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FILED

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Division of Consumer Affairs

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STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS

In the Matter of

UNIXIZ, INC.,

Respondent.

Administrative Action

CONSENT ORDER

WHEREAS this matter was opened by the New Jersey Division of Consumer Affairs, Office of Consumer Protection (“Division”), as an investigation to ascertain whether violations of the Children’s Online Privacy Protection Act of 1998, 15 U.S.C. §§ 6501-06 (“COPPA”), the Children’s Online Privacy Protection Rule, 16 C.F.R. Part 312 (“COPPA Rule”), and the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”), have been or are being committed by UNIXIZ, Inc. (“UNIXIZ” or “Respondent”) in connection with the operation of the i-Dressup Website (hereinafter referred to as the “Investigation”).

WHEREAS UNIXIZ, a California corporation located at 530 Showers Drive, Suite 7-406, Mountain View, California, 94040, owned and operated the i-Dressup Website;

WHEREAS the i-Dressup Website is a “social hangout website” whereby: Users can dress, style and make-up animated characters in various outfits; Games are categorized under

“Popular, Fashion, Barbie, Room, Celebrity, Girls, Fantasy” headings; Cartoon avatars, including characters that appeal to Children (e.g., Snow White, Barbie) are used; and Games that include Children as the central figures (e.g., “Girls”) are featured;

WHEREAS the Division alleges that the i-Dressup Website is a Website or Online Service directed to Children;

WHEREAS the Division alleges that UNIXIZ gained actual knowledge that the i-Dressup Website Collected and maintained the Personal Information of at least 10,101 Children who reside in New Jersey;

WHEREAS the Division alleges that the i-Dressup Website Collected Personal Information from Children, including first and last name, e-mail address, birthdate, gender, country of residence, and other information the user might volunteer;

WHEREAS the Division also alleges that the i-Dressup Website Collected Personal Information in the form of persistent identifiers, including IP addresses, and first and third-party cookies;

WHEREAS the Division alleges that UNIXIZ failed to obtain Verifiable Parental Consent prior to the Collection, use, or Disclosure of Children’s Personal Information through an adequate means of Verifiable Parental Consent for 2,519 Children who reside in New Jersey;

WHEREAS on or around September 27, 2016, a structured query language (“SQL”) database containing unencrypted, plaintext account credentials for the i-Dressup Website was breached, exposing approximately 2.2 million user names and passwords, of which 24,476 were New Jersey users;

WHEREAS the Division alleges that UNIXIZ failed to appropriately safeguard its users’ account information;

WHEREAS the Division and UNIXIZ (collectively, "Parties") have reached an amicable agreement resolving the issues in controversy and concluding the Investigation without the need for further action, and Respondent having voluntarily cooperated with the Investigation and consented to the entry of the within order ("Consent Order") without having admitted any fact or violation of law, and for good cause shown;

IT IS ORDERED AND AGREED as follows:

1. EFFECTIVE DATE

1.1 This Consent Order is effective on the date that it is filed with the Division ("Effective Date").

2. DEFINITIONS

As used in this Consent Order, the following words or terms shall have the following meanings, which meanings shall apply wherever the words and terms appear in this Consent Order:

2.1 "Attorney General" shall refer to the Attorney General of the State of New Jersey and the Office of the Attorney General of the State of New Jersey.

2.2 "Child" shall be defined in accordance with 15 U.S.C. § 6501(1) and 16 C.F.R. § 312.2. This definition applies to other forms of the word, including "Children."

2.3 "Collect" and "Collection" shall be defined in accordance with 16 C.F.R. § 312.2. This definition applies to other forms of the words, including "Collected."

2.4 "Consumer[s]" shall refer to any "Person[s]" who is offered Merchandise, defined in accordance with N.J.S.A. 56:8-1(c), for Sale, defined in accordance with N.J.S.A. 56:8-1(e).

2.5 "Disclose" and "Disclosure" shall be defined in accordance with 16 C.F.R. § 312.2.

2.6 "i-Dressup Website" shall refer to the website located at <http://www.I-Dressup.com>.

