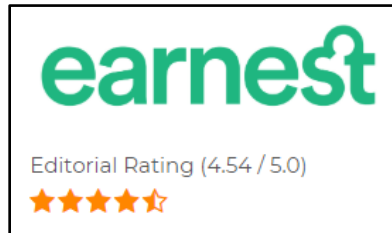
You deserve a better student loan.
Average client saves \$16,657!


[VISIT SITE >>](#)

A consumer clicking the “Visit Site” button is taken directly to the website for that company.

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13. Respondents further have assigned each company a star rating, ranging from a low of one star to a high of five stars. An example of Respondents' star rating appears below.



14. The web page layout for other financial products is similar and has included a rate table, rankings, star ratings, and reviews.

Respondents Represent that LendEDU's Content Is Not Influenced by Compensation

15. In numerous instances, Respondents have represented that the resources on their website, including the rate tables, star ratings, and rankings, are "objective," "honest," "accurate," "unbiased," and not based on compensation. Respondents, for example, have represented that their "ratings are completely objective and not influenced by compensation in anyway [sic]." Respondents also have claimed that their "research, news, ratings, and assessments are scrutinized using strict editorial integrity." Respondents have further represented that their "editorial staff and independent contractors do not receive direction from advertisers on our website" and "are not rewarded in anyway [sic] for publishing favorable or unfavorable reviews." A webpage about "editorial integrity" signed by Respondent Matherson represents that the information on Respondents' website is "honest, unbiased, and fact based." Similarly, a webpage about "LendEDU Partners" written by Respondent Coleman represents that "[w]e do not publish favorable (or unfavorable) reviews or assessments at the direction of any company."

16. Respondents have described their resources as "designed to help consumers better understand and make choices about which products fit their needs." Respondents have further represented that they "do not publish favorable or unfavorable reviews or ratings at the direction of any companies," that their "editorial staff and independent contractors are tasked with providing accurate and fact-based analyses," and that their "editorial staff and independent contractors are not rewarded in anyway [sic] for publishing favorable or unfavorable reviews." Respondents also have touted their extensive experience reviewing and researching financial services companies since 2014.

17. The LendEDU website also has a page devoted to explaining its methodology for analyzing the financial products promoted on the website. Respondents have claimed that the Company's staff rigorously uses objective criteria to rank and review lenders, including "breadth of products offered, interest rates by term and product, available term length options, applicable fees, soft-credit check process, borrower benefits and unique incentives, borrower protections, ease of use, quality of customer support staff, and time to funding." More recently in 2019, Respondents have represented that they weigh different criteria based on their importance for that product or service:

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Description of Rating Categories

Product (65%): Interest Rates (30%), Term Lengths (35%), Loan Amounts (25%), Fees (10%)

App/Eligibility (5%): States Available (20%), Soft Credit Pull (25%), Degree Required (30%), Loans Accepted (25%)

Repayment (15%): Cosigner Release (30%), Forbearance (30%), Deferment (30%), PLUS Transfer (10%)

Benefits/Discounts (10%): Benefits (50%), Discounts (50%)

Customer Service (5%): Ways of Contact (50%), Better Business Bureau Rating (25%), Trustpilot Rating (25%)

18. In addition to explaining the criteria purportedly used by Respondents to analyze each company, Respondents have sought to reinforce the objective and non-paid nature of their ratings and reviews by representing that “[e]ach piece of criteria is cross checked and audited by multiple members of the LendEDU team.”

Respondents Rank Financial Services Companies Based on Compensation

19. Contrary to their claims, Respondents have provided financial services companies with higher numerical rankings or star ratings and higher positions on rate tables based on compensation. Respondents also have added or removed companies from their content based on compensation.

20. In numerous instances, Respondents have required financial services companies to increase their payments to LendEDU to maintain or improve upon their current rate table positions and rankings. Respondents Matherson, Lenhard, and Coleman either directly requested additional compensation from financial services companies in exchange for better placements on Respondents’ website, or had knowledge of such requests. For example, in an email, Respondent Matherson asked one student loan refinance company to pay \$9.50 per click to retake the number one ranking after falling to number three. Respondent Matherson copied Coleman on the email chain requesting more compensation and forwarded it to Respondent Lenhard. The company ultimately agreed to pay \$8.50 per click for the number one ranking and rate table placement.

