



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, DC 20580

Statement of the Federal Trade Commission
Regarding Unixiz, Inc. d/b/a i-Dressup.com and Zhijun Liu and Xichen Zhang
individually
& James V. Grago, Jr. d/b/a ClixSense.com
FTC Matter Nos. 1723002 & 1723003
April 24, 2019

Today, the Commission announces cases against Clixsense and i-Dressup,¹ which include allegations that the companies failed to employ reasonable security to protect consumers' sensitive data. The orders obtained in these matters contain strong injunctive provisions, including new requirements that go beyond requirements from previous data security orders. For example, the orders include requirements that a senior officer provide annual certifications of compliance to the Commission, and explicit provisions prohibiting the defendants from making misrepresentations to the third parties conducting assessments of their data security programs. These new requirements will provide greater assurances that consumers' data will be protected going forward.

Since joining the Commission, we have instructed staff to closely review our orders to determine whether they could be strengthened and improved – particularly in the areas of privacy and data security. Through ongoing discussions both internally and with external stakeholders, including through our public *Hearings on Competition and Consumer Protection in the 21st*

¹ Although the Commission's settlement with i-Dressup addresses broader COPPA violations, this statement focuses specifically on the data security requirements set forth in the proposed stipulated order.

Century and the comment process,² we continue to consider changes to our orders. We will adjust our data security orders, as needed, to reflect our ongoing discussions regarding the FTC's remedial authority and needs, as well as the specific facts and circumstances of each case.

We are particularly committed to strengthening the order provisions regarding data security assessments of companies by third parties. The Commission expects that these third parties will faithfully assess data security practices to identify potential noncompliance with appropriate order provisions. Future orders will better ensure that third-party assessors know they are accountable for providing meaningful, independent analysis of the data practices under examination. The announcements today reflect the beginning of our thinking, but we anticipate further refinements, and these orders may not reflect the approach that we intend to use in every data security enforcement action going forward.

² See, e.g., *FTC Hearings on Competition and Consumer Protection in the 21st Century* (Session 9 – Data Security), Dec. 11-12, 2018, <https://www.ftc.gov/news-events/events-calendar/ftc-hearing-competition-consumer-protection-21st-century-december-2018>.