

## REASONS FOR SETTLEMENT

This statement accompanies the Stipulated Order for Permanent Injunction, Civil Penalty Judgment, and Other Relief (“Stipulated Order”) executed by Cognosphere, LLC and Cognosphere Pte. Ltd. (collectively, “Defendants”), in settlement of an action brought to obtain civil penalties and equitable relief from Defendants for engaging in acts or practices in violation of Section 5 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45, the Children’s Online Privacy Protection Act, 15 U.S.C. §§ 6501-6506, and the COPPA Rule, 16 C.F.R. Part 312. The Stipulated Order imposes robust injunctive relief and a civil penalty in the amount of twenty million dollars (\$20,000,000).

Pursuant to Section 5(m)(3) of the FTC Act, as amended, 15 U.S.C. § 45(m)(3), the Federal Trade Commission (“Commission”) hereby sets forth its reasons for settlement by entry of the Stipulated Order.

On the basis of the allegations contained in the attached Complaint for Permanent Injunction, Civil Penalties, and Other Relief (“Complaint”), and the factors set forth in Section 5(m)(1)(C) of the FTC Act, as amended, 15 U.S.C. § 45(m)(1)(C), the Commission believes that the civil penalty of \$20,000,000 and the injunctive relief constitutes an appropriate settlement. The civil penalty and provisions enjoining Defendants from engaging in unfair and deceptive acts and practices constitute effective means to assure Defendants’ future compliance and to deter others who might violate these laws. Additionally, with the entry of such a Stipulated Order, the time and expense of litigation will be avoided.

For the foregoing reasons, the Commission believes that the settlement by entry of the attached Stipulated Order with Defendants is justified and well within the public interest.