

STATE OF VERMONT

SUPERIOR COURT
WASHINGTON UNIT

CIVIL DIVISION
Docket No. _____

STATE OF VERMONT,)
)
 Plaintiff,)
)
 v.)
)
 TIKTOK INC.)
)
 Defendant.)

COMPLAINT

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COMPLAINT

The Vermont Attorney General (“AGO” or the “State”) brings this suit against TikTok Inc. (“TikTok” or “Defendant”) for violations of the Vermont Consumer Protection Act, 9 V.S.A. § 2451, *et seq.* Defendant has violated the Vermont Consumer Protection Act by engaging in unfair and deceptive acts and practices in commerce, including by (i) designing its social media application with features that contribute to and cause compulsive and excessive use, harming the mental and physical health of all users and especially children; (ii) operating an unlicensed money transmitter system through its TikTok LIVE feature which financially and sexually exploits children; and (iii) making materially misleading statements and omissions, including about the safety of its application and its profit from in-App transactions. For these violations, the State seeks injunctive relief, civil penalties, disgorgement, fees and costs, and other appropriate relief. In support of its claims, the State provides the following:

I. INTRODUCTION

1. In its relentless pursuit of profit, TikTok has engineered a dangerously addictive social media application (the “App”) that it knows harms our children.¹ Like the cigarette industry a generation earlier, TikTok understands that a child

¹ “Children,” “kids,” “young users,” or “minors” when used in this Complaint mean a user of TikTok’s App who is under eighteen years old. “Teenagers” is a subgroup of children defined in this Complaint as children aged 13–17. “Adolescence” is also a subgroup of children and defined in this Complaint as a period of development in children where they transition from child to adult, which can range between 10–19 years of age.

user today becomes an adult user tomorrow—so it packed its App with an array of features designed to maximize engagement and keep them hooked.

2. Despite knowing children are developmentally vulnerable, TikTok misleads the public about the App’s safety. The company touts safety features that are ostensibly meant to mitigate those harms—but the company is fully aware these protection systems are flawed, under-resourced, and inadequate. Children, with their developing brains, are no match for TikTok’s sophisticated mix of “digital nicotine” and deception. As the U.S. Surgeon General Vivek H. Murthy recently put it:

You have some of the best designers and product developers in the world who have designed these products to make sure people are maximizing the amount of time they spend on these platforms. And if we tell a child, use the force of your willpower to control how much time you’re spending, you’re pitting a child against the world’s greatest product designers.²

The State brings this lawsuit to halt TikTok’s exploitative practices and prevent further harm to our youth.

3. Before TikTok, few tech companies have monopolized children’s online time for profit as quickly and as effectively. Today, TikTok has penetrated █████ of the market among U.S. smartphone users aged 13–17, including █████ Vermont children, many of whom spend multiple hours daily on the App.

² Allison Gordon & Pamela Brown, Surgeon General says 13 is ‘too early’ to join social media, CNN (Jan. 29, 2023), <https://www.cnn.com/2023/01/29/health/surgeon-general-social-media/index.html>.

4. The App allows users to share and view millions of personalized, “short-form” videos, each about one minute long. Using algorithms and manipulative design features, TikTok hooks young users around the clock, making it nearly impossible for them to stop using the App. When users try to disengage, the App continually lures them back with a constant stream of notifications.

5. TikTok is a world leader in experimenting with how to keep users engaged. Like other social media companies, TikTok operates a high-tech advertising and e-commerce business. As users spend time on its App, TikTok collects their highly personal data—such as their location, interests, beliefs, and viewing or purchasing habits. This data enables TikTok to sell highly targeted advertising space to businesses. TikTok thus ensures companies that their ads will reach interested consumers among TikTok’s billions of users, including users in Vermont.

6. TikTok uses behavioral and neurobiological techniques, like those in slot machines, to make its App more addictive and keep users engaged longer. While this boosts profits for TikTok, it also imposes serious harmful effects on children. The App’s design features confuse and control young users, driving them to make choices on the App that benefit TikTok at the expense of their emotional, behavioral and physical health. These addictive features include: (1) recommendation algorithms that leverage user data to serve personalized content recommendations; (2) an infinite scroll that keeps users induced in an endless state of swiping through the App; (3) push notifications with “buzzes” and sounds that

encourage repetitive checking; (4) filters and effects that create idealized and unattainable images of users; and (5) TikTok LIVE, which includes an unlicensed virtual currency system that encourages excessive and exploitative spending and conduct.

7. In internal company documents, TikTok has admitted to [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. And as the company well knows from

a June 2021 product strategy document on “[REDACTED]” business models

that use manipulative design features without guardrails are detrimental to users:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8. Children are especially vulnerable to the App’s manipulative design features. By exploiting their underdeveloped brain reward systems—i.e., the portions of the brain that control desire and motivation—TikTok creates habitual dependence. The U.S. Surgeon General has warned that unchecked use of apps like

TikTok pose “a profound risk of harm to the mental health and well-being of children and adolescents.”³

9. TikTok’s tactics have worked. Its own data show that 13- to 17-year-olds check the App nearly [REDACTED] times a day and spend almost [REDACTED] hours a day on the App, more than any other age group. Many children are spending [REDACTED] or more hours a day on the App. TikTok knows that a significant percentage of children (more than [REDACTED]) are active late at night (between [REDACTED]), when they should be sleeping. The company’s internal data also show that Vermont children aged 13–17 spend [REDACTED] hours a day on the App, with average session time peaking when children should be sleeping between [REDACTED]

10. Studies now show the detrimental effects of compulsive app use on platforms like TikTok. Prolonged use of TikTok can perpetuate body dissatisfaction, disordered eating behaviors, and low self-esteem. Unfortunately, extreme, inappropriate, and harmful content like this is easily accessible on apps like TikTok. The company actively spreads this content to vulnerable children through its algorithmic designs and other manipulative design features described herein.

11. In Vermont, the impact of TikTok and similar social media apps has become clear, with record levels of children confronting mental health issues and screen time usage at all-time highs. In 2021, nearly half (49%) of the State’s high

³ *Social Media and Youth Mental Health: The U.S. Surgeon General’s Advisory*, U.S. DEP’T OF HEALTH & HUM. SVCS., 4 (2023), <https://www.hhs.gov/sites/default/files/sg-youth-mental-health-social-media-advisory.pdf>.

school girls and over a third (35%) of Vermont high school students overall reported poor mental health, including persistent feelings of stress, anxiety, and depression.⁴ Reports of suicidal thoughts, plans, or attempts among young people in Vermont have increased since 2017.⁵ In 2021, 32% of all female high school students reported hurting themselves, with 18% of female high school students making a suicide plan.⁶

12. Moreover, on the average school day, 73% of Vermont’s high school students are spending three or more hours in front of screens, including smart phones and social media platforms. Even more troubling, 30% of all high school students are spending nearly the equivalent of an entire school day (five or more hours) in front of screens on apps like TikTok’s.⁷ Only about a quarter of Vermont’s high school students are meeting the U.S. Department of Health and Human Services guideline for 60 minutes of physical activity every day.⁸ The numbers are similarly disturbing for the State’s middle school children, over half (57%) of whom

⁴ *2021 Vermont Youth Risk Behavior Survey Results: Statewide Results*, 16–19, VERMONT DEPT. OF HEALTH, 15 (2021), <https://www.healthvermont.gov/sites/default/files/document/hsi-yrbs-2021-full-report.pdf>.

⁵ *2021 Vermont Youth Risk Behavior Survey: Statewide Results*, VERMONT DEPT. OF HEALTH, 16–19 (2021), <https://www.healthvermont.gov/sites/default/files/document/hsi-yrbs-2021-full-report.pdf>.

⁶ *Id.* at 50.

⁷ *Id.* at 125.

⁸ *Id.* at 121.

are spending 3 or more hours on screens every day and over a third (36%) of whom are spending 4 or more hours.⁹

13. As parents, schools, and public health officials have tried to reduce children’s social media use, TikTok has intensified its user engagement tactics. In 2019, TikTok introduced two dangerous features: live streaming, called TikTok LIVE (“LIVE”), and a virtual currency system, called TikTok “Coins.” Like other social media apps, LIVE allows real-time interaction between users and streamers. What sets TikTok apart from the rest is Coins—the company’s unlicensed virtual currency. Users can buy Coins to send virtual “Gifts” to streamers during LIVE sessions, which streamers can cash out for real money. TikTok encourages users to go LIVE by promising more monetary rewards “the more popular [their] content becomes.”¹⁰

14. TikTok has taken its virtual monetization scheme to an extreme. While LIVE and its monetization is restricted to 18+ users, TikTok’s age-gating is lax and ineffective—allowing children easy access to mature content and age-restricted features. Despite advertising an 18+ minimum age requirement to send and receive Gifts, TikTok designs its virtual currency to look like cute, colorful animated emojis, reminiscent of cartoons and Disney characters. TikTok further encourages extreme usage and spending by adding features designed to entice,

⁹ *Id.* at 230.

¹⁰ *Turning Passion to Profit: WAYS TO MAKE MONEY ON TIKTOK LIVE*, TIKTOK (Dec. 15, 2022), https://www.tiktok.com/live/creators/en-US/article/turning-passion-to-profit-ways-to-make-money-on-tiktok-live_en-US.

exploit, and addict kids, including routinely introducing new Gifts and packing LIVE with flashy “reward” incentives like the ability to “level up” and unlock “exclusive” Gifts. See, e.g., Figure 1 and 2 below.

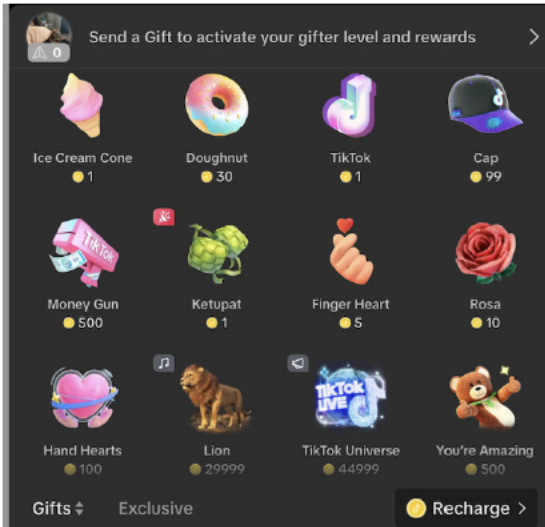


Figure 1. Examples of TikTok Gifts

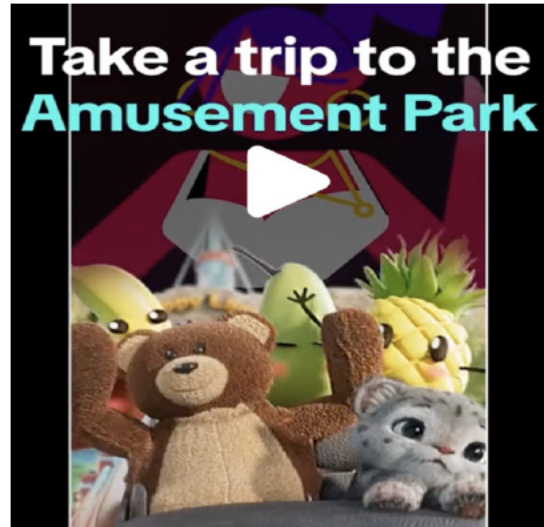


Figure 2. The Lili and Friends Gift

15. Beyond revenue from advertisements, TikTok adds to its public deception and immense wealth by taking up to a largely undisclosed 50% commission from these virtual transactions.¹¹ In early 2023, LIVE netted [REDACTED] globally *in a single quarter* from the use of Coins. In Vermont, the amount of money consumers spend on TikTok in-App purchases, including through Coins, has skyrocketed. For example, between 2018 and 2023, Apple iPhone users in Vermont spent [REDACTED] on in-App purchases.

