

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

In the Matter of)	
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LIBERTY FINANCIAL COMPANIES, INC.)	DOCKET NO. C-3891
a corporation.)	
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)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Liberty Financial Companies, Inc., a corporation (“respondent”), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Liberty Financial Companies, Inc., is a Massachusetts corporation with its principal office or place of business at 600 Atlantic Avenue, Boston, Massachusetts 02210.
2. Respondent has operated a World Wide Web ("Web") site located at *http://www.younginvestor.com* (the "Website").
3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.
4. Respondent has disseminated or caused to be disseminated on its Website certain Web pages directed at children known as The Young Investor Measure Up Survey area. [*Exhibit A*]. At this area, respondent conducts a survey that collects from participants numerous items of information such as the individual’s: weekly amount of allowance; types of financial gifts received such as stocks, bonds and mutual funds, and from whom; spending habits; part time work history; plans for college; and family finances including ownership of any mutual funds or investments in the Stein Roe Young Investor Fund offered by respondent. The survey states that "[a]ll of your answers will be totally anonymous." The survey ends with a section entitled "Entry Form" that asks participants what prize they would prefer if they win the "quarterly drawing," and asks if they "would like to be added to the Young Investor e-mail newsletter." The survey collects personal identifying information, including name, age, and gender, and participants in the survey are also told to provide e-mail address and street address in order to

receive the newsletter and for identification purposes if they win the drawing.

5. Through the means described in Paragraph 4, respondent has represented, expressly or by implication, that it maintains the information it collects at the Measure Up Survey area in an anonymous manner.

6. In truth and in fact, respondent does not maintain the information it collects at the Measure Up Survey area in an anonymous manner because individuals can be identified with their responses to the survey. While respondent has not sold, rented, or otherwise marketed the information to any third party, respondent compiles and maintains a database that combines the personal identifying information that it collects in the Entry Form section of the survey, including name, address, and e-mail address, with all other survey responses. Therefore, the representation set forth in Paragraph 5 was, and is, false or misleading.

7. The Measure Up Survey [*Exhibit A*] contains the following statements:

- A. "Would you like to be added to the Young Investor e-mail newsletter?"
- B. "Each Quarter, one participant will win his or her choice of a digital video camera, CD ROM drive or flatbed scanner."
- C. "If you are chosen as a winner in the quarterly drawing, which prize would you like?"
 - " Connectix color digital video camera
 - " CD ROM drive
 - " Flatbed scanner"

The survey then requests personal identifying information from the participants, including name, residence, and e-mail address, and states that this information "[m]ust be completed to get our newsletter" and "will only be used to contact you if you win."

8. Through the means described in Paragraph 7, respondent has represented, expressly or by implication, that:

- A. Participants in the Measure Up Survey who submit the requested personal identifying information receive upon request respondent's Young Investor e-mail newsletter.
- B. In each quarter, a participant in the Measure Up Survey who submits the requested personal identifying information is selected to win his or her choice of specified prizes.

9. In truth and in fact:

- A. Participants in the Measure Up Survey who submit the requested personal identifying information do not receive upon request respondent's Young Investor e-mail newsletter. Respondent has not provided an e-mail newsletter to any of the participants in the survey and, in fact, has never developed such an e-mail newsletter.
- B. A participant in the Measure Up Survey who submits the requested personal identifying information has not been selected in each quarter to win his or her choice of specified prizes.

Therefore, the representations set forth in Paragraph 8 were, and are, false or misleading.

10. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this twelfth day of August, 1999, has issued this complaint against respondent.

By the Commission.

Benjamin I. Berman
Acting Secretary