2.7 "New Jersey" and "State" shall refer to the State of New Jersey.

2.8 "Person" shall be defined in accordance with 16 C.F.R. § 312.2, for purposes of the COPPA Rule, and N.J.S.A. 56:8-1(d), for purposes of the CFA.

2.9 "Personal Information" shall be defined in accordance with 15 U.S.C. § 6501(8) and 16 C.F.R. § 312.2.

2.10 "Verifiable Parental Consent" shall be defined in accordance with 15 U.S.C. § 6501(9).

2.11 "Web Site or Online Service Directed to Children" shall be defined in accordance with 16 C.F.R. § 312.2.

3. REQUIRED AND PROHIBITED PRACTICES

3.1 Respondent shall not engage in any unfair or deceptive acts or practices in the conduct of its business in the State and shall comply with all applicable State and/or Federal laws, rules and regulations as now constituted or as may hereafter be instituted or amended including, but not limited to, the CFA, COPPA, and the COPPA Rule.

3.2 With respect to any Web Site or Online Service Directed to Children operated by Respondent through which Respondent, with actual knowledge, Collects, uses and/or Discloses Personal Information from Children, Respondent shall:

(a) Provide notice of what information it Collects from Children, how it uses such information and its Disclosure practices for such information in accordance with the COPPA Rule, specifically 16 C.F.R. § 312.3(a) and § 312.4(b);

(b). Obtain Verifiable Parental Consent prior to the Collection, use or Disclosure of Personal Information of Children in accordance with the COPPA Rule, specifically 16 C.F.R. § 312.3(b) and § 312.5; and

(c). Provide reasonable means for a Parent to review the Personal Information collected from a Child and to refuse to permit its further use or maintenance in accordance with the COPPA Rule, specifically 16 C.F.R. § 312.3(c) and § 312.6.

3.3 Respondent shall implement policies and procedures to safeguard users' account information.

3.4 On or before the Effective Date, Respondent shall arrange for the shutdown of the i-Dressup Website.

3.5 Within forty-five (45) days of the Effective Date, Respondent shall provide the Division with written certification of its compliance with Sections 3.3 and 3.4.

4. SETTLEMENT AMOUNT

4.1 The Parties have agreed to a settlement of the Investigation in the amount of Ninety-Eight Thousand Six Hundred Eighteen and 00/100 Dollars (\$98,618.00) ("Settlement Amount"), which consists of a civil penalty pursuant to N.J.S.A. 56:8-13.

4.2 Respondent shall pay Thirty-Four Thousand and 00/100 Dollars (\$34,000.00) of the Settlement Amount ("Settlement Payment") contemporaneously with the signing of this Consent Order.

4.3 Based on Respondent's agreement to the relief set forth in Section 3, as well as its representations regarding its current financial condition as set forth in the federal tax returns for years 2016 and 2017 submitted to the Division ("Respondent's 2016-2017 Tax Returns"), the Division agrees to suspend the remaining Sixty-Four Thousand Six Hundred Eighteen

(\$64,618.00) of the Settlement Amount (“Suspended Penalty”) subject to conditions set forth in Section 4.6.

4.4 Respondent shall make the Settlement Payment by certified check, cashier’s check, money order, credit card or wire transfer payable to the “New Jersey Division of Consumer Affairs” and forwarded to:

Case Management Tracking
New Jersey Department of Law and Public Safety
Division of Consumer Affairs
124 Halsey Street
P.O. Box 45025
Newark, New Jersey 07101
Attention: Van Mallett, Supervisor

4.5 Upon making the Settlement Payment, Respondent shall immediately be fully divested of any interest in, or ownership of, the moneys paid. All interest in the moneys, and any subsequent interest or income derived therefrom, shall inure entirely to the benefit of the Division pursuant to the terms herein.

4.6 The Suspended Penalty shall be automatically vacated two (2) years from the Effective Date, provided:

- a. Respondent complies in all respects with the provision of Section 3 of this Consent Order;
- b. Respondent makes the Settlement Payment in the manner required by Section 4.2; and/or
- c. Respondent did not intentionally or otherwise knowingly fail to disclose any material asset or source of income, materially misrepresent the value of any asset or source of income, or make any other material misrepresentation in, or omission from, Respondent’s 2016-2017 Tax Returns.