16. The flip side of this “virtual” Coin is the significant cost to young users. TikTok induces children to spend excessive amounts of time and money on its App,

¹¹ *Id.* (“To recognize your efforts in helping the LIVE platform succeed, TikTok currently shares with creators 50% of its net revenue from virtual items, after deducting the required payments to app stores, payment processors and any other adjustment required under our terms and policies.”)

profiting from young users who do not understand its complex virtual monetary system—a dark pattern commonly known as “currency confusion.” This confusion, along with research showing that people struggling with addiction to social media spend more than those who are not, makes children particularly vulnerable to TikTok’s LIVE environment.

17. As part of its deception, TikTok misrepresents to consumers that its App, including its LIVE feature, is far safer for children than it is. TikTok has serious flaws in its moderation systems, including failures to detect harmful content, disorganization, lack of resources, and policy grey areas. Worse, the company knows that the coercive designs it uses to keep children spending time on the platform work to help facilitate the harms on the App.

18. For example, TikTok knows that live streaming poses significant and [REDACTED] risks of harm to children, including encouraging [REDACTED]

[REDACTED]

[REDACTED] In 2022, internal investigations revealed that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

19. TikTok has never warned users about the many dangers of its App. Instead, it falsely portrays the App as a safe place where users and parents can control their engagement, their spending, and their data. None of this is true.

Children entering the App are pitted against some of the most powerful and manipulative design features in the world—which, in addition to causing behavioral, emotional and physical harm, collect and exploit children’s personal data for financial gain.

20. TikTok’s conduct constitutes unfair and deceptive acts and practices under the Vermont Consumer Protection Act. Accordingly, the State brings this action seeking to address that conduct and end it.

II. PARTIES, JURISDICTION, AND VENUE

A. Plaintiff

21. The Vermont Attorney General is authorized under the Vermont Consumer Protection Act, 9 V.S.A. § 2458, to sue to enforce the Act’s prohibitions on unfair and deceptive acts and practices in commerce.

22. The Vermont Attorney General also has the right to appear in any civil action in which the State has an interest. 3 V.S.A. § 157. The Attorney General has an interest in ensuring that entities that do business in Vermont do so in a lawful manner.

23. Pursuant to 9 V.S.A. § 2460, the Vermont Attorney General conducted an investigation prior to filing this Complaint, including the issuance of a Civil Investigative Demand through a multistate investigation and the review of responsive documents and written responses.

B. Defendant

24. TikTok Inc. is incorporated in California with its principal place of business located at 5800 Bristol Parkway, Culver City, Los Angeles, California 90230. TikTok is a wholly owned subsidiary of the Chinese company, ByteDance Ltd. TikTok transacts or has transacted business in Vermont, including, among other things, by entering into contracts with Vermont consumers.

25. At all times material to this Complaint, TikTok has advertised, marketed, and distributed the TikTok social media App to consumers in Vermont.

C. Jurisdiction and Venue

26. This Court has personal jurisdiction over Defendant because Defendant entered (and continues to enter) into contracts with Vermont consumers; obtained personal data from Vermont consumers to enable Defendant to sell businesses advertising targeted to Vermont consumers; in fact sold businesses—including Vermont businesses—advertising targeted to Vermont consumers; offered a social media service to Vermont consumers; profited substantially off Vermont consumers through in-App purchases; and engaged in unlawful and deceptive practices in Vermont and against Vermont consumers.

27. Venue in this Court is proper because Defendant does business in Washington County.

III. TIKTOK'S CONTACTS WITH VERMONT

28. At all times material to this Complaint, acting alone or in concert with affiliated companies, TikTok has designed, advertised, marketed, and distributed

its social media application to consumers throughout Vermont, earns substantial revenue by selling Vermont consumers' user data and time to advertisers, and profits from the sale of its virtual currency to Vermont consumers.

29. TikTok has significant contacts with Vermont, examples of which are included below.

30. TikTok has entered (and continues to enter) into contracts with [REDACTED] of Vermont residents, many of whom are children, to provide them with access to social media services in Vermont in exchange for their valuable data.

31. When users sign up for TikTok, and in exchange for access to the App, users must agree to TikTok's Terms of Service, including TikTok's Privacy Policy. The Privacy Policy identifies information TikTok collects—which includes, among other things, name, age, email, phone number, location data, device information, and image and audio information.¹² The Privacy Policy also identifies what TikTok does with collected information from Vermont consumers, including “among other things, show you suggestions, promote the Platform and customize your ad experience.” In other words, consumers agree to exchange their data for access to the platform.

32. Since launching in the U.S., TikTok has greatly expanded its reach in the State. Between 2018 and 2023, the TikTok App has been downloaded by

¹² *Privacy Policy*, TIKTOK (July 1, 2024), <https://www.tiktok.com/legal/page/us/privacy-policy/en>.

██████ Vermont consumers in the Apple store alone. As of 2023, there were ██████ registered TikTok accounts for users aged 18–24; and ██████ accounts belonging to children aged 13–17. Due to TikTok’s lax age-gate, the number of accounts belonging to Vermont consumers under the age of 18 and especially young Vermont consumers under 13 is likely far greater.

33. TikTok’s services are not free: TikTok charges Vermont consumers by collecting their time and data, including their locations, interests, and behaviors (for example, video views, likes, comments, live streams, and posts). TikTok then converts this data into advertising revenue: it sells significant advertising space and data to marketers and enables them to tailor messages and offers to specific locations and users throughout Vermont.¹³ For example, ██████ ██████ company, ran ads on TikTok targeting Vermont consumers. TikTok also ran ads promoting its App on ██████ in the State. The 2019 ad campaign was viewed ██████ times by Vermont consumers and led directly to ██████ downloads of the TikTok App.

34. TikTok also profits directly from Vermont consumers by taking significant commission on transactions within the App, called “In-App Purchases.” TikTok charges service fees on every transaction, including on transactions involving Vermont users and businesses.

¹³ *About Location Targeting*, TIKTOK (July 2024), <https://ads.tiktok.com/help/article/location-targeting?lang=en>.

35. TikTok also profits from this by taking a 50% commission of the cash-to-Coin-to-Gift transaction on its App. As explained further below, TikTok sells users TikTok Coins—a virtual currency—directly through TikTok’s website or mobile app or through the Apple or Google app stores. TikTok allows users, including Vermont users, to purchase an in-App token called a “Gift” with the virtual Coins, with TikTok making money on each transaction.

36. These service fees directly relate to the Complaint’s allegations: TikTok’s addictive design and deceptive practices encourage more Vermont children to spend more time on the App, leading to increased ad views, e-commerce activity, larger trends, and more service fees.

37. TikTok’s virtual currency operation is highly lucrative in the Vermont, in the United States, and globally. In a single quarter in early 2023, TikTok’s U.S. revenue from live streaming transactions was [REDACTED], and its global revenue was [REDACTED]. In Vermont, TikTok’s revenue from In-App Purchases, including from Coins, has grown substantially since it started facilitating virtual transactions. In 2018, Apple iPhone users in Vermont spent [REDACTED] on In-App Purchases through TikTok. By 2022, Vermont consumers were spending [REDACTED] on In-App Purchases through TikTok. Between 2018 and 2023, Apple iPhone users in Vermont spent a combined [REDACTED] on in-App TikTok purchases.

38. Vermont is also a hub for content creators, or users who share and post content on the App, as evidenced by the many TikTok posts that are created in

Vermont and publicly available to view. Content creators throughout the State also use LIVE and are compensated with Gifts through TikTok’s virtual currency and/or directly from TikTok’s “Creator Rewards Program”¹⁴ (formerly known as the “Creator Fund”).¹⁵ For example, Noah Kahan—a Vermont resident and famous singer-songwriter—is frequently on TikTok LIVE in Strafford, Vermont and can be seen receiving Gifts through LIVE on recorded videos of his live streams.¹⁶

IV. FACTUAL BACKGROUND

A. An Overview of TikTok

39. TikTok is a leading social media app that was launched on the global market in September 2017 by Chinese tech company, ByteDance Ltd. (“ByteDance”).

40. TikTok is best known for its App of the same name, where users create, upload, and view 15- to 60-second short-form videos.

41. TikTok was first introduced in China under the name “Douyin” (pronounced “doe-yin”) in 2016 and was later launched internationally as TikTok in

¹⁴ *TikTok’s monetization features*, TIKTOK, <https://www.tiktok.com/creator-academy/en/article/monetization-offerings-overview> (last visited July 16, 2024).

¹⁵ *Creator Rewards Program*, TIKTOK, <https://www.tiktok.com/creator-academy/en/article/creator-rewards-program> (last updated Aug. 22, 2024); *TikTok, Creator Rewards Program*, WEB ARCHIVE (last updated Apr. 2, 2024), <https://web.archive.org/web/20240411083348/https://www.tiktok.com/creator-academy/en/article/creator-rewards-program>.

¹⁶ YouTube, *Noah Kahan Live on TikTok - December 17th 2023 (Unreleased songs)*, <https://www.youtube.com/watch?v=CKUmV0LFfv0&t=413s>.

2017. Douyin was loosely modeled on the popular music app Musical.ly, which had significant popularity among U.S. teenagers and allowed users to create 15-second lip-syncing and dancing videos of popular songs.

42. TikTok gained significant popularity in the U.S. after merging with Musical.ly in August 2018, which by then had amassed a user base of nearly 60 million.

43. TikTok is now available in over 150 markets and in 75 languages, boasting over 1.5 billion active users worldwide. In the U.S., TikTok has over 170 million users, making up over half the country's population. A large portion of TikTok's U.S. user base is children. In July 2020, TikTok reported that more than one-third of its 49 million daily users in the United States were 14 or younger.¹⁷ More recently, a 2023 Pew Research Center Survey reported that the majority (63%) of teenagers (age 13–17) use TikTok, with most (58%) of teens using TikTok daily.¹⁸ Almost a fifth (17%) of American teens describe their TikTok use as “almost constant.”¹⁹ Internal documents reveal that TikTok's reach among U.S. users under the age of 17 has been incredibly successful—reaching a market penetration of ██████.

¹⁷ Raymond Zhong & Sheera Frenkel, *A Third of TikTok's U.S. Users May Be 14 or Under, Raising Safety Questions*, N.Y. TIMES (Aug. 14, 2020), <https://www.nytimes.com/2020/08/14/technology/tiktok-underage-users-ftc.html>.

¹⁸ Monica Anderson et al., *Teens, Social Media and Technology 2023*, PEW RSCH. CTR. (Dec. 11, 2023), <https://www.pewresearch.org/internet/2023/12/11/teens-social-media-and-technology-2023/>.

