

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:**     **Lina M. Khan, Chair**  
                              **Rebecca Kelly Slaughter**  
                              **Alvaro M. Bedoya**  
                              **Melissa Holyoak**  
                              **Andrew Ferguson**

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**In the Matter of**

**DECISION AND ORDER**

**DONOTPAY, INC., a corporation**

**DOCKET NO. C-**

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**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. 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 Respondent is DoNotPay, Inc. (“DoNotPay”), a Delaware corporation with its principal office or place of business at 167-169 Great Portland Street, 5<sup>th</sup> Floor, London W1W 5PF, United Kingdom.
2. The Commission has jurisdiction over the subject matter of this proceeding and over Respondent, and the proceeding is in the public interest.

## ORDER

### Definitions

For purposes of this Order, the following definitions apply:

- A. “Covered Product or Service” means the DoNotPay Service and any other Internet-enabled product or service controlled or operated, directly or indirectly, by Respondent that purportedly provides Professional Services.
- B. “Professional Services” means activities traditionally performed by a natural person that require: (i) knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction; or (ii) invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Examples of Professional Services include but are not limited to: legal advice and representation; accounting, bookkeeping, or payroll services; architectural, engineering, or specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation or interpretation services; educational instruction; scientific research; medical, pharmaceutical, psychological, or veterinary services; and any other professional, scientific, and technical services.
- C. “DoNotPay Service” means any product or service offered to the public on the DoNotPay.com website and DoNotPay mobile application.
- D. “Respondent” means DoNotPay, Inc., and its successors and assigns.
- E. “Document” means any item covered by 15 U.S.C. § 57b-1(a)(5), 16 C.F.R. § 2.7(a)(2), or Federal Rule of Civil Procedure 34(a)(1)(A).

### Provisions

#### I. Prohibited Misleading and Unsubstantiated Representations

**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 advertising, promotion, offering for sale, or sale of any Covered Product or Service must not make any representation expressly or by implication:

- A. that such Covered Product or Service operates like a human lawyer, including by:
  - 1. applying the relevant laws to subscribers' particular legal and factual situations;
  - 2. relying on legal expertise and knowledge to avoid potential complications when generating legal demand letters or initiating cases in small claims court; or
  - 3. detecting legal violations on subscribers' business websites and providing advice about how to fix them; or
- B. about the relative or absolute performance, attributes, benefits, or effectiveness of such Covered Product or Service, including that the Covered Product or Service performs a Professional Service like a professional in the relevant field;

unless the representation is non-misleading, including that, at the time such representation is made, they possess and rely upon competent and reliable evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant fields when considered in light of the entire body of relevant and reliable evidence, to substantiate that the representation is true. For the purposes of this Provision "competent and reliable evidence" means tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that (1) have been conducted and evaluated in an objective manner by qualified persons and (2) are generally accepted in the profession to yield accurate and reliable results.

## **II. Prohibition against Misrepresentations**

**IT IS FURTHER 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 advertising, promotion, offering for sale, or sale, of any Covered Product or Service must not misrepresent in any manner, expressly or by implication;

- A. the ability of the Covered Product or Service to analyze or evaluate a website or any other Document for federal and state law violations;
- B. that a Covered Product or Service will save consumers legal fees; or
- C. the features, benefits, or attributes included with the purchase of, or subscription to, such Covered Product or Service.

## **III. Monetary Relief**

**IT IS FURTHER ORDERED** that:

- A. Respondent must pay to the Commission one-hundred-ninety-three-thousand dollars (\$193,000.00), which Respondent stipulates its undersigned counsel holds in escrow for

no purpose other than payment to the Commission.

