



News Release

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FTC, 35 STATES REACH AGREEMENT WITH LIFELOCK FOR MISLEADING ADS, SALES TACTICS Identity Theft Protection Provider Agrees to \$11 Million for Consumers

Tennessee Attorney General Bob Cooper has joined the U.S. Federal Trade Commission (FTC) and 34 states in announcing an agreement reached with a Tempe, Ariz.-based identity theft protection provider alleged to have engaged in misleading advertising practices.

Attorney General Cooper filed the multistate agreement on behalf of Mary Clement, director of the Commerce and Insurance's Division of Consumer Affairs, in Davidson County Circuit Court today. The company, LifeLock, Inc., is alleged to have misled consumers by claiming its services were a "proven solution" that would protect them against all forms of identity theft including criminal, mortgage and child identity theft. The settlement also resolves allegations that the company misrepresented the nature of specific services it provided to protect or alert consumers when their personal information had been compromised.

"There are no guarantees that any company can protect consumers from identity theft," said Attorney General Bob Cooper, whose office served in a leadership position. "In truth, most people can monitor and safeguard their own private information at no cost better than a company selling so-called 'proven' protection can."

Although the FTC and state attorneys general share jurisdiction to investigate unfair and deceptive practices against consumers, a joint enforcement action of this magnitude is unprecedented. As part of the agreement, LifeLock agreed to pay \$11 million in restitution to consumers nationwide although it is not yet known how many Tennesseans will be eligible for refunds. The FTC and states will jointly send letters to eligible consumers, notifying them of the agreement and how they can opt-in to the settlement. LifeLock also agreed to pay \$1 million to cover the costs of the states' investigation, of which Tennessee will receive \$79,000.

In addition, LifeLock is prohibited under the agreement from misrepresenting that its services:

- *Protect against all types of identity theft;
- *Constantly monitor activity on each of its customers' consumer reports;
- *Always prompt a call from a potential creditor before a new credit account is opened in the customer's name; and
- *Eliminate the risk of identity theft.

The states have alleged LifeLock enticed consumers through ads claiming its identity theft services were "guaranteed" to protect private information and prevent criminals from using it to open accounts in their names. Some ads even included CEO Todd Davis' Social Security Number, which Davis said, showed "how confident I am in LifeLock's proactive identity theft protection." LifeLock's ads also implied that individuals with fraud alerts on their consumer reports will always receive a

phone call prior to the opening of new accounts although the federal law does not require a phone call.

Lifelock is also alleged to have exaggerated the risk of identity theft to consumers by posting ads that appeared to be news articles claiming identity theft rates were rising for the American population and for particular groups of consumers. The agreement prohibits Lifelock from overstating the risk of identity theft to consumers.

Consumers can take precautions at no cost to protect themselves from identify theft. For example, anyone can obtain free copies of their credit reports to review their own credit histories and identify errors and inaccuracies, such as unauthorized accounts. State officials also recommend consumers closely monitor their own bank accounts and credit card statements for unauthorized withdrawals or charges.

Federal and state laws provide consumers with a variety of tools to help protect themselves against identity theft. Consumers who have a reasonable suspicion that they are or are about to become victims of identity theft can place free fraud alerts on their credit reports by contacting one of the three major credit reporting agencies. In addition, consumers can file a complaint or call the Tennessee Division of Consumer Affairs for more information at 1-800-342-8385 (toll free inside Tennessee) or (615) 741-4737 or online at www.tn.gov/consumer/. To file a complaint with the FTC or for more consumer tips, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261.