¹⁹ *Id.*

44. TikTok’s explosive growth was no accident. Early on, Alex Zhu, TikTok’s former CEO, recognized that U.S. teenagers represented a “golden audience” for emerging social media products.²⁰

45. To capitalize on that golden market—including Vermont children—TikTok combined its ad-based business model with highly addictive features to keep children engaged. The company primarily sells targeted advertisements but also runs a lucrative e-commerce platform. These elements work together to keep users engaged and spending money. Young users are especially critical to TikTok’s business. Indeed, a report commissioned by TikTok to assess the value of its App for businesses found that TikTok is “undeniably powerful at reaching younger audiences.”²¹

46. This strategy has made TikTok very rich. In 2022, the company made \$9.9 billion in ad revenue, a 155% increase from the prior year.²² In 2023, TikTok had the highest in-App earnings from in-App purchases in the world—beating

²⁰ Paul Mozur, *Chinese Tech Firms Forced to Choose Market: Home or Everywhere Else*, N.Y. TIMES (Aug. 9, 2016), <https://www.nytimes.com/2016/08/10/technology/china-homegrown-internet-companies-rest-of-the-world.html>.

²¹ *The Power of TikTok: Achieving breakthrough brand building with TikTok*, KANTAR | TIKTOK, <https://www.tiktok.com/business/library/the-power-of-tiktok.pdf> (last visited June 6, 2024).

²² Dayna Winter, *TikTok Ad Revenue: How Much Are Brands Spending on TikTok? (2024)*, SHOPIFY (July 14, 2023), <https://www.shopify.com/blog/tiktok-ad-spending>.

50. TikTok is well aware of (and exploits) how valuable kids are to its business.

51. However, because children’s developing minds are prone to impulsivity and social media overuse, they are an especially vulnerable and easily exploited market. TikTok knows—indeed, has carefully studied—this as explained below.

52. Adolescence is a period of transition from childhood to adulthood, marked by specific developmental and behavioral changes. The brain goes through major alterations during adolescence, including both structural remodeling and neurochemical maturation. Brain regions associated with a desire for risk-taking,²⁴ attention, peer feedback, and reinforcement—like the dopamine system—become particularly sensitive in adolescence, while regions like the prefrontal cortex that are associated with maturity and impulse control are not fully developed until adulthood.²⁵

53. The dopamine system participates in the neural coding of reward and motivated behavior—the precise area that reward patterns (like those used by TikTok) stimulate. The heightened sensitivity of the dopamine system during adolescence, coupled with the underdeveloped prefrontal cortex, makes 13- to 17-

²⁴ *Social Media and Youth Mental Health: The U.S. Surgeon General’s Advisory*, U.S. DEP’T OF HEALTH & HUM. SERVS., 5 (2023)
<https://www.hhs.gov/sites/default/files/sg-youth-mental-health-social-media-advisory.pdf>.

²⁵ Leah Somerville & BJ Casey, *Developmental neurobiology of cognitive control and motivational systems*, 20 CURRENT OP. IN NEUROBIOLOGY 236 (2010), <https://www.sciencedirect.com/science/article/abs/pii/S0959438810000073?via%3Dihub>.

year-olds on TikTok highly susceptible to risky behaviors, temptations, and manipulations of their reward systems. They lack the impulse control of adults.²⁶

54. At the same time, mental well-being is at its most vulnerable during adolescence. Because their identities and sense of self are not yet fully formed, teens are more susceptible than adults to the danger, misinformation, peer pressure, and false images that abound on social media.²⁷

55. TikTok has proven especially adept at exploiting these dynamics to gain popularity. Of the nearly ██████ minors (aged 13 to 17) who use TikTok daily, almost ██████ of them are spending ██████ or more hours on the App every day, with nearly ██████ averaging ██████ or more hours. Here in Vermont, children (aged 13–17) are averaging ██████ hours per day on the App—with many thousands of children likely spending many more hours on the App every day.

56. This compulsive, prolonged use is harmful.

57. Studies have shown that children who spend that amount of time per day on social media face double the risk of poor mental health outcomes, including

²⁶ Kathryn Mills et al., *The Developmental Mismatch in Structural Brain Maturation during Adolescence*, 36 DEV. NEUROSCI. 147 (2014), <https://karger.com/dne/article/36/3-4/147/107931/The-Developmental-Mismatch-in-Structural-Brain/>.

²⁷ Ronald C. Kessler et al., *Age of onset of mental disorders: A review of recent literature*, 20 CURRENT OP. PSYCHIATRY 359 (2007), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1925038/pdf/nihms25081.pdf>; Daniel Romer, *Adolescent Risk Taking, Impulsivity, and Brain Development: Implications for Prevention*, 52 DEV. PSYCHOBIOLOGY 263 (2010), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3445337/pdf/nihms-404113.pdf>; NAT'L ACADEMIES SCIS., ENG'G & MED., *The Promise of Adolescence: Realizing Opportunity for All Youth* (Emily P. Backes, Richard J. Bonnie, eds., 2019).

symptoms of depression and anxiety.²⁸ Frequent use of TikTok may also result in structural changes to the brain itself,²⁹ including in the amygdala (important for emotional learning and behavior) and the prefrontal cortex (important for impulse control and emotional regulation).³⁰ Children can emerge from this critical period of adolescence developmentally damaged.³¹ Scientists report that younger adolescents can experience higher levels of developmental sensitivity to apps like TikTok and rate lower on the life satisfaction scale than older adolescents.³² The reverse is also true—a decrease in social media use for younger adolescents is predictive of an overall increase in life satisfaction.³³

²⁸ Kira Riehm et al., *Associations Between Time Spent Using Social Media and Internalizing and Externalizing Problems Among US Youth*, 76 JAMA PSYCHIATRY 1266 (2019),

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6739732/>.

²⁹ Quinghua He, Ofir Turel, & Antoine Bechara, *Brain anatomy alterations associated with Social Networking Site (SNS) addiction*, 7 SCI. REP. 45064 (2017), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5362930/>.

³⁰ *Social Media and Youth Mental Health: The U.S. Surgeon General's Advisory*, U.S. DEP'T OF HEALTH & HUM. SERVS., 5 (2023), <https://www.hhs.gov/sites/default/files/sg-youth-mental-health-social-media-advisory.pdf>.

³¹ Amy Orben et al., *Windows of developmental sensitivity to social media*, 13 NATURE COMM'NS 1649 (2022), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8960761/pdf/41467_2022_Article_29296.pdf.

³² *Id.*

³³ *Id.*

58. Heavy TikTok use disrupts activities like sleep and physical activity,³⁴ which are critical for youth psychological and physical health.³⁵ Research shows that use of technology, especially social media, within one hour of bedtime is associated with sleep disruptions.³⁶ Insufficient sleep, in turn, impairs neurological development in adolescent brains,³⁷ affecting emotional functioning and increasing suicidal thoughts.³⁸

59. Beyond harming mental and physical health, overuse of social media causes financial harm. Studies show that people who are addicted to social media spend more money online than those who are not.³⁹ The constant barrage of highly

³⁴ *Health Advisory on Social Media Use in Adolescence*, AM. PSYCH. ASS'N (May 2023), <https://www.apa.org/topics/social-media-internet/health-advisory-adolescent-social-media-use.pdf>.

³⁵ Eduardo Bustamante et al., *Unlocking the Promise of Physical Activity for Mental Health Promotion*, 177 JAMA PEDIATRICS 111 (Jan. 3, 2023), <https://jamanetwork.com/journals/jamapediatrics/article-abstract/2799813>; Rea Alonzo et al., *Interplay between social media use, sleep quality, and mental health in youth: A systematic review*, 56 SLEEP MED. REVS. 101414 (Apr. 2021), <https://www.sciencedirect.com/science/article/abs/pii/S108707922030157X?via%3Dihub>.

³⁶ *Id.*

³⁷ Aurore Perrault et al., *Reducing the use of screen electronic devices in the evening is associated with improved sleep and daytime vigilance in adolescents*, 42 SLEEP zsz125 (June 8, 2019), <https://academic.oup.com/sleep/article/42/9/zsz125/5513278?login=false>.

³⁸ Jessica Hamilton et al., *Sleep influences daily suicidal ideation through affective reactivity to interpersonal events among high-risk adolescents and young adults*, 64 J. OF CHILD PSYCH. AND PSYCHIATRY 27 (July 2, 2022), <https://acamh.onlinelibrary.wiley.com/doi/10.1111/jcpp.13651>.

³⁹ Saeed Pahlevan Sharif & Ken Kyid Yeoh, *Excessive social networking sites use and online compulsive buying in young adults: the mediating role of money attitude*, 19 YOUNG CONSUMERS 310 (Jun. 22, 2018), <https://doi.org/10.1108/YC-10-2017-00743>.

personalized advertising combined with TikTok’s virtual currency system can lead to overconsumption and financial stress.⁴⁰

60. Children are particularly vulnerable to online financial exploitation. They struggle to understand the impact money can have on their lives because most have never had to manage a bank account and cover monthly expenses.

61. The U.S. Consumer Financial Protection Bureau has stated that teens are still learning financial literacy: “Teens may act as ‘financial apprentices’ to the adults in their lives, [and] engage in experiential learning.”⁴¹ Further, for teens (many of whom are on TikTok) “executive function skills, like self-regulation and the ability to stay focused, seem to develop at a slower pace and do not reach maturity until early adulthood. Therefore, teens may display adult-level cognition in some settings but may **have difficulty controlling impulses, particularly during highly tempting situations.**”⁴²

⁴⁰ *Smartphones, Social Media, and Their Impact on Mental Health*, COLUMBIA PSYCHIATRY, <https://www.columbiapsychiatry.org/research/research-areas/child-and-adolescent-psychiatry/sultan-lab-mental-health-informatics/research-areas/smartphones-social-media-and-their-impact-mental-health> (last visited July 16, 2024); WALL STREET JOURNAL, *How Online Currency Is Changing the Way Kids Spend Money* (Nov. 15, 2023), <https://www.wsj.com/video/series/your-money-briefing/how-online-currency-is-changing-the-way-kids-spend-money/F386D7D8-71AB-4A8E-A661-97342CBA1F2E>.

⁴¹ *Building blocks to help youth achieve financial capability: A new model and recommendations*, CONSUMER FIN. PROT. BUREAU 13 (Sept. 2016), https://files.consumerfinance.gov/f/documents/092016_cfpb_BuildingBlocksReport_ModelAndRecommendations_web.pdf.

⁴² *Id.* at 26 (emphasis added).

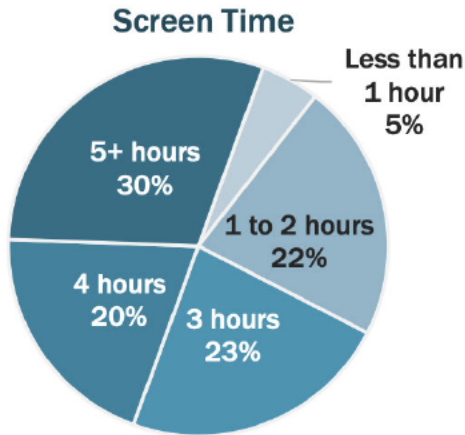


Figure 3. High School

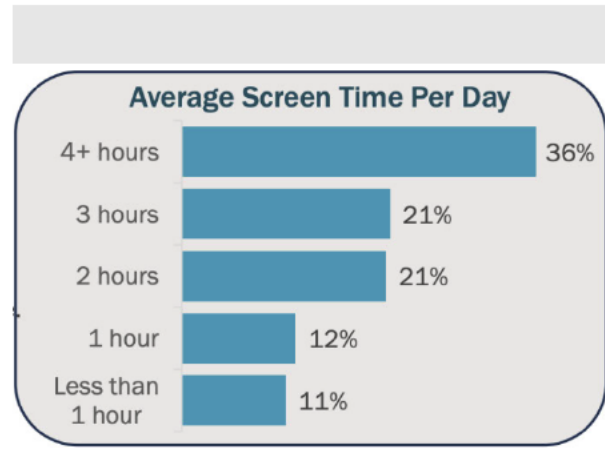


Figure 4. Middle School

64. TikTok’s internal data confirms Vermont’s children are using the App not [REDACTED], but that App usage occurs [REDACTED] when they should be sleeping. Between October 2022 and October 2023, Vermont TikTok users aged 13–17 were averaging most of their daily minutes on the App between [REDACTED], peaking at [REDACTED]. See Figure 5 below.