21. Respondents later asked the same student loan refinance company to increase its payments to \$16 per click “to maintain the #1 position on our site.” In an email to the company, Respondent Coleman wrote: “We want to keep [your company] positioned as the #1 lender on our site, but we need to justify the move from a business perspective.” The company agreed to pay \$15 per click, and Respondent kept the company ranked number one and positioned first on the rate table.

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22. Respondents offered another student loan refinance company the number three position for payment of \$16 per click. The company agreed to the paid placement, and Respondents moved the company from the number four ranking to the number three ranking and from the number four position on the rate table to the number three position.

23. The contract between the company and LendEDU expressly provided that LendEDU would rank the company “[n]o lower than position 3” on LendEDU’s refinance student loans webpage.

24. Another student loan refinance company paid Respondents for the number three ranking and rate table position prior to the company above and, later, increased the amount of payment per click for the number two ranking and position.

25. Respondents’ paid placement policies and practices have resulted in some previously highly ranked companies dropping spots for refusing to pay for their position. For example, Respondents ranked one student loan refinance company number two in the rankings and listed it second in the rate table for several months. When the company refused to pay more to be placed in the second spot, Respondents dropped the company’s ranking to number five or lower and listed it fifth or lower in the rate table.

26. Respondents have repeatedly acknowledged to financial services companies doing business—or seeking to do business—with them that they can pay for placements, even though Respondents have publicly represented to consumers that their website content is not based on compensation.

27. Respondents’ presentation material to a prospective bank customer included a slide that discussed “Partner Positioning & Ordering,” explaining that “compensation may influence the products we review and write about, the order in which partners appear in our articles, whether products appear on our site, and where they’re placed.”

28. In an email to a private student loan company, Respondent Coleman admitted that Respondents rank companies based on a number of factors, including “compensation terms,” and that Respondents also “allow[] partners to pay for premium listings.” The company subsequently entered a contract agreeing to pay LendEDU in return for “the highest level of visibility equal to the Number 1 position” on Respondents’ private student loans webpage from March 1, 2018 to January 31, 2019. Respondents had not previously ranked the company on their website. Following the paid placement agreement, Respondents immediately ranked the company number one starting March 1, 2018. Respondents also positioned the company at the top of the rate table. During this time, even though other companies had higher star ratings, Respondents placed them lower in the rankings and rate tables.

29. LendEDU also has admitted in interrogatory responses to the FTC that, at least into early 2018, “star ratings were typically assigned based on the order in which they appeared on the page” and that the “Financial Services Companies on these pages were ordered mainly based on the compensation we received from them. . . .”

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30. In correspondence with financial services companies, Respondents have represented that the rankings and rate table placements influence a consumer's choice in visiting particular companies' websites to apply for a loan product or service. In an email to one company, Respondent Matherson wrote that a company paying for the number one position on the student loan refinance webpage would receive approximately 32 percent of clicks, while the number two company would receive approximately 21 percent of clicks, and the number three company would receive approximately 15 percent of clicks. Respondent Coleman wrote to a different student loan refinance company in the number four position that a paid move to the number three spot would double its click-through volume, while a paid move to the number two spot would triple the volume.

31. Similarly, when offering a "top 4 position" to a personal loan company that held the number nine position, Respondent Coleman wrote that with a top four position, the company "could expect a ~50% increase in traffic," while "[t]he #1 spot would likely result in a ~100% increase in traffic."

32. Respondents have included on their website virtually no information about their relationships with the companies that appear on the site. In mid-2016, Respondents added a fine-print disclaimer that the "site may be compensated through third party advertisers," in the website's footer. After becoming aware of the FTC's investigation into their conduct, around March 2019, Respondents also have listed the companies that "may provide compensation to LendEDU" on a page that consumers are unlikely to visit.