- B. Such payment must be made within 30 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. Respondent relinquishes 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.
- 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 Respondent's practices alleged in the Complaint. Any money not used is to be deposited to the U.S. Treasury. Respondent has no right to challenge any activities pursuant to this Provision.
- E. In the event of default on any obligation to make payment under this Order, interest, computed as if pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment. In the event such default continues for 10 days beyond the date that payment is due, the entire amount will immediately become due and payable.
- F. Each day of nonpayment is a violation through continuing failure to obey or neglect to obey a final order of the Commission and thus will be deemed a separate offense and violation for which a civil penalty shall accrue.
- G. Respondent acknowledges that its Taxpayer Identification Number (Social Security or Employer Identification Number), which Respondent has previously submitted to the

Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

## **V. Customer Information**

**IT IS FURTHER ORDERED** that Respondent must directly or indirectly provide sufficient customer information to enable the Commission to efficiently administer consumer redress to subscribers of the DoNotPay Service. If a representative of the Commission requests in writing any information related to redress, Respondent must provide it, in the form prescribed by the Commission representative, within 14 days.

## **VI. Notices to Customers**

**IT IS FURTHER ORDERED** that Respondent must notify customers as follows:

- A. Respondent must identify all new subscribers to the DoNotPay Service between January 1, 2021 and December 31, 2023 (“eligible customers”).
  1. Such eligible customers, and their contact information, must be identified to the extent such information is in the Respondent’s possession, custody or control;
  2. Eligible customers include those identified at any time including after Respondent’s execution of the Consent Agreement through the eligibility period, which runs for 1 year after the issuance date of the Order.
- B. Respondent must notify all identified eligible customers for whom it has an email address by emailing each a notice in the form shown in Attachment A.
- C. Respondent must notify all eligible customers within 180 days after the issuance date of this Order and any eligible customers identified thereafter within 30 days of their identification.
- D. One year after the issuance date of this Order, Respondent must report on its notification program under penalty of perjury:
  1. Respondent must submit a report at the conclusion of the program summarizing its compliance to date, including the total number of customers identified.
  2. If a representative of the Commission requests any information regarding the program, including any of the underlying customer data, Respondent must submit it within 10 days of the request.
  3. Failure to provide required notices or any requested information will be treated as a continuing failure to obey this Order.

## **VII. Acknowledgments of the Order**

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

- A. 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. 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 Reports 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.
- 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.

## **VIII. Compliance Reports and Notices**

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

- A. One year after the issuance date of this Order, and annually thereafter for 3 years, 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 the 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 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 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 10 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: (a) any designated point of contact; or (b) the structure of 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: 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 DoNotPay, Inc.

### **IX. 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, unless otherwise specified below. Specifically, Respondent must create and retain the following records:

- A. accounting records showing the revenues from all goods or services sold, the costs incurred in generating those revenues, and resulting net profit or loss;
- B. personnel records showing, for each person providing services in relation to any aspect of the Order, 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. records of all consumer complaints and refund requests, 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;
- E. a copy of each unique advertisement or other marketing material making a representation subject to this Order; and
- F. for 5 years from the date of the last dissemination of any representation covered by this Order:
  - 1. all materials that were relied upon in making the representation; and

2. all tests, studies, analyses, demonstrations, other research or other such evidence in Respondent's possession, custody, or control that contradicts, qualifies, or otherwise calls into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

## **X. 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, 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 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 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.

## **XI. 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 20 years from the date of its issuance (which date may be stated at the end of this Order, near the Commission's seal), 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; and
- B. 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.

April J. Tabor  
Secretary

SEAL:

ISSUED:

## ATTACHMENT A: NOTICE TO CUSTOMERS

The notification email must be in the following form, from an authorized DoNotPay, Inc. email address, and contain a signature line that refers to DoNotPay, Inc., with the sender's full contact information:

Subject: DoNotPay Settlement of FTC False Advertising Case

Dear <Customer>:

Because our records show you've been a customer, we're writing to tell you that the Federal Trade Commission (FTC), the nation's consumer protection agency, has reached a settlement with DoNotPay.

The FTC claims that some of our advertising was false and not supported by sufficient evidence. For example, the FTC says we did not have sufficient proof for our claims that DoNotPay operates like a human lawyer when it generates demand letters and initiates cases in small claims court.

**While DoNotPay neither admits nor denies the FTC's claims, to settle this case, DoNotPay has agreed to change its advertising. Unless we have sufficient evidence to back up our claims, we can't advertise that DoNotPay acts like a real lawyer by, for example, writing legal demand letters, filing cases in small claims court, or giving legal advice.**

We have stopped making these claims and will not make them in the future unless we have adequate proof.

You can find out more about the FTC settlement at [URL].