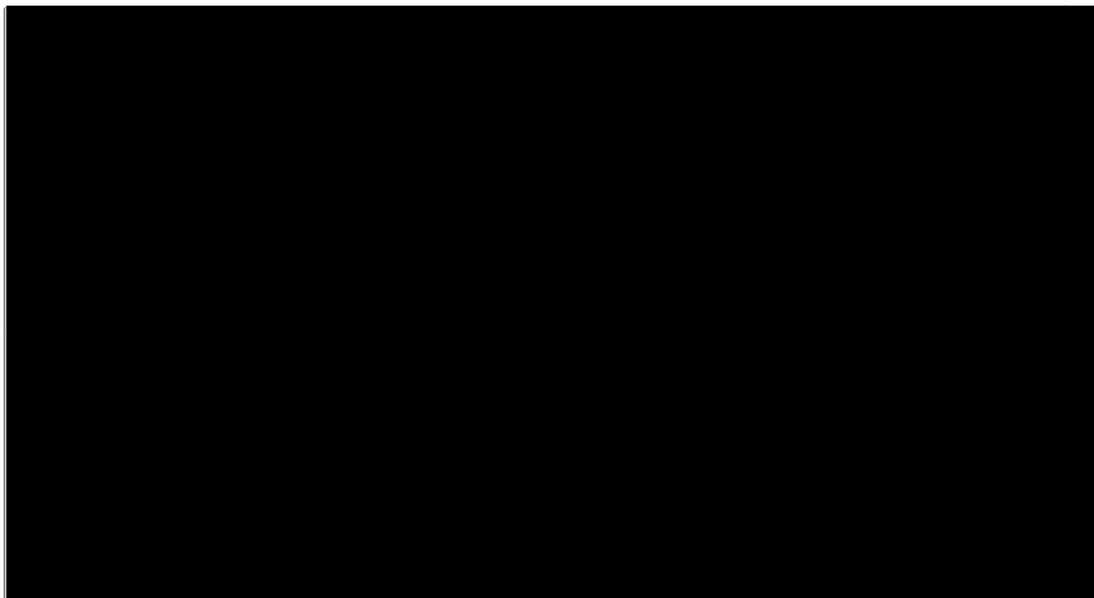


Figure 5. Aggregated TikTok data showing average daily session time on TikTok for Vermont users aged 13–17 from October 2022–October 2023.

65. This excessive App use is contributing to a mental health crisis in the State.

66. In 2021, nearly half (49%) of the State’s high school girls and over a third (35%) of Vermont high school students overall reported poor mental health, including persistent feelings of stress, anxiety, and depression.⁴⁶ Reports of suicidal thoughts, plans, or attempts among young people in Vermont have increased since 2017.⁴⁷ In 2021, 32% of all female high school students reported hurting themselves; with 18% of female high school students making a suicide plan.⁴⁸ For the State’s middle school students, more than two in ten (22%) students report feeling “not good” most of the time, and the same number of students (22%) report having purposely hurt themselves.⁴⁹ The numbers are worse for female middle school aged children, with 31% of female students reporting not feeling good most of the time and a quarter (25%) report hurting themselves on purpose.⁵⁰

⁴⁶ *2021 Vermont Youth Risk Behavior Survey: Statewide Results*, 16–19, VERMONT DEPT. OF HEALTH, 15 (2021), <https://www.healthvermont.gov/sites/default/files/document/hsi-yrbs-2021-full-report.pdf>.

⁴⁷ *2017 Vermont Youth Risk Behavior Survey: Statewide Results*, VERMONT DEPT. OF HEALTH (2021), https://www.healthvermont.gov/sites/default/files/documents/pdf/HSVR_YRBS_Statewide_2017.pdf.

⁴⁸ *2021 Vermont Youth Risk Behavior Survey: Statewide Results*, 16–19, VERMONT DEPT. OF HEALTH, 50 (2021), <https://www.healthvermont.gov/sites/default/files/document/hsi-yrbs-2021-full-report.pdf>.

⁴⁹ *Id.* at 176 and 179.

⁵⁰ *Id.*

67. The mental health trends over time have significantly worsened in Vermont since 2007. *See, e.g.*, Figures 6 and 7 showing mental health trends of the State’s high school students.

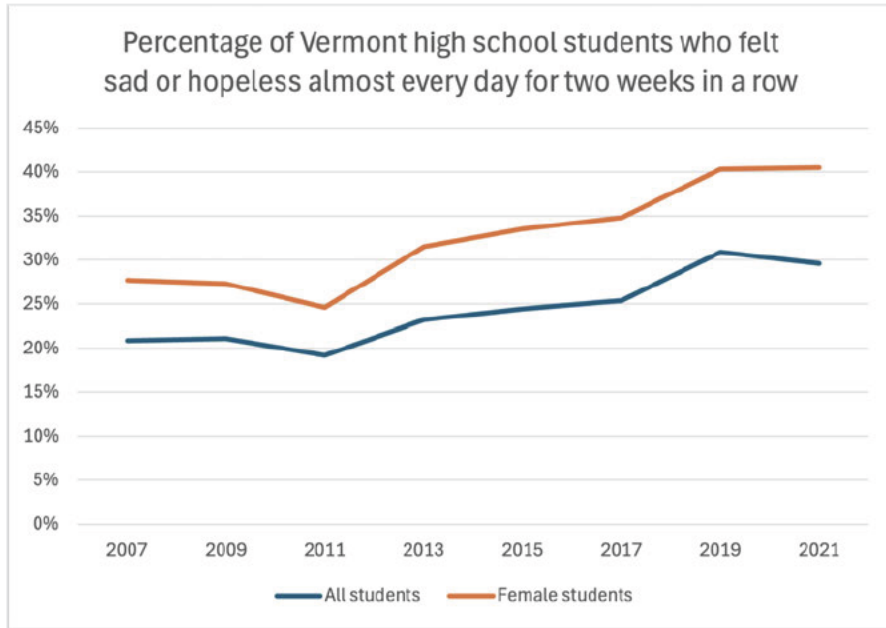


Figure 6. Aggregated data from the Vermont’s Youth Risk Behavior Survey Results between 2007–2021.

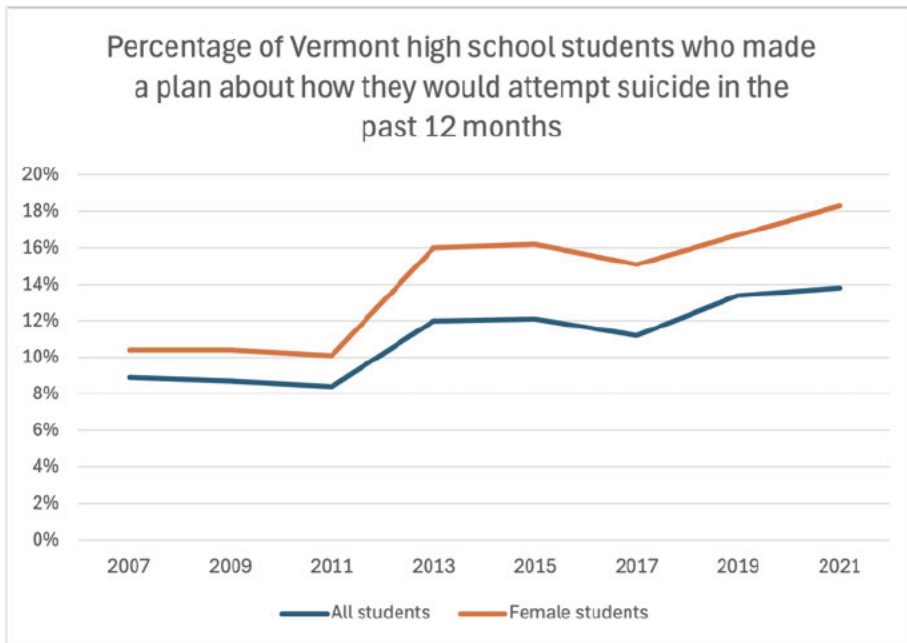


Figure 7. Aggregated data from the Vermont’s Youth Risk Behavior Survey Results between 2007–2021.

68. TikTok is fully aware of the risks its App poses for adolescents. The company partnered with the [REDACTED], which reported to TikTok in October 2021 that children are [REDACTED] and [REDACTED] [REDACTED] in comparison to adult users.

69. TikTok's [REDACTED] has also acknowledged that [REDACTED] [REDACTED] In June 2021, in an internal product strategy report on [REDACTED] TikTok also admitted that the design of its application can trigger habit-forming behaviors that harm mental health:

[REDACTED]

70. A year later, in June 2022, TikTok acknowledged in a research report that [REDACTED] [REDACTED] In the same report, TikTok also admitted that late-night usage of the App [REDACTED] [REDACTED] [REDACTED]

71. In short, TikTok knows the design of its App is harmful to children with increasingly devastating effects on Vermont’s children.

C. **TikTok uses coercive design to induce overuse in ways that harm children.**

72. TikTok knows that social media apps that rely on advertising-based business models—like its own—are filled with coercive design features that induce users into spending as much time on the apps as possible. Indeed, in a June 2021 internal [REDACTED] product strategy document, TikTok acknowledges:

[REDACTED]

73. TikTok nonetheless continues to deploy such design features—recommendation algorithms, infinite scroll, push notifications, and filters—that keep users glued to its App. As the company admits in a 2022 product strategy document on [REDACTED] from its Trust and Safety team: [REDACTED]

[REDACTED]

[REDACTED]

74. TikTok also employs a tactic called “currency confusion,”⁵¹ requiring users who want to send Gifts on the App to convert real money into virtual

⁵¹ Scott Goodstein, *When The Cat’s Away: Techlash, Loot Boxes, And Regulating “Dark Patterns” In The Video Game Industry’s Monetization Strategies*, 92 U. COLO. L. REV. 285 (Feb. 1, 2021), <https://scholar.law.colorado.edu/cgi/viewcontent.cgi?article=1057&context=lawreview>.

currency. This system obscures material terms, like how much TikTok makes in commissions. Virtual currencies add another layer of confusion, making the true cost of purchases abstract and unclear, especially for children, who typically lack financial literacy and do not manage budgets or account balances.⁵²

75. These features, described in detail below, amplify and incentivize repeated, compulsive use.

1. Recommendation Engine

76. TikTok’s flagship feature is the “For You” feed, a stream of videos that play automatically when users open the App. This feature provides content recommended for each user by TikTok’s algorithms (here collectively called TikTok’s “Recommendation Engine” or the “Engine”). Algorithmic recommendation systems are designed to rank content based on how likely a user is to engage with it.⁵³ By collecting data on user behavior, the Recommendation Engine curates a personalized video stream to keep users scrolling endlessly. This system is central to TikTok’s platform because it can repeatedly tap into each user’s brain reward systems by identifying what will keep them actively engaged on the App.