33. Similarly, since approximately June 2019, Respondents have presented their rate tables in the following manner:

Compare Companies That Refinance Student Loans

See student loan refinancing options by adjusting the filters below to reflect your current student loan situation. [Advertiser Disclosure](#)

Current Loan Type

Highest Degree Obtained

Loan Amount

All Loan Types

All Degree Types

All Loan Amounts

Filter Loan Options

Lender	Fixed APR	Variable APR	Terms (Years)	
 More Details	3.47%-7.59% Fixed APR	2.27%-6.89% Variable APR	5 - 20 Terms (Years)	Check Rate on Earnest's secure website
 More Details	3.49%-8.07% ¹ Fixed APR	2.43%-6.65% ¹ Variable APR	5, 7, 10, 15, 20 Terms (Years)	Check Rate on SoFi's secure website
 More Details	3.29%-6.69% Fixed APR	2.80%-6.01% Variable APR	5, 7, 10, 15, 20 Terms (Years)	Check Rate on EFL's secure website

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34. If a consumer were to notice the small font reading “Advertiser Disclosure” in the upper-right corner and click on the phrase, a popup window would appear containing a small-print disclosure as follows:

The screenshot shows the LendEDU website interface for comparing student loan refinancing options. At the top, there's a header "Compare Companies That Refinance Student Loans" with a subtext "See student loan refinancing options by adjusting the filters below to reflect your current student loan situation." Below this are three filter dropdowns: "Current Loan Type" (set to "All Loan Types"), "Highest Degree Obtained" (set to "All Degree Types"), and "Loan Amount" (set to "All Loan Amounts"). A green "Filter Loan Options" button is below these filters. The main content is a table of lenders with columns for "Lender", "Fixed APR", "Variable APR", and "Terms (Years)". Two lenders are visible: Earnest and SoFi. For Earnest, the Fixed APR is 3.36%-7.82% and Variable APR is 2.41%-6.99%, with terms of 5-20 years. For SoFi, the Fixed APR is 3.49%-8.07%¹ and Variable APR is 2.43%-6.65%¹, with terms of 5, 7, 10, 15, 20 years. A "Check Rate" button is next to the SoFi entry. An "Advertiser Disclosure" popup is overlaid on the right side of the table, containing text about LendEDU's compensation.

Advertiser Disclosure

So, how does LendEDU make money? LendEDU is compensated by some of the financial services companies seen on our website. Most often, LendEDU receives a fee when one of our readers clicks to, applies for, or receives a financial product from a LendEDU partner. This compensation may impact where products appear on this site (including for example, the order in which they appear in a Rate Table or whether a company is written about on the site). To be clear, partners cannot pay us to guarantee favorable reviews or ratings. LendEDU has not written about, reviewed, or rated all financial products available to consumers. Here is a [list of our advertising partners](#).

Lender	Fixed APR	Variable APR	Terms (Years)
earnest More Details	3.36%-7.82% Fixed APR	2.41%-6.99% Variable APR	5 - 20 Terms (Years)
SoFi More Details	3.49%-8.07% ¹ Fixed APR	2.43%-6.65% ¹ Variable APR	5, 7, 10, 15, 20 Terms (Years)

Check Rate
on SoFi's secure website

The popup window has stated, in part, that “LendEDU is compensated by some of the financial services companies seen on our website” and that “[t]his compensation may impact where products appear on this site (including for example, the order in which they appear in a rate table or whether a company is written about on the site).” The popup window further has stated that “partners cannot pay us to guarantee favorable reviews or ratings.”

Respondents Tout Fake Positive Reviews

35. Reviews about LendEDU’s website and customer service appear on third-party review platforms, including trustpilot.com (“Trustpilot”). Trustpilot allows users to select a star rating when reviewing a company. The ratings range from five stars (“Excellent”) to one star (“Bad”). LendEDU currently has 126 reviews on Trustpilot, consisting of 123 five-star reviews, one four-star review, one two-star review, and one one-star review.

