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13 UNITED STATES DISTRICT COURT  
14 CENTRAL DISTRICT OF CALIFORNIA

15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 v.

18 AGE OF LEARNING, INC., a  
19 corporation, also d/b/a ABCmouse and  
20 ABCmouse.com,

21 Defendant.

Case No. 2:20-cv-7996

COMPLAINT FOR  
PERMANENT INJUNCTION  
AND OTHER EQUITABLE  
RELIEF

22 Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

23 1. The FTC brings this action under Sections 13(b) and 19 of the Federal  
24 Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the Restore  
25 Online Shoppers’ Confidence Act (“ROSCA”), 15 U.S.C. § 8404, to obtain  
26 permanent injunctive relief, rescission or reformation of contracts, restitution, the  
27 refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief  
28

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1 for Defendant's acts or practices in violation of Section 5(a) of the FTC Act, 15  
2 U.S.C. § 45(a), and in violation of Section 4 of ROSCA, 15 U.S.C. § 8403.

### 3 **JURISDICTION AND VENUE**

4 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.  
5 §§ 1331, 1337(a), and 1345.

6 3. Venue is proper in this District under 28 U.S.C. § 1391(b)(1), (b)(2),  
7 (c)(2), (c)(3), and (d), and 15 U.S.C. § 53(b).

### 8 **PLAINTIFF**

9 4. The FTC is an independent agency of the United States Government  
10 created by statute. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the  
11 FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in  
12 or affecting commerce. The FTC also enforces ROSCA, 15 U.S.C. §§ 8401-8405.  
13 ROSCA prohibits the sale of goods or services on the Internet through negative  
14 option marketing without meeting certain requirements for disclosure, consent, and  
15 cancellation to protect consumers. A negative option is an offer in which the seller  
16 treats a consumer's silence—i.e., their failure to reject an offer or cancel an  
17 agreement—as consent to be charged for good and services. 16 C.F.R. § 310.2(w).

18 5. The FTC is authorized to initiate federal district court proceedings, by  
19 its own attorneys, to enjoin violations of the FTC Act and ROSCA and to secure  
20 such equitable relief as may be appropriate in each case, including rescission or  
21 reformation of contracts, restitution, the refund of monies paid, and the  
22 disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 57b, 8404.

### 23 **DEFENDANT**

24 6. Defendant Age of Learning, Inc. ("Age of Learning"), also doing  
25 business as ABCmouse and ABCmouse.com, is a Delaware corporation with its  
26 principal place of business at 101 North Brand Boulevard, 8th Floor, Glendale,  
27 California 91203. Age of Learning transacts or has transacted business in this  
28

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1 District and throughout the United States. At all times material to this Complaint,  
2 acting alone or in concert with others, Age of Learning has advertised, marketed,  
3 distributed, or sold online educational programs to consumers throughout the  
4 United States.

### 5 COMMERCE

6 7. At all times material to this Complaint, Defendant has maintained a  
7 substantial course of trade in or affecting commerce, as “commerce” is defined in  
8 Section 4 of the FTC Act, 15 U.S.C. § 44.

### 9 DEFENDANT’S BUSINESS PRACTICES

10 8. From 2015 until at least 2018, Defendant failed to adequately disclose  
11 key terms of memberships to access online educational content for children.  
12 Touting twelve-month memberships for \$59.95, Defendant enrolled consumers in  
13 yearly plans that renewed indefinitely at the same price after the twelve months  
14 expired. Defendant failed to disclose material information about these and other  
15 term memberships, including that they automatically renew, that Defendant would  
16 charge members each year unless they cancel, and what consumers must do to  
17 cancel. Even though consumers who signed up were prominently promised “Easy  
18 Cancellation,” Defendant for years made cancellation difficult. Many consumers  
19 tried without success to cancel by calling, emailing, or contacting Defendant  
20 through a customer support form. Rather than accepting these cancellation  
21 methods, Defendant instead required consumers to find and navigate a lengthy and  
22 confusing cancellation path that repeatedly discouraged consumers from canceling  
23 and, in many instances, resulted in consumers being billed again without their  
24 consent. Over the course of at least three years, hundreds of thousands of  
25 consumers visited Defendant’s cancellation path but remain enrolled. Even  
26 consumers who completed Defendant’s cancellation path later discovered ongoing  
27 charges for additional content they believed they had canceled along with their  
28

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1 base memberships. Defendant has received at least tens of thousands of consumer  
2 complaints about these practices.

3 **Defendant's Misleading Enrollment Practices**

4 9. Defendant operates a membership-based online learning tool called  
5 ABCmouse Early Learning Academy for children ages 2 to 8 years old.  
6 ABCmouse includes digital content on reading, language arts, math, and other  
7 subjects. Consumers can access ABCmouse at Defendant's website,  
8 abcmouse.com, and through Defendant's mobile application ("app"). Defendant  
9 provides consumers access to ABCmouse through memberships, which typically  
10 cost from \$9.95 for monthly memberships to \$59.95 for twelve-month  
11 memberships.

12 10. On ABCmouse.com and in its app, Defendant has advertised  
13 membership to ABCmouse Early Learning Academy. Above an animated image  
14 of a teacher gesturing to her classroom, Defendant displayed a bright green gift tag  
15 with a prominent link offering consumers a "Special Offer 38% OFF Annual  
16 Membership! Learn More!" The following is a representative image of such an  
17 offer from Defendant's website:  
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11. Consumers who clicked on the “Special Offer” link were directed to an enrollment page with the same green gift tag. There, next to a prechecked box, in large blue and red bold font, Defendant offered consumers a membership costing either “**\$59.95 for 12 Months**” or “4 equal monthly installments of \$19.75.” Defendant promised “**Easy Cancellation**” in bold, red text, stating: “If your family does not absolutely love ABCmouse, you can cancel at any time!” Defendant promised the same “Easy Cancellation” to consumers who enroll in monthly memberships. To enroll, consumers were required to submit their email address, password, and payment information, and they also were required to check

COMPLAINT





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