⁵² *Building Blocks to help youth achieve financial capability: A new model and recommendations*, CONSUMER FIN. PROT. BUREAU 9 (Sept. 2016), https://files.consumerfinance.gov/f/documents/092016_cfpb_BuildingBlocksReport_ModelAndRecommendations_web.pdf.

⁵³ Arvind Narayanan, *Understanding Social Media Recommendation Algorithms*, KNIGHT FIRST AMEND. INST. (Mar. 9, 2023), <https://knightcolumbia.org/content/understanding-social-media-recommendation-algorithms>.

77. When a new video is posted on the App, the App automatically sends that video, along with user activity data (such as watch time, likes, or comments), through its Recommendation Engine. The Engine then calculates a score predicting how a unique user will respond to each new video. Based on these scores, the Recommendation Engine narrows millions of videos down to just eight, called a “load.” After a load is presented to a unique user, the Engine uses the user’s actions as feedback on the accuracy of its predictions, allowing it to “learn” and improve future recommendations and keep that user engaged. Essentially, these algorithms, built with advanced math, create software that “learns” from [REDACTED]

78. TikTok’s Recommendation Engine is a carefully designed machine with a clear end goal: to trap a user’s attention and minimize their ability to control the time they spend on the App. In June 2021, TikTok acknowledged in research findings on “[REDACTED]” that habit formation is a core “[REDACTED]” of the company:

[REDACTED]

making it difficult for users to disengage and overloading the brain’s reward system.

81. TikTok acknowledges that its [REDACTED]

[REDACTED]
[REDACTED] TikTok knows that eliminating filter bubbles entirely would mean making changes to its core Recommendation Engine and thus decreasing the time and attention users give to the platform—so it does not.

82. Once users are trapped in a filter bubble, it is extremely difficult to escape. For example, if a teenage girl is shown videos glorifying eating disorders and body dysmorphia, her feed will quickly be flooded with similar content, taking over her entire For You page. These videos become increasingly extreme, forcing the user to figure out how to counter the algorithm’s recommendations all on their own.

83. An additional concern is that TikTok’s powerful algorithms are controlled by ByteDance, its Chinese parent company. [REDACTED]

[REDACTED]
[REDACTED].

84. There are well-known and reported risks concerning ByteDance’s control over TikTok’s proprietary algorithm. The U.S. government and intelligence community has recognized that “ByteDance and TikTok pose a threat to national security[,]” because China “may coerce ByteDance and TikTok to “covertly manipulate its recommendation algorithm to shape the information” received by

millions of U.S. children.⁵⁴ The U.S. government has long been concerned that the Chinese government may coerce TikTok to “share enormous amounts of U.S. users’ sensitive data with their Chinese-based counterparts.”⁵⁵

85. These risks are not hypothetical. An [REDACTED] notes that ByteDance’s [REDACTED] [REDACTED] [REDACTED] [REDACTED] ByteDance’s issues extend to [REDACTED] [REDACTED]

86. In effect, this leaves U.S. children, including Vermont children, especially vulnerable to risky data collection practices and misinformation, propaganda and other forms of psychological manipulation through TikTok’s recommendation algorithms.⁵⁶

2. Infinite Scroll

87. Infinite scroll is a particularly pernicious design tactic through which TikTok allows new videos to automatically and constantly load in an endless stream each time a user swipes to watch a new video.

⁵⁴ Declaration of Case Blackburn, Assistant Dir. of Nat’l Intel., OFF. OF THE DIR. OF NAT’L INTEL., 17, <https://www.documentcloud.org/documents/25017864-72624-doj-response-to-tiktok-lawsuit>.

⁵⁵ *Id.* at 19.

⁵⁶ Declaration of Case Blackburn, Assistant Dir. of Nat’l Intel., OFF. OF THE DIR. OF NAT’L INTEL., 17, <https://www.documentcloud.org/documents/25017864-72624-doj-response-to-tiktok-lawsuit>.

88. Infinite scroll is designed to counteract a user's ability to disengage, and the feature thereby maximizes a user's time spent in the App. In an internal 2022 research report on [REDACTED] TikTok acknowledged this very feature makes it harder for users to disengage from the App:



89. Infinite scroll provokes a child's well-known and studied fear of missing out (commonly referred to as "FOMO").⁵⁷ The anticipation of discovering something new and the feeling that others might be having rewarding experiences on the App when one is absent keeps users scrolling. Children are particularly susceptible to developing FOMO because they lack impulse control and have a need for validation from their peers. FOMO can trigger anxiety, result in depression and neuroticism in teenagers, and cause sleep deprivation due to users' fears that they might be missing important content.

90. Despite these known harms, TikTok admitted internally that it wants to [REDACTED] for users because that generates [REDACTED] and is therefore good for business.

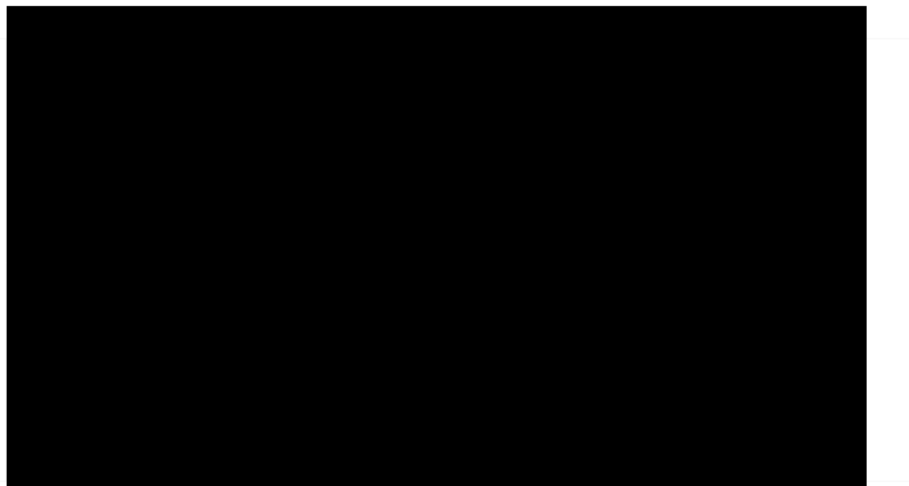
⁵⁷ *4 Things to Know About Your Teen's Brain*, NORTHWESTERN MED. (July 2018), <https://www.nm.org/healthbeat/healthy-tips/four-things-about-your-teens-developing-brain>.

3. Push Notifications

91. Like a salesman constantly knocking on your door for your business, push notifications alert users to news within the App (such as newly posted videos) to entice users to re-open the App. Push notifications are essentially advertisements for the App.

92. TikTok uses push notifications to manipulate children into returning to the App—distracting them at school, disrupting their sleep, and further provoking FOMO. The company admits these notifications [REDACTED]

[REDACTED] See Figure 10 below for examples of TikTok’s push notifications.



(Figure 10.)

93. These push notifications use “haptics,” or the application of vibrations, buzzes, and light sounds to draw users’ attention back to the App. TikTok has described its notifications as [REDACTED]

94. TikTok has taken advantage of well-understood neurobiological mechanisms to increase user engagement on its App. When users receive a notification, the brain releases dopamine, creating a feel-good feedback loop that

encourages users to keep coming back to the App. These notifications help condition users—especially children—to keep checking their phones, which can affect cognition by decreasing concentration and increasing distraction.

95. TikTok’s push notifications prompt users, especially children, to check the App at all hours. TikTok admits: [REDACTED]

[REDACTED]

Although TikTok now (and only as of March 2023) automatically mutes notifications for users aged 13–17 between 9 p.m. to 8 a.m., it knows that many children lie about their age and evade its lax age-gate. For users 18 and older—and for the millions of users who circumvent the age-gate and TikTok suspects are minors—TikTok continues to send notifications at all hours of the night, admitting that it relies on the users themselves to “manage [their] screen time at night” and “promote healthier sleep habits.”⁵⁸

96. These late-night notifications significantly impact app usage among Vermont’s children. TikTok’s data shows that Vermont teens are most active between [REDACTED], which TikTok acknowledges is [REDACTED] that teens are not getting the recommended eight hours of sleep for their health and well-being.

⁵⁸ *Screen Time*, TIKTOK, visited <https://support.tiktok.com/en/account-and-privacy/account-information/screen-time> (last visited Aug. 17, 2024).

4. Filters

97. TikTok offers “filters” and “effects” that alter a user’s appearance by lightening and smoothing skin, whitening teeth, enlarging lips, and modifying facial features to create a skinnier face or smaller nose. These filters use Artificial Intelligence (AI) to cosmetically reshape a user’s face in a hyper-realistic way. They are sophisticated and track faces seamlessly, avoiding glitches that could reveal the use of a filter, thus blurring the line between what is real and what is fake.

98. Filters, like TikTok’s most popular filter, “Bold Glamour,” have been used hundreds of millions of times by users. *See Figures 11 and 12 showing the Bold Glamour filter below.*



(Figure 11.)



105. The harms from [REDACTED] filters affect both content creators (i.e., people who post videos on the App) and viewers. Indeed, as TikTok’s Trust and Safety team acknowledged, this [REDACTED]



106. TikTok’s filters cause emotional and psychological harm, especially to young female users. These effects increase the risk for eating disorders, depression, anxiety, low self-esteem, and negative body image.⁶⁰ The American Society of Plastic Surgeons (“ASPS”) has documented notable increases in body modification requests from children, noting: “Digital platforms like TikTok serve as catalysts for trending treatments.”⁶¹ The rise in teens seeking medical intervention to alter their appearance prompted the ASPS to release new guidance for cosmetic procedures on

⁵⁹ Emphasis added.

⁶⁰ Tara Well, *The Hidden Danger of Online Beauty Filters*, PSYCH. TODAY (Mar. 25, 2023), <https://www.psychologytoday.com/us/blog/the-clarity/202303/can-beauty-filters-damage-your-self-esteem>.

⁶¹ Kayla Peterson, *Circle of influence: How social media influencers are shaping plastic surgery trends*, AM. SOC’Y OF PLASTIC SURGEONS (Sept. 19, 2023), <https://www.plasticsurgery.org/news/articles/circle-of-influence-how-social-media-influencers-are-shaping-plastic-surgery-trends>.

teens,⁶² and the ASPS has specifically noted that “platforms like TikTok are driving the popularity of plastic surgery overall.”⁶³

107. Though the company knows of the various dangers of using filters, as of May 2023, TikTok did not have “ [REDACTED] ” and continues to provide filters to children without warning users about the damage to their mental health and well-being.

5. TikTok LIVE

108. With each new feature, TikTok strengthens its business model and increases engagement. TikTok LIVE is the newest tool in this model.

109. In 2019, the company launched “TikTok LIVE,” allowing users to live stream videos and receive money through an in-App virtual currency system called “TikTok Coins.” TikTok designed LIVE to bring [REDACTED] [REDACTED] and to provide yet another [REDACTED] that prompts users to open the App. And like other App features, TikTok has admitted that creating monetary incentives [REDACTED] [REDACTED]

⁶² *American Society of Plastic Surgeons Weighs in On Growing Popularity of Teen Plastic Surgery*, AM. SOC’Y OF PLASTIC SURGEONS (Aug. 22, 2018), <https://www.plasticsurgery.org/news/press-releases/american-society-of-plastic-surgeons-weighs-in-on-growing-popularity-of-teen-plastic-surgery>.