36. Of those 126 reviews, 111, or 90%, were written or made up by LendEDU employees or their family, friends, or other associates. All of those reviews provided five-star ratings for the Company. Examples include:

- Kenny: “LendEDU showed me the light at the end of the tunnel. I was drowning in student loan debt then they showed up with a lifeboat and a warm blanket. The website was easy to navigate and with the help of their

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customer service team, I saved a lot of money refinancing. I can't thank them enough and would recommend to anyone!"

- Scott: "Extremely user friendly and easy to use. . . . It was a pleasant surprise to be able to find personal finance education. As a student, high schools don't really provide any basic financial course and credit cards are so easy to obtain. It was refreshing to be able to research and understand more through LendEDU."
- Trace: "I wasn't sure where to go, and stumbled onto an[] article LendEDU published. It was full of good tips that helped. I ended up going to their site and there was quite a bit of helpful stuff there too. They seem to be on top of it!"

The review written by "Kenny" actually comes from a LendEDU employee using a fake name. Similarly, "Scott," the purported high school student researching personal finance, is actually the administrator of LendEDU's 401(k) plan. "Trace" is actually a friend of a LendEDU employee.

37. In addition, the vast majority of the reviewers do not appear to have used LendEDU. LendEDU offers a loan comparison tool, which requires consumers to enter an email address before they can see a list of potential lenders. Only eleven of the email addresses provided by LendEDU's 126 reviewers on Trustpilot (9 percent) match email addresses that consumers provided to LendEDU. Nevertheless, several of the remaining 115 reviews reference LendEDU's loan comparison tool. Examples include:

- LendEDU's outside counsel: "The application process was very easy and I was given a number of options. While I didn't end up refinancing my student loans, it was worth the look."
- Friend of a LendEDU employee: "Genius! Spent 2 minutes filling out a form and saved thousands of dollars. Wish I had known about LendEDU earlier!"

In numerous instances, the reviews were fabricated and did not represent actual consumer experiences with LendEDU.

38. Respondents also have reposted and touted the Trustpilot reviews on LendEDU's website, as well as fake reviews written by LendEDU employees who purport to be, but are not, actual users. The LendEDU homepage has, at times, prominently featured reviews from Trustpilot:

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Save Time and Money by Comparing Your Options

1

Complete One Simple Form
 **90 Seconds**
Just answer a few quick questions about your current situation.

2

Get Personalized Quotes
 **Instantly**
Instantly compare actual quotes from our vetted partners

3

Choose What Works Best For You
 **Take As Long As You'd Like**
Review your options and choose the one that fits your lifestyle

See What Our Customers Have to Say



TRUSTSCORE 9.8 | [125 REVIEWS](#)
[See some of the reviews here.](#)

March 12

.Lendedu
I would recommend this company for sure.

39. A LendEDU employee wrote the review in Paragraph 38 under a fake name, stating “I would recommend this company for sure.”

40. In other instances, the LendEDU homepage has included “testimonials” from consumers claiming they saved money by using LendEDU’s services. These testimonials have included consumer names, colleges, and years of graduation:



Sophia Loren
University of Texas '15

I was able to refinance \$55,000 in federal and private student loan debt after using LendEDU. LendEDU helped me compare both the fixed and variable options in one place. I expect to save about \$10,000 over the course of my repayment!

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**Anna Fry**

University of Washington '12

After leaving medical school I had about \$90,000 in student loan debt! I was able to use LendEDU to make my monthly payments a little more manageable. LendEDU helped me find a 20 year term with a fixed rate. It was easy to compare all the options in one place. Easy to use website! Thanks!

**Keith Johnson**

University of Alabama '13

LendEDU helped me compare SoFi, CommonBond, and DRB in one place. The application was fairly straightforward and easy to get through. I really liked how LendEDU lets you sort and filter all of the options in one view. I refinanced all of my debt at 3% and saved about \$11,500.

None of these consumers exists. Respondents fabricated these “testimonials.”

Count I

41. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of consumer financial products, Respondents represent, directly or indirectly, expressly or by implication, that Respondents’ website content promoting financial products, including their rate tables, rankings, and star ratings of companies offering those products, is not influenced by compensation.

42. In truth and in fact, in numerous instances in which Respondents have made the representations set forth in Paragraph 41, Respondents’ website content promoting financial products, including their rate tables, rankings, and star ratings of companies offering those products, is influenced by compensation from those companies.