4.7 In the event Respondent fails to comply with the requirements of Section 4.6, the Division shall provide Respondent with notice seeking payment of the Suspended Penalty, as

well as any unpaid portion of the Settlement Payment (“Notice of Noncompliance”). Respondent shall be afforded a fifteen (15) day period from receipt of the Notice of Noncompliance within which to cure any noncompliance (“Cure Period”). In the event that Respondent cures the noncompliance within the Cure Period, the Suspended Penalty shall return to its suspended status. In the event that Respondent fails to cure the noncompliance within the Cure Period, the Division will file a Certificate of Debt for the Suspended Penalty and any unpaid portion of the Settlement Payment, and, if applicable, may enter a Provisional Order of Suspension or Revocation of any license or registration issued by the Division to Respondent.

4.8 In the event Respondent subsequently fails to comply with the requirements of Section 4.6, in lieu of issuing another Notice of Noncompliance, the Division may file a Certificate of Debt for the Suspended Penalty and any unpaid portion of the Settlement Payment, enter a Provisional Order of Suspension or Revocation of any license or registration issued by the Division to Respondent, if applicable, and/or commence additional enforcement efforts.

5. GENERAL PROVISIONS

5.1 This Consent Order is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Consent Order.

5.2 This Consent Order shall be governed by, and construed and enforced in accordance with the laws of the State.

5.3 The Parties have negotiated, jointly drafted and fully reviewed the terms of this Consent Order, and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction or interpretation of this Consent Order.

5.4 This Consent Order contains the entire agreement between the Parties. Except as otherwise provided, this Consent Order shall be modified only by a written instrument signed by or on behalf of the Parties.

5.5 Except as otherwise explicitly provided in this Consent Order, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

5.6 If any portion of this Consent Order is held invalid or unenforceable by operation of law, the remaining terms of this Consent Order shall not be affected.

5.7 This Consent Order shall be binding upon Respondent as well as its owners, officers, directors, managers, agents, employees, representatives, subsidiaries, successors and assigns, and any Persons through which it may now or hereafter act, as well as any Persons who have authority to control or who, in fact, control and direct its business.

5.8 This Consent Order shall be binding upon the Parties and their successors in interest. In no event shall assignment of any right, power or authority under this Consent Order avoid compliance with this Consent Order.

5.9 This Consent Order is entered into by the Parties for settlement purposes only. Neither the fact of, nor any provision contained in this Consent Order shall be construed as (a) an approval, sanction or authorization by the Attorney General, the Division or any other governmental unit of the State of any act or practice of Respondent; or (b) an admission by Respondent that any of its acts or practices described in or prohibited by this Consent Order are unfair or deceptive or violate COPPA, the COPPA Rule and/or the CFA.

5.10 This Consent Order is not intended, and shall not be deemed to constitute evidence or precedent of any kind except in: (a) an action or proceeding by one of the Parties to

enforce, rescind or otherwise implement any or all of the terms herein; or (b) an action or proceeding involving a Released Claim (as defined in Section 6) to support a defense of res judicata, collateral estoppel, release or other theory of claim preclusion, issue preclusion or similar defense.

5.11 Unless otherwise prohibited by law, any signatures by the Parties required for filing of this Consent Order may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Order.

5.12 The Parties represent and warrant that an authorized representative of each has signed this Consent Order with full knowledge, understanding and acceptance of its terms and that the representative has done so with the authority to bind the respective party.

5.13 This Consent Order is a public document subject to the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

6. RELEASE

6.1 In consideration of the payments, undertakings, mutual promises and obligations provided for in this Consent Order, and conditioned on Respondent making the Settlement Payment in the manner specified in Section 4, the Division hereby agrees to release Respondent from any and all civil claims or Consumer-related administrative claims, to the extent permitted by State law, which the Division could have brought prior to the Effective Date against Respondent for violations of the CFA, COPPA, and/or COPPA Rule arising out of the Investigation, as well as the matters specifically addressed in this Consent Order (“Released Claims”).