⁶³ Ariel Frankeny, *The prevalence of TikTok and its impact on plastic surgery procedures*, AM. SOC’Y OF PLASTIC SURGEONS (Mar. 11, 2024), <https://www.plasticsurgery.org/news/articles/the-prevalence-of-tiktok-and-its-impact-on-plastic-surgery-procedures>.

110. TikTok knows that combining live streaming with monetization is reckless and dangerous—especially for children. The harmful and unsafe environment on LIVE stems from TikTok’s choice to couple (1) live streaming without proper age-gating with (2) an unlicensed (and thus unregulated) virtual monetary system. This combination has turned TikTok LIVE into a dangerous space where the company knowingly profits from sexual exploitation and other illegal activity.

111. The LIVE feature offers the ultimate ephemeral experience that lures children in by promising real-time access to live streaming content. Since LIVE videos are not typically saved, they create a sense of urgency in children, tapping into their fear of missing out (FOMO).

112. Once children are hooked and using LIVE, TikTok exploits them financially. The App allows users to send and receive money through its virtual currency. Similar to a casino’s poker chips, TikTok lets users buy virtual “Coins” to purchase virtual “Gifts” designed to look like plush toys. Users can send Gifts during a live stream, which accumulate into another form of virtual currency called “Diamonds,” that streamers can cash out for real money.⁶⁴

113. These Gifts function like social recognition reward signals, similar to “Likes” on other apps, but with the added incentive of money. TikTok promises to

⁶⁴ *Diamonds*, TIKTOK, <https://support.tiktok.com/en/business-and-creator/video-gifts-on-tiktok/diamonds> (last visited July 16, 2024).

reward users with money the more “popular [their] content becomes.”⁶⁵ To get Gifts and receive TikTok’s rewards, users need to go LIVE as much as possible—which deepens children’s use of the App. Because Gifts are visible to others during a LIVE session, this feature taps into children’s need for social validation. By exploiting this need, TikTok drives engagement on the App, leading users to solicit as many Gifts as possible in the hopes that *more* Gifts will result in *more* popularity and *more* payouts from TikTok. See Figures 13–15, showing a step-by-step guide to how Gift giving works on TikTok LIVE.

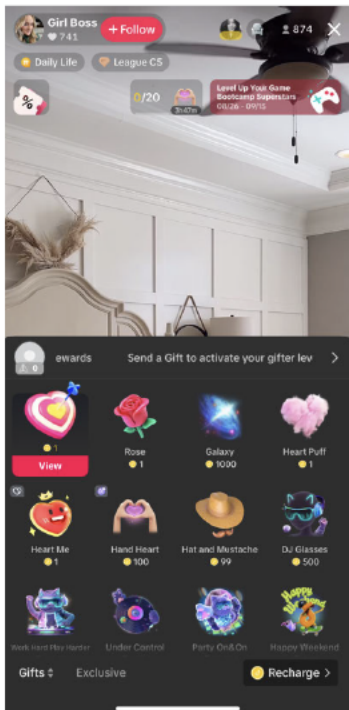


Figure 13. Gifts

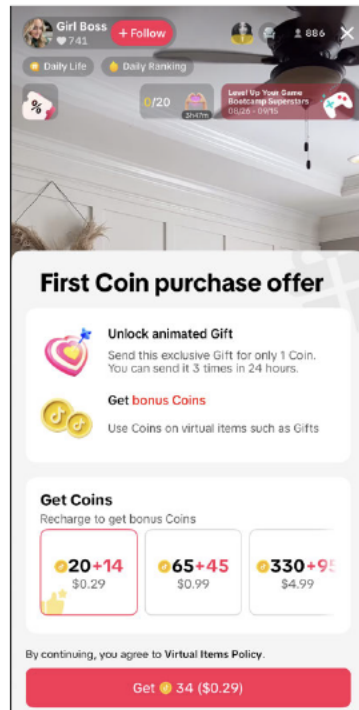


Figure 14. Coin Purchase

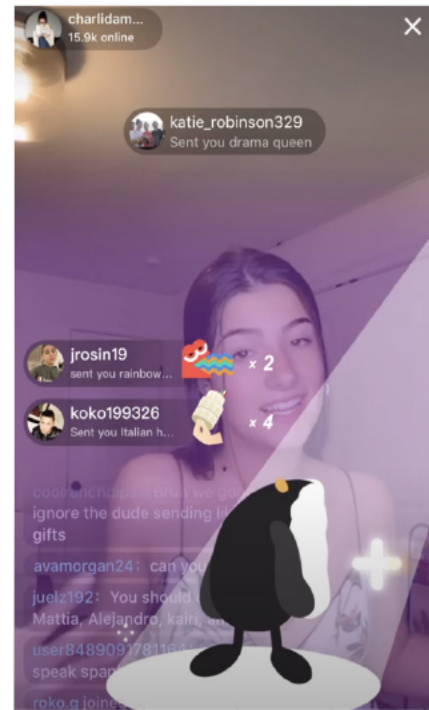


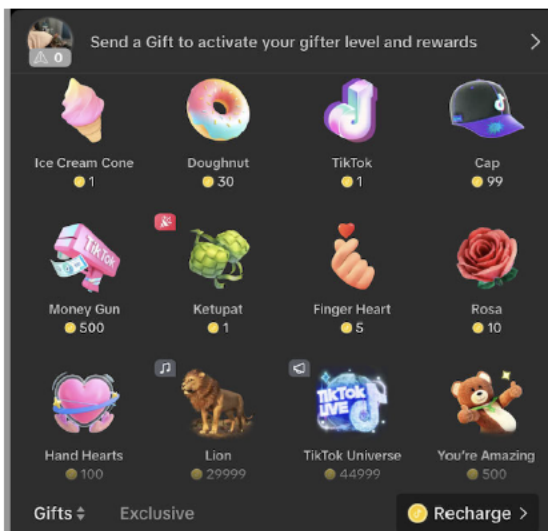
Figure 15. Gifts on LIVE

⁶⁵ *Turning Passion to Profit: WAYS TO MAKE MONEY ON TIKTOK LIVE, TIKTOK* (Dec. 15, 2022), https://www.tiktok.com/live/creators/en-US/article/turning-passion-to-profit-ways-to-make-money-on-tiktok-live_en-US

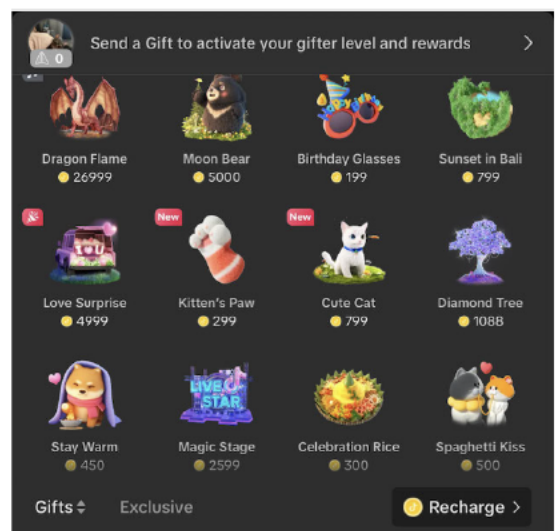
114. Although LIVE, including both live streaming and Gifts, has a current minimum age requirement of 18 and older, TikTok knows its lax age verification measures allow kids to easily lie about their age to gain access. Failures to adequately age-gate have held true since the early days of LIVE. For example, in June 2021, a senior TikTok employee admitted:



115. TikTok also designs the Gifts that users purchase with Coins in ways that are attractive to children. Most Gifts look like cute, colorful animated emojis reminiscent of cartoons and Disney characters, which TikTok's [redacted] has acknowledged are [redacted]. See Figures 16–19 below. Each Gift costs a different number of Coins—for example, an “Ice Cream Cone” costs one Coin, while the coveted “Lion” costs 29,999 Coins (\$299.99). See Figure 16 below.



(Figure 16.)



(Figure 17.)

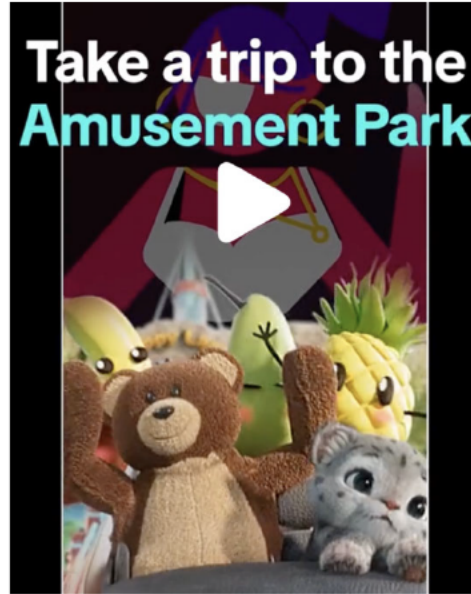


Figure 18. The Rosa Gift. **Figure 19.** The Lili and Friends Gift.

116. The big eyes, cutesy playful themes, and bright color schemes, reminiscent of Disney movies and toys, entice children to spend time and money on LIVE. And this has proven to be a highly successful part of TikTok’s business. By 2022, of ██████████ daily U.S. TikTok users, ██████ (nearly ██████████ people) watched LIVE every day. TikTok has described LIVE viewers as a “committed” user base, with ██████ of them watching it daily.⁶⁶ The company estimates that by 2027 it could capture up to ██████████ a year from LIVE alone.

117. Beyond being intentionally enticing to children, TikTok keeps its live streaming virtual economy intentionally complex to distract developmentally vulnerable users from understanding how much money they are actually spending through the App. Buying into TikTok’s virtual economy involves five different steps

⁶⁶ *Growing Your Community with TikTok LIVE*, TIKTOK (July 19, 2022), <https://www.tiktok.com/business/en-US/blog/growing-community-tiktok-live>.

and three different forms of virtual currency. At each step, TikTok obscures the value of the money and the amount it pockets for itself. A typical transaction between a user and LIVE host involves the following five steps:

1. A TikTok user spends real currency (e.g., U.S. dollars) and purchases Coins through either TikTok's App (using a credit or debit card associated with the Apple or Google app store) or directly through TikTok's website. On TikTok's website, the current exchange rate is roughly one Coin per penny (\$0.01), fluctuating based on the quantity of Coins purchased.
2. That user joins a LIVE session.
3. In the LIVE session, the user spends their Coins to purchase a virtual Gift on the TikTok App and sends the virtual Gift to the LIVE host.
4. TikTok credits the LIVE host's account with a certain number of Diamonds for receiving virtual Gifts, based on TikTok's undisclosed formula. TikTok also holds discretionary power to send additional Diamonds to users based on the popularity of their content.
5. After the LIVE session ends, the host can convert the Diamonds they received back into real currency (e.g., U.S. dollars), which TikTok deposits into the host's PayPal account.

118. Throughout this process, TikTok takes up to *half* of the cash value of the Coins purchased by users.⁶⁷ But nowhere during the five-step process or in its user-facing policies or Terms of Service does TikTok disclose to consumers the true value of their Coins, including that the Gifts bought with their Coins are worth as little as 50% of their original cash value (with TikTok pocketing the rest). Instead,

⁶⁷ *Turning Passion to Profit: WAYS TO MAKE MONEY ON TIKTOK LIVE*, TIKTOK (Dec. 15, 2022), https://www.tiktok.com/live/creators/en-US/article/turning-passion-to-profit-ways-to-make-money-on-tiktok-live_en-US .