43. Therefore, Respondents’ representations as set forth in Paragraph 41 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

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Count II

44. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of consumer financial products, Respondents represent, directly or indirectly, expressly or by implication, that their website content, including rate tables, rankings, and star ratings, is a source of information about financial products.

45. In numerous instances in which Respondents make the representations set forth in Paragraph 44, Respondents fail to disclose or disclose adequately to consumers that financial services companies paid Respondents for website content, including rate tables, rankings, and star ratings. This additional information would be material to consumers in deciding whether to transact with companies ranked, rated, or reviewed by Respondents.

46. In light of the representations described in Paragraph 44, Respondents' failure to disclose or disclose adequately the material information as set forth in Paragraph 44 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count III

47. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of consumer financial products, through the means described in Paragraphs 35-40, Respondents have represented, directly or indirectly, expressly or by implication, that certain reviews of LendEDU reflect the actual experiences or opinions of impartial consumers.

48. In truth and in fact, these reviews of LendEDU were not truthful reviews by actual LendEDU users, but instead were fabricated by persons who were friends, employees, or other associates of LendEDU.

49. Therefore, the making of the representations as set forth in Paragraph 47 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Violations of Sections 5

50. The acts and practices of Respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Sections 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this twenty-first day of May 2020, has issued this complaint against Respondents.

By the Commission, Commissioner Slaughter not participating.

Decision and Order

DECISION

The Federal Trade Commission (“Commission”) initiated an investigation of certain acts and practices of the Respondents named in the caption. The Commission’s Bureau of Consumer Protection (“BCP”) prepared and furnished to Respondents 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 Respondents with violations of the Federal Trade Commission Act.

Respondents and BCP thereafter executed an Agreement Containing Consent Order (“Consent Agreement”). The Consent Agreement includes: 1) statements by Respondents that they neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Decision and Order, and that only for purposes of this action, they admit 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 Respondents have 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. The Commission duly considered any comments received from interested persons pursuant to Section 2.34 of its Rules, 16 C.F.R. § 2.34. 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 Respondents are:
 - a. Respondent Shop Tutors, Inc., also doing business as LendEDU (“LendEDU”), a Delaware corporation with its principal office or place of business at 80 River Street, Suite #3C-2, Hoboken, NJ.
 - b. Respondent Nathaniel Matherson, co-founder and Chief Executive Officer of LendEDU. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of LendEDU. His principal office or place of business is the same as that of LendEDU.
 - c. Respondent Matthew Lenhard, co-founder and Chief Technology Officer of LendEDU. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of LendEDU. His principal office or place of business is the same as that of LendEDU.
 - d. Respondent Alexander Coleman, Vice President of Product of LendEDU. Individually or in concert with others, he formulates, directs, or controls the

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policies, acts, or practices of LendEDU. His principal office or place of business is the same as that of LendEDU.

2. The Commission has jurisdiction over the subject matter of this proceeding and over the Respondents, and the proceeding is in the public interest.

ORDER**Definitions**

For purposes of this Order, the following definitions apply:

- A. “Clearly and conspicuously” means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:
 1. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television advertisement, the disclosure must be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure (“triggering representation”) is made through only one means.
 2. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.
 3. An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it.
 4. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable.
 5. The disclosure must use diction and syntax understandable to ordinary consumers and must appear in each language in which the triggering representation appears.
 6. The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.
 7. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.

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8. When the representation or sales practice targets a specific audience, such as children, the elderly, or the terminally ill, “ordinary consumers” includes reasonable members of that group.
- B. “Close proximity” means that the disclosure is very near the triggering representation. For example, a disclosure made through a hyperlink, pop-up, interstitial, or other similar technique is not in close proximity to the triggering representation.
- C. “Material connection” means any relationship that might materially affect the weight or credibility of any representation or endorsement and that would not be reasonably expected by consumers.
- D. “Respondents” means all of the Corporate Respondents and the Individual Respondents, individually, collectively, or in any combination.
 1. “Corporate Respondent” means Shop Tutors, Inc., a corporation, doing business as LendEDU, and their successors and assigns.
 2. “Individual Respondents” means Nathaniel Matherson, Matthew Lenhard, and Alexander Coleman.