6.2 Notwithstanding any term of this Consent Order, the following do not comprise Released Claims: (a) private rights of action; (b) actions to enforce this Consent Order; and (c) any claims against Respondent by any other agency or subdivision of the State.

7. PENALTIES FOR FAILURE TO COMPLY

7.1 The Attorney General (or designated representative) shall have authority to enforce the provisions of this Consent Order or to seek sanctions for violations hereof or both.

7.2 The Parties agree that any future violations of the provisions of Section 3 of this Consent Order, COPPA, the COPPA Rule and/or the CFA shall constitute a second or succeeding violation under N.J.S.A. 56:8-13 and that Respondent may be liable for enhanced civil penalties.

8. COMPLIANCE WITH ALL LAWS

8.1 Except as provided in this Consent Order, no provision herein shall be construed as:

- a. Relieving Respondent of its obligation to comply with all State and Federal laws, regulations or rules, as now constituted or as may hereafter be amended, or as granting permission to engage in any acts or practices prohibited by any such laws, regulations or rules; or
- b. Limiting or expanding any right the Division may otherwise have to obtain information, documents or testimony from Respondent pursuant to any State or Federal law, regulation or rule, as now constituted or as may hereafter be amended, or limiting or expanding any right Respondent may otherwise have pursuant to any State or Federal law, regulation or rule, to oppose any process employed by the Division to obtain such information, documents or testimony.

9. NOTICES UNDER THIS CONSENT ORDER

9.1 Except as otherwise provided herein, any notices or other documents required to be sent to the Division or Respondent pursuant to this Consent Order shall be sent by United States mail, Certified Mail Return Receipt Requested, or other nationally recognized courier service that provides for tracking services and identification of the Person signing for the documents. The notices and/or documents shall be sent to the following addresses:

For the Division:

Labinot A. Berlajolli, Deputy Attorney General
Office of the Attorney General
Division of Law
124 Halsey Street, 5th Floor
Newark, New Jersey 07101

For the Respondent:

Kandi Parsons, Esq.
Stacey M. Brandenburg, Esq.
Zwillgen PLLC
1900 M Street NW, Suite 250
Washington, DC 20036

IT IS ON THE 13 DAY OF July, 2018 SO
ORDERED.

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY

By: 

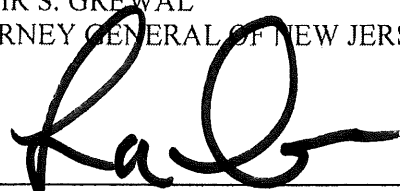
PAUL R. RODRÍGUEZ, ACTING DIRECTOR
DIVISION OF CONSUMER AFFAIRS

**THE PARTIES CONSENT TO THE FORM, CONTENT AND ENTRY OF THIS
CONSENT ORDER ON THE DATES BESIDE THEIR RESPECTIVE SIGNATURES.**

FOR DIVISION:

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY

By: _____



Labinot A. Berlajolli
Elliott M. Siebers
Deputy Attorneys General

124 Halsey Street, 5th Floor
Newark, New Jersey 07101

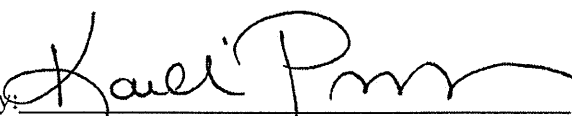
Dated: _____, 2018



FOR THE RESPONDENT:

ZWILLGEN PLLC

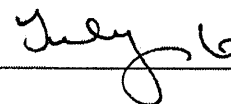
By: _____



Kandi Parsons, Esq.
Stacey M. Brandenburg, Esq.

1900 M Street NW, Suite 250,
Washington, D.C. 20036

Dated: _____, 2018



UNIXIZ, INC.

By: _____



Xichen Zhang, Secretary
530 Showers Drive, Suite 7-406
Mountain View, California 94040

Dated: June 30th, 2018