TikTok buries its 50% commission in a short article published on their website, which most users are unlikely to see.⁶⁸

119. TikTok is also well aware that LIVE, coupled with its monetization features, harms children. The company has admitted that it [REDACTED]

[REDACTED] The company has further acknowledged that children more easily fall prey to [REDACTED]

[REDACTED]
[REDACTED].⁶⁹

120. In May 2022, TikTok also conducted a formal investigation into LIVE called [REDACTED]. The results confirmed that [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].⁷⁰

121. TikTok has acknowledged that the predatory practices rampant on LIVE lead to [REDACTED]

[REDACTED]
[REDACTED]

⁶⁸ *Id.*

⁶⁹ Judy Tidy, *TikTok's young fans 'exploited' for digital gifts*, BBC (July 2, 2019), <https://www.bbc.com/news/technology-48725515>.

⁷⁰ Emphasis added.

122. Payment systems on digital platforms that facilitate the storage and exchange of money, like TikTok’s, generally must have safeguards to protect users and prevent criminal activity, such as sexual exploitation. For example, some jurisdictions require banks and peer-to-peer platforms (generally considered “money services businesses”) to have adequate oversight, reporting, and consumer protection systems in place. While most of the virtual currency exchange that occurs on TikTok occurs on LIVE, the feature has no auditing, documentation, or effective caps on the amount a user can spend or receive.

123. The Financial Crimes Enforcement Network (“FinCEN”), which is a part of the U.S. Treasury Department and a federal regulatory agency, similarly requires those who administer and exchange “convertible virtual currency” or payments with an “equivalent value in real currency, or acts as a substitute for real currency”—to register as a money transmitter.⁷¹

124. TikTok is not registered as a money transmitter with FinCEN, as required by the federal Money Services Business Registration Rule, 31. C.F.R. § 1022.380. TikTok is also not registered as a money transmitter with the Vermont Department of Financial Regulation, V.S.A § 2502.

125. FinCEN has advised the public that convertible virtual currencies are being increasingly used for illicit activities including “human trafficking, child

⁷¹ *Application of FinCEN’s Regulations to Persons Administering, Exchanging, or Using Virtual Currencies*, FINCEN (Mar. 18, 2013), <https://www.fincen.gov/sites/default/files/guidance/FIN-2013-G001.pdf>.

exploitation, fraud, extortion, cybercrime, drug trafficking, [and] money laundering
...”⁷²

126. For these reasons, FinCEN requires money transmitters to police their platforms for sex trafficking and other illegal acts, and to take other steps designed to catch and curtail illegal activity that harms the public and their customers.

127. TikTok knows it has failed to obtain proper licenses to transmit its virtual currency, thereby avoiding the policing requirements of its platform that would follow. An [REDACTED] on LIVE from 2021 concedes: [REDACTED]

[REDACTED]
TikTok employees likewise acknowledge that [REDACTED]
[REDACTED] and note that TikTok payment flow and fund flow faced [REDACTED]

[REDACTED]
[REDACTED]
128. By actively encouraging children to engage with LIVE and Gifts, exploiting them financially while taking advantage of their need for social validation, failing to enforce its lax age restrictions, declining to implement reasonable safeguards on the money transmissions it profits from, and then actively

⁷² *Advisory on Illicit Activity Involving Convertible Virtual Currency*, FINCEN (May 9, 2019), <https://www.fincen.gov/sites/default/files/advisory/2019-05-10/FinCEN%20Advisory%20CVC%20FINAL%20508.pdf>.

promoting transactional sexual LIVEs with its Recommendation Engine, TikTok engages in unfair business practices that endanger Vermont’s children.

D. TikTok misleads users about the safety of its App.

129. TikTok creates a false and misleading impression of safety for users through statements made in its “Community Guidelines,”⁷³ published “Newsroom” posts announcing new safety features,⁷⁴ and public statements made through its officers and CEO. TikTok also promotes several features as effective ways to control usage on the App, while knowing they are ineffective.

130. This creates a consumer impression of safety that is untrue.

131. First, TikTok routinely misrepresents its commitment to safety and the efficacy of its content moderation systems. The company knows the App’s design is inherently dangerous and that its safety measures are flawed, including detection failures, policy grey areas, disorganization, lack of adequate training, and under-resourced content moderation teams. These moderation failures and misrepresentations are particularly striking for the App’s most harmful material, Child Sexual Exploitation Material (CSAM).

132. Second, TikTok has also failed to disclose (and has deceptively downplayed) the serious risks and harms caused by “filter bubbles” on the App.

⁷³ *Community Guidelines*, TIKTOK (Apr. 17, 2024), <https://www.tiktok.com/community-guidelines/en/>.

⁷⁴ *Newsroom*, TIKTOK, <https://newsroom.tiktok.com/en-us/> (last visited July 16, 2024).

Contrary to its statements, TikTok has not addressed the harms caused by its sophisticated algorithms.

133. Third, TikTok falsely claims it effectively age restricts access to the App, knowing it cannot prevent young children from using it.

134. Fourth, TikTok misleads children and their parents about the safety of TikTok LIVE, knowing full well that live streaming and Gifting are unsafe and flooded with sexual exploitation.

135. Finally, TikTok misrepresents the effectiveness of its user and parental controls.

1. TikTok misrepresents its commitment to safety and the effectiveness of its content moderation systems.

136. TikTok’s Community Guidelines, which are published on their website and available to Vermont consumers through their Terms of Service, assures young users and their parents that it is “deeply committed to TikTok being a safe and positive experience for people under the age of 18 . . . ”⁷⁵

137. To help ensure a “safe” and “trustworthy” experience for children, the Community Guidelines expressly represent that TikTok “remove[s] content including video, audio, image, and text that violates [its] Community Guidelines.”⁷⁶

⁷⁵ *Community Guidelines, Youth Safety and Well-Being*, TIKTOK (Apr. 17, 2024), <https://www.tiktok.com/community-guidelines/en/youth-safety/>.

⁷⁶ *Community Guidelines, Overview*, TIKTOK (Feb. 1, 2020), <https://web.archive.org/web/20200201013130/https://www.tiktok.com/community-guidelines?lang=en>; *Community Guidelines, Enforcement*, TIKTOK (Apr. 17, 2024), <https://www.tiktok.com/community-guidelines/en/enforcement/>.

TikTok also states that its policies are strict and its “guidelines apply to everyone and everything on our platform.”⁷⁷

138. Since 2020, TikTok’s Community Guidelines have expressly represented that TikTok prohibits content that is particularly harmful to children, by stating:

- a. “We do not allow showing, promoting, or engaging in youth sexual or physical abuse or exploitation. This includes child sexual abuse material (CSAM), grooming, sextortion, sexual solicitation, pedophilia, and physical or psychological harm of young people.”⁷⁸
- b. “We want TikTok to be a place where you can discuss emotionally complex topics in a supportive way without increasing the risk of harm. We do not allow showing, promoting, or sharing plans for suicide or self-harm.”⁷⁹
- c. “We want TikTok to be a place that encourages self-esteem and does not promote negative social comparisons. We do not allow showing or promoting disordered eating and dangerous weight loss behaviors.”
- d. “We do not allow showing or promoting dangerous activity and challenges. . . . This includes dares, games, tricks, inappropriate use of dangerous tools, and eating substances that are harmful to an individual’s health.”
- e. “We do not allow the trade of alcohol, tobacco products, and or drugs. We also do not allow showing, possessing, or using drugs.”

⁷⁷ *Id.*

⁷⁸ *Community Guidelines, Safety and Civility*, TIKTOK (Apr. 17, 2024), <https://www.tiktok.com/community-guidelines/en/safety-civility/>.

⁷⁹ *Community Guidelines, Mental and Behavioral Health*, TIKTOK (Apr. 17, 2024), <https://www.tiktok.com/community-guidelines/en/mental-behavioral-health/>.

139. For certain content, like online sexual exploitation or CSAM material, TikTok promises a “zero tolerance polic[y].”⁸⁰

140. To further its deception and support the claim that it effectively removes violative content, TikTok routinely publishes Quarterly Enforcement Reports on its website, which tout the volume and nature of content removed from the App. The reports state:

“We prioritize safety, well-being ... More than 40,000 trust and safety professionals work alongside innovative technology to maintain and enforce our robust Community Guidelines ... which apply to all content on our platform. This latest report provides insight into these efforts, showing how we continue to uphold trust, authenticity, and accountability.”⁸¹

The reports show what percentage of the videos TikTok removed from its App were removed “proactively.”

141. TikTok’s CEO, Shou Chew, has also publicly claimed that TikTok has “clear community guidelines” and that executives do not “make any ad-hoc decisions” when dealing with “bad actors” who post offensive content on the App.⁸²

⁸⁰ Eric Han, *Protecting against exploitative content*, TIKTOK (Mar. 5, 2020), <https://newsroom.tiktok.com/en-us/protecting-against-exploitative-content>.

⁸¹ *Community Guidelines Enforcement Report*, TIKTOK, [https://www.tiktok.com/transparency/en/community-guidelines-enforcement-2024-1/\(last visited Aug. 15, 2024\)](https://www.tiktok.com/transparency/en/community-guidelines-enforcement-2024-1/(last%20visited%20Aug.%2015,%202024)).

⁸² Jonathan Vanian, *TikTok has tens of thousands of moderators led by group in Ireland looking for offensive content, CEO says*, CNBC (Apr. 21, 2023), <https://www.cnb.com/2023/04/20/tiktok-has-tens-of-thousands-of-content-moderators-in-ireland-ceo.html#:~:text=Tech-TikTok%20has%20tens%20of%20thousands%20of%20moderators%20led%20by%20group,for%20offensive%20content%2C%20CEO%20says&text=Tens%20of%20thousands%20of%20TikTok,a%20TED%20conference%20on%20Thursday>.

does not accurately identify policy violations. Internal analyses from August 2022—which TikTok never shared with its users—demonstrate that its moderation quality is low across several policy categories:

[REDACTED]

147. The same analysis found that for certain categories of children’s safety,

[REDACTED]

were much higher. For example, for [REDACTED]

[REDACTED]

148. Moderation gaps exist for TikTok’s prohibitions on “dangerous challenges”, which TikTok’s CEO has said “are not allowed in our platform” and that TikTok “actively, proactively remove[s] from the platform.”⁸⁴

⁸⁴ *Testimony Before the U.S. House Committee on Energy and Commerce*, Testimony of Shou Chew, 118th Cong. (Mar. 23, 2023), <https://www.c-span.org/video/?526609-1/tiktok-ceo-testifies-house-energy-commerce-committee-hearing>.

149. These dangerous challenges operate much like peer pressure, taunting teenagers into perilous, destructive action. They encourage teens to engage in reckless conduct in exchange for more dopamine-rewarding “likes” on the App, and they spread horrific hoaxes about topics including sexual assault and vandalism, all of which deepen anxieties and spread fear. For example, the “Devious Licks” challenge, which encourages children to vandalize school property, led to damage at schools right here in the State.⁸⁵

150. Dangerous challenges have killed children. The blackout challenge, which went viral on TikTok in early 2021, encourages the viewer to try to hold their breath or asphyxiate (either manually or by having someone else choke them) until they pass out. In just 18 months, the blackout challenge was linked to the deaths of at least 20 kids under the age of 15, at least 15 of whom were 12 or younger when they died.