Provisions**I. Prohibition Against Misrepresentations**

IT IS ORDERED that Respondents, and Respondents’ 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 advertising, promotion, offering for sale, or sale of any product or service, must not make, or assist others in making, any misrepresentation expressly or by implication:

- A. Regarding the objectivity or impartiality of any content, including any rate tables, rankings, or star ratings of any entity offering those products;
- B. Regarding the influence of compensation on any content, including any rate tables, rankings, or star ratings of any entity offering those products;
- C. Regarding any Material connection between any Respondent and any individual or entity offering or affiliated with a product or service;
- D. That any endorsement of a product, service, or entity is (i) a truthful endorsement, or (ii) by an actual or impartial user of the product, service, or entity; or
- E. Through the use of any endorsement of a product, service, or entity.

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II. Required Disclosures

IT IS FURTHER ORDERED that Respondents, and Respondents' 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 advertising, promotion, offering for sale, or sale of any product or service, must not make, or assist others in making, any representation expressly or by implication:

- A. That Respondents' content is a source of information for products or services, (1) without disclosing, Clearly and conspicuously, and in Close proximity to the representation, the influence of any compensation on any such content or any other Material connection between any Respondent and any individual or entity affiliated with any such product or service, and (2) unless the representation is not otherwise misleading; or
- B. Regarding any consumer or other endorser or a product, service, or entity, (1) without disclosing, Clearly and conspicuously, and in Close proximity to the representation, any Material connection between such endorser and any Respondent or any other individual or entity offering or affiliated with the product or service, and (2) unless the representation is not otherwise misleading.

III. Monetary Relief

IT IS FURTHER ORDERED that:

- A. Respondents must pay to the Commission \$350,000, which Respondents stipulate their undersigned counsel hold in escrow for no purpose other than payment to the Commission. All Respondents are jointly and severally liable for the payment amount.
- B. Such payment must be made within 8 days of the effective date of this Order by electronic fund transfer in accordance with instructions provided by a representative of the Commission.

IV. Additional Monetary Provisions

IT IS FURTHER ORDERED that:

- A. Respondents relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- B. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission to enforce its rights to any payment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.

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- C. The facts alleged in the Complaint establish all elements necessary to sustain an action by or on behalf of the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.
- D. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other relief (including consumer information remedies) as it determines to be reasonably related to Respondents' practices alleged in the Complaint. Any money not used is to be deposited to the U.S. Treasury. Respondents have no right to challenge any activities pursuant to this Provision.

V. Customer Information

IT IS FURTHER ORDERED that Respondents must directly or indirectly provide sufficient customer information to enable the Commission to efficiently administer consumer redress. Respondents represent that they have provided this redress information to the Commission. If a representative of the Commission requests in writing any information related to redress, Respondents must provide it, in the form prescribed by the Commission representative, within 14 days.

VI. Acknowledgments of the Order

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

- A. Each Respondent, within 10 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, each Individual Respondent, for any business that such Respondent, individually or collectively with any other Respondent, is the majority owner or controls directly or indirectly, and Corporate Respondent, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for conduct related to the subject matter of the Order and all agents and representatives who participate in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure as set forth in the Provision titled Compliance Report and Notices. Delivery must occur within 10 days after the effective date of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

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

VII. Compliance Report and Notices

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

- A. One year after the issuance date of this Order, each Respondent must submit a compliance report, sworn under penalty of perjury, in which:
1. Each 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 that Respondent's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the products and services offered, the means of advertising, marketing, and sales, and the involvement of any other Respondent (which Individual Respondents must describe if they know or should know due to their own involvement); (d) describe in detail whether and how that Respondent is in compliance with each Provision of this Order; and (e) provide a copy of each Acknowledgment of the Order obtained pursuant to this Order, unless previously submitted to the Commission.
 2. Additionally, each Individual Respondent must: (a) identify all telephone numbers and all physical, postal, email, and Internet addresses, including all residences; (b) identify all business activities, including any business for which such Respondent performs services, whether as an employee or otherwise, and any entity in which such Respondent has any ownership interest; and (c) describe in detail such Respondent's involvement in each such business activity, including title, role, responsibilities, participation, authority, control, and any ownership.
- B. For 10 years after the issuance date of this Order, each Respondent must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:
1. Each Respondent must submit notice of any change in: (a) any designated point of contact; or (b) the structure of any Corporate 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

