

Darn Kids

By Reg P. Wydeven
May 8, 2016

Every once in a while, I get moderately addicted to a game on my phone. My latest fix is ‘Star Wars: Galaxy of Heroes.’ In the game, you collect various characters from the saga and assemble teams to combat other teams. As you succeed in the game, you can collect various items to gradually strengthen your characters. You can also gain crystals that you can cash in for more characters.

Top players in the game earn additional prizes each day to enhance their teams. I do okay, but I’ve never come close to being a top player. The game is free, however, you can purchase items in the game to make your players and teams stronger. While I like playing the game to pass the time, it’s certainly not so important that it would justify shelling out \$20 to strengthen my Wookiee.

Although I have consciously decided not to buy items in the game, some players have bought hundreds of dollars’ worth of crystals to amass lethal characters and assemble deadly teams. Some have even done so without their parents’ permission.

Apparently, kids playing games on mobile devices and making “in-app” purchases without their parents’ knowledge or consent is a huge problem. So big, in fact, that the Federal Trade Commission investigated the issue, believing that kids’ unauthorized purchases violate the Federal Trade Commission Act. According to the agency, charges for in-app purchases range from 99¢ cents to \$99, and collectively, these unauthorized purchases have added up to millions.

The FTC investigated Apple, Google and Amazon for violations. As a result of these investigations, Apple ended up settling with the agency by agreeing to reimburse consumers \$32 million for unauthorized purchases. Likewise, Google settled for \$19 million.

But Amazon held tough. The online retail giant believed it had “effective” controls in place to prevent unauthorized charges to parents and gave a real-time notice whenever an in-app purchase was made.

The FTC didn’t agree, so the agency sued Amazon. According to Jessica Rich, the FTC’s director of the bureau of consumer protection, even though Amazon required a password to make in-app purchases, “what Amazon did not tell consumers is that entering a password would open a window of 15 minutes to an hour, in which children would rack up unlimited charges without parental involvement.”

The suit, which was filed in federal court in Seattle, sought permanent injunctive relief, consumer refunds and “the disgorgement of ill-gotten monies,” among other relief. After hearing the case, the court agreed. U.S. District Judge Coughenour granted the FTC’s petition for summary judgment. In his opinion, Coughenour wrote that, “The court determines that the scope of Amazon’s unfair billing practices pertains to all in-app charges made by account users without express, informed authorization.”

Just exactly how much Amazon will owe has not yet been determined, and the judge called for further briefing on this issue. But because Amazon truly had improved many of its practices, Coughenour denied the FTC’s request for injunctive relief.

I’ve decided that I’m going to show my kids how to make in-app purchases in ‘Star Wars: Galaxy of Heroes.’ Then I’m just going to put my phone down and walk away.