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subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

2. Additionally, each Individual Respondent must submit notice of any change in: (a) name, including alias or fictitious name, or residence address; or (b) title or role in any business activity, including (i) any business for which such Respondent performs services whether as an employee or otherwise and (ii) any entity in which such Respondent has any ownership interest and over which Respondents have direct or indirect control. For each such business activity, also identify its name, physical address, and any Internet address.
- C. Each Respondent must submit notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such 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: 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 Shop Tutors, Inc., FTC Docket No. C-4719.

VIII. Recordkeeping

IT IS FURTHER ORDERED that Respondents must create certain records for 10 years after the issuance date of the Order, and retain each such record for 5 years. Specifically, Corporate Respondent and each Individual Respondent for any business that such Respondent, individually or collectively with any other Respondent, is a majority owner or controls directly or indirectly, must create and retain the following records:

- A. accounting records showing the revenues from all products or services sold;
- B. personnel records showing, for each person providing services, whether as an employee or otherwise, that person’s: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. copies or records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;

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- D. a copy of each unique website, application, form, advertisement or other marketing material making a representation subject to this Order; provided, however, that marketing material is not deemed unique under this subsection if the only change to the marketing material from its prior version is a change to a lender's interest rate or loan term information;
- E. copies of any internal compliance policies, procedures, or reports concerning the subject matter of the Order; and
- F. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission.

IX. Compliance Monitoring

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

- A. Within 10 days of receipt of a written request from a representative of the Commission, each 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 each Respondent. Respondents must permit representatives of the Commission to interview anyone affiliated with any 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 Respondents or any individual or entity affiliated with Respondents, without the 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.
- D. Upon written request from a representative of the Commission, any consumer reporting agency must furnish consumer reports concerning Individual Respondents, pursuant to Section 604(a)(2) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(2).

X. 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 21, 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

Concurring Statement

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, Commissioner Slaughter not participating.

**CONCURRING STATEMENT OF COMMISSIONER REBECCA KELLY
SLAUGHTER**

In this matter, our dedicated staff in the Division of Financial Practices assembled a powerful complaint that underscores how pay-to-play greed and deception have corrupted the ratings and rankings on which consumers increasingly rely to make informed purchasing choices online. I am pleased to vote to accept for public comment the administrative complaint and consent agreement with Shop Tutors, Inc. d/b/a LendEDU and its principals, Nathaniel Matherson, Matthew Lenhard, and Alexander Coleman.

I write separately to highlight the importance of this case in addressing a cutting edge market practice that I fear is becoming increasingly common online: purportedly neutral rankings and recommendations that actually reflect paid product placement. The complaint's second count alleges that the respondents violated section 5 of the FTC Act by deceptively failing to "disclose adequately to consumers that financial services companies paid Respondents for website content, including rate tables, rankings, and star ratings." Compl. 45. Companies that engage in pay-to-play rankings and ratings should take heed: This conduct robs consumers of vital information, pollutes our online marketplaces, and violates the law, which will result in serious consequences.

Analysis to Aid Public Comment

ANALYSIS OF CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission (“Commission”) has accepted, subject to final approval, an agreement containing a consent order from Shop Tutors Inc., d/b/a LendEDU (“LendEDU” or “the Company”); its co-founder and Chief Executive Officer, Nathaniel Matherson; its co-founder and Chief Technology Officer, Matthew Lenhard; and the Vice President of Product, Alexander Coleman (collectively, “Proposed Respondents”).

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

Since 2014, Respondents have operated the website www.lendedu.com, which they promote as a resource for consumers in search of financial products such as loans and insurance. In numerous instances, Respondents have described the content on the website, including their rate tables, star ratings, and rankings of the companies offering these financial products, as “objective,” “honest,” “accurate,” and “unbiased.” Contrary to their claims, Respondents have provided financial services companies with higher numerical rankings or star ratings and higher positions on rate tables based on compensation. Respondents also have added or removed companies from their content based on compensation.

In addition, Respondents have touted positive consumer reviews about their company and website that, in fact, were written by LendEDU employees or their friends, family members, and associates. Of 126 reviews of LendEDU on the third-party review platform Trustpilot, 90% were written or made up by LendEDU employees or their family, friends, or other associates. Respondents also have reposted and touted the Trustpilot reviews on LendEDU's website, as well as fake reviews written by LendEDU employees who reported to be, but are not, actual users.

The proposed order will prevent Proposed Respondents from engaging in similar acts or practices. Part I would prohibit Proposed Respondents from making the challenged and related misrepresentations. Part II would require Proposed Respondents to disclose the influence of compensation on representations made on its website and to disclose material connections among the Proposed Respondents and the various parties represented on the website. Part III would require Proposed Respondents, jointly and severally, to pay to the Commission \$350,000 within 8 days of the effective date of the Order.

Part IV sets out additional requirements related to the monetary relief Part V requires Proposed Respondents to provide sufficient customer information to enable the Commission to efficiently administer consumer redress. Part VI is an order distribution provision that requires Proposed Respondents to provide the order to current and future principals, officers, directors, and LLC managers and members, as well as current and future managers, agents and representatives who participate in certain duties related to the subject matter of the proposed complaint and order, and to secure statements acknowledging receipt of the order. Part VII requires Proposed Respondents to submit a compliance report one year after the order is entered. It also

Analysis to Aid Public Comment

requires Proposed Respondents to notify the Commission of corporate changes that may affect compliance obligations within 14 days of such a change.

Part VIII requires Proposed Respondents to maintain and upon request make available certain compliance-related records, including accounting records and unique websites. Part IX requires Proposed Respondents to submit additional compliance reports within 10 business days of a written request by the Commission. Part X is a provision “sunsetting” the order after twenty (20) years, with certain exceptions.

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

Complaint

IN THE MATTER OF

**ÖSSUR HF.,
ÖSSUR AMERICAS HOLDINGS,
AND
COLLEGE PARK INDUSTRIES, INC.**

CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF SECTION 5 OF THE FEDERAL
TRADE COMMISSION ACT AND SECTION 7 OF THE CLAYTON ACT

*Docket No. C-4712; File No. 191 0177
Complaint, April 6, 2020 – Decision, May 27, 2020*

This consent order addresses the acquisition by Össur Hf. and Össur Americas Holdings, Inc. of College Park Industries, Inc. that violates Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act. The complaint alleges that the effects of the Acquisition may be to substantially lessen competition and to harm consumers by eliminating substantial future competition between Respondent College Park and Respondent Össur in the development, manufacturing, marketing, distribution, and sale of myoelectric elbows. The consent order requires that Respondents shall divest the Myoelectric Elbow Assets to Steeper pursuant to the Divestiture Agreements.

Participants

For the *Commission*: *Stephen Mohr and Jonathan Ripa.*

For the *Respondents*: *Colin Kass, Proskauer Rose LLP; Sheldon Klein, Butzel Long.*

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act (“FTC Act”), and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that Respondent Össur Hf., the owner of Össur Americas Holdings, Inc., a corporation subject to the jurisdiction of the Commission, has made an offer to acquire all of the voting securities of College Park Industries, Inc., a company subject to the jurisdiction of the Commission, in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45; that such acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45; and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENT

1. Respondent Össur Hf. is a corporation organized, existing, and doing business under, and by virtue of, the laws of Iceland, with its executive offices and principal place of business located at Grjóthals 1-5, 110 Reykjavik, Iceland, and its United States address for service of process, as follows: 27051 Towne Center Drive, Foothill Ranch, California, 92610. Össur Hf is engaged in the development, manufacture, sale, and distribution of upper and lower- limb prosthetic devices.