151. Despite their prevalence, dangerous challenges are nominally prohibited on the App, but TikTok struggles to identify dangerous acts and challenges, resulting in significant under-moderation and leakage.

152. Moderation gaps also exist for prohibited content such as drugs and controlled substances, which TikTok promises to enforce against. As of December 2021, TikTok’s Trust and Safety team knew that its policies for drugs and controlled

⁸⁵ Krystin Rae, *Vandalism vexes some Vermont schools after TikTok challenge*, NBC (Oct. 26, 2021), <https://www.mynbc5.com/article/tiktok-challenges-school-districts-in-vermont/38058509>.

substances did [REDACTED]

[REDACTED] TikTok did not even have a policy for how to enforce its ban on [REDACTED], relying instead on [REDACTED]

153. TikTok even fails to adequately enforce its drug content policies from a reactive posture as well. For years, TikTok has received external, public reports that drug-glamorizing content and drug sales were proliferating on its App. In a September 2021 report by the Washington Post, Drug Enforcement Administration Administrator Anne Milgram said that fentanyl- and meth-laced counterfeit pills were being sold on TikTok.⁸⁶ More than a year later, drug content and sales— included from drugs that fuel the opioid epidemic—remained easily accessible on the App, including prescription drugs such as Xanax, Percocet, and OxyContin, as well as illegal drugs like cocaine, MDMA, LSD, and marijuana.⁸⁷

154. TikTok is now a key marketing channel for off-label performance enhancements and steroid drugs, such as selective androgen receptor modulators (commonly called “SARMs”), which are synthetic variations of the male sex hormone

⁸⁶ Devlin Barrett & Elizabeth Dwoskin, *With overdose deaths soaring, DEA warns about fentanyl-, meth-laced pills*, WASH. POST (Sept. 27, 2021), https://www.washingtonpost.com/national-security/dea-warning-counterfeit-drugs/2021/09/27/448fcb18-1f27-11ec-b3d6-8cdebe60d3e2_story.html.

⁸⁷ *Suicide, Incels, and Drugs: How TikTok’s Deadly Algorithm Harms Kids*, EKŌ (Mar. 2023), https://s3.amazonaws.com/s3.sumofus.org/images/eko_Tiktok-Report_FINAL.pdf.

testosterone.⁸⁸ These steroid-like drugs are subject to strict regulation under the Controlled Substances Act and are not approved by the U.S. Food Drug and Administration (“FDA”). These steroid drugs—which are dangerous to teens and are associated with serious and life-threatening health problems like heart attacks, hallucinations and liver failure—have racked up hundreds of millions of views on TikTok in the U.S. Some reports have found that these drugs have racked up *over 500 million views* among U.S. users on TikTok alone.

155. Second, the risks posed by TikTok’s flawed content moderation systems are compounded by TikTok’s failure to provide moderators with adequate resources or effective training. Moderators are expected to review up to 1,000 videos a day, giving them less than 20 seconds on average to assess potentially harmful content. Strapped for time, they struggle to make accurate policy judgments.⁸⁹ TikTok also intentionally instructs its moderators to adopt an “if in doubt, leave it up” mantra.⁹⁰

156. Third, TikTok selectively enforces its moderation policies, despite claiming its rules apply to “everyone and everything.”⁹¹ For example, a December

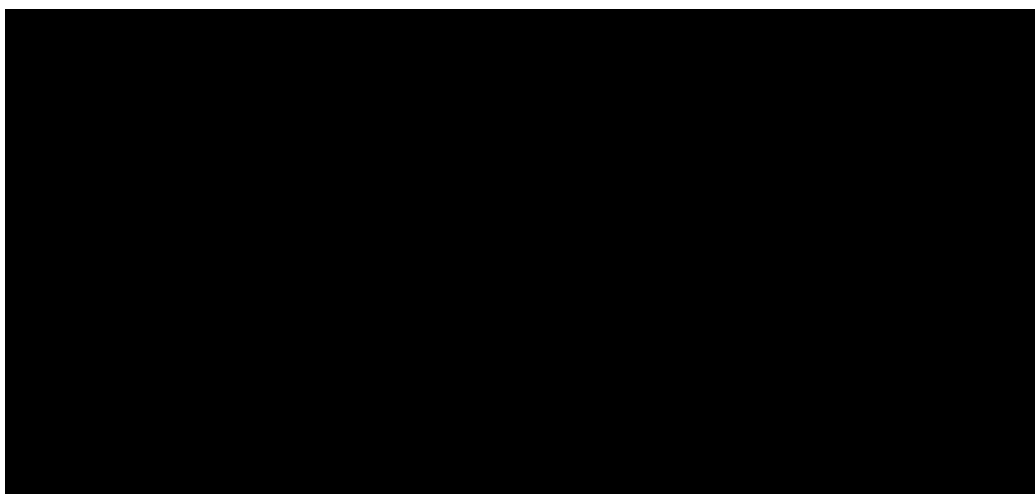
⁸⁸ *TikTok’s Toxic Trade: How TikTok promotes dangerous and potentially illegal steroids and steroid-like drugs to teens*, CTR. FOR COUNTERING DIGITAL HATE (Sept. 28, 2023), <https://counterhate.com/wp-content/uploads/2023/09/TikToks-Toxic-Trade-Steroids-and-Steroid-Like-Drugs.pdf>.

⁸⁹ Olivia Carville, *TikTok’s Problem Child Has 7 Million Followers and One Proud Mom*, BLOOMBERG (Dec. 12, 2022), <https://www.bloomberg.com/news/features/2022-12-12/-teentok-influencers-test-tiktok-s-rules-straining-moderators#xj4y7vzkg>.

⁹⁰ *Id.*

⁹¹ *Community Guidelines, Overview*, TIKTOK (Apr. 17, 2024), <https://www.tiktok.com/community-guidelines/en/>.

2020 Trust and Safety presentation reveals that, contrary to its representations that moderation policies apply to [REDACTED] TikTok was not monitoring the overwhelming majority of comments. Apparently, moderators reviewed only [REDACTED] of user comments. See Figure 20 below.



(Figure 20.)

157. Behind closed doors, the company also looks the other way when TikTok users of [REDACTED] violate its policies. Trust and Safety policy leaders recall being asked [REDACTED]⁹²

In 2020, TikTok also unveiled an [REDACTED]

[REDACTED] The program featured policy shortcuts like [REDACTED]

[REDACTED]

TikTok deployed this look-the-other-way policy despite knowing that the [REDACTED]

⁹² Olivia Carville, *TikTok's Problem Child Has 7 Million Followers and One Proud Mom*, BLOOMBERG (Dec. 12, 2022), <https://www.bloomberg.com/news/features/2022-12-12/-teentok-influencers-test-tiktok-s-rules-straining-moderators#xj4y7vzkg> .

[REDACTED]

[REDACTED]

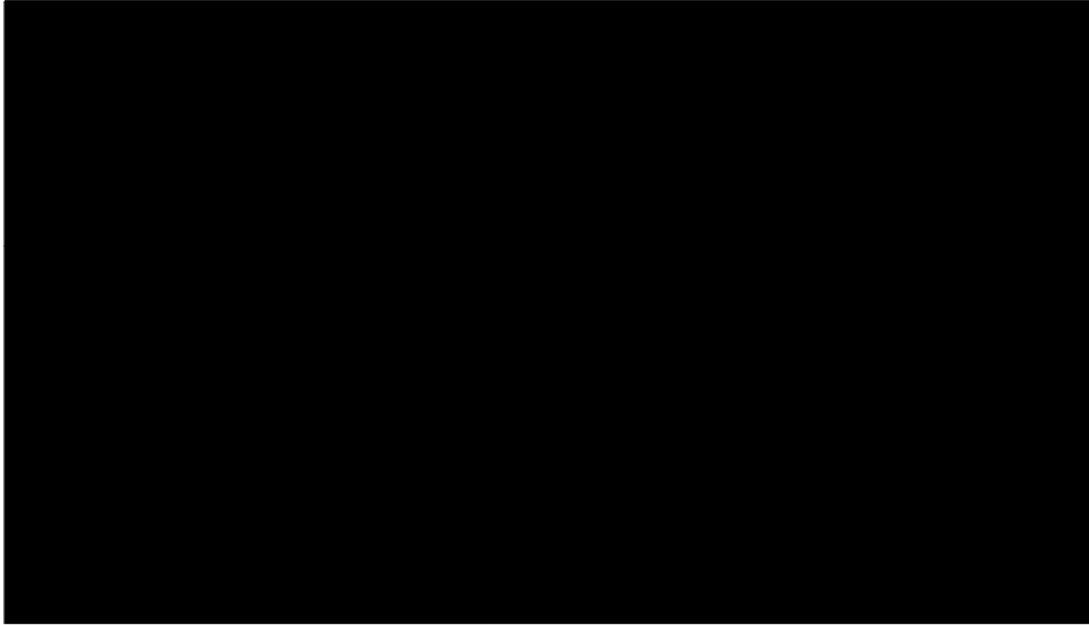
[REDACTED]

158. In January 2020, TikTok adopted a new “age-gate” policy to content recommendations made by creators under 16. But the rules did not apply to Charli D’Amelio (who was 15 years old at the time and a TikTok megastar with 150 million followers). Employees acknowledged she was a [REDACTED]

[REDACTED]

[REDACTED] Charli was also allowed to live stream and receive monetary rewards through Gifts at just 15 years old, despite the minimum age requirement to host on LIVE being 16 and the minimum age requirement to receive Gifts being 18.⁹³ See Figure 21 below, showing policy misalignment on minors from an August 6, 2020 TikTok PowerPoint.

⁹³ Baileyando, *Charli D’Amelio TikTok Livestream December 16, 2019*, YOUTUBE (Dec. 16, 2019), <https://www.youtube.com/watch?v=OGCwBYHO7Uk>.



(Figure 21.)

2. TikTok misrepresentations are particularly glaring regarding Child Sexual Exploitation Material (CSAM) on the App.

159. TikTok falls especially short—and its public commitment to safety and content moderation are particularly deceptive—when it comes to the most harmful content on the App, like Child Sex Abuse Material (“CSAM”), a term commonly used to describe child exploitation material, and predatory behavior.

160. TikTok promises robust protection for specific categories of particularly harmful content on the App, like sexual exploitation and predatory behavior. The company promises a “zero tolerance policy” for sexual exploitation and promises to use tools to address the exploitation of children using “human and machine-based moderation tools like photo identification technologies,” filtering “red-flag

language,” and sharing information with the National Center for Missing & Exploited Children (“NCMEC”).⁹⁴

161. These promises are a mirage and TikTok knows it.

162. TikTok knows that it has low moderation accuracy for harmful CSAM violations and has a [REDACTED] rate on the App. In a 2023 product strategy roadmap, TikTok acknowledged that [REDACTED] [REDACTED] Internal surveys also demonstrate that [REDACTED] of users encounter inappropriate content related to children, [REDACTED] [REDACTED] [REDACTED].

163. The problem continues to grow out of control because TikTok never implemented adequate detection tools and reporting strategies for CSAM. In 2020, one of TikTok’s team leaders on minor safety described the company’s struggle to police CSAM by saying:

[REDACTED]

164. And despite repeatedly stating publicly that it uses specific, industry-leading tools to monitor and remove CSAM—such as image hashing technology—TikTok’s own [REDACTED] admitted internally in August 2021 that it [REDACTED]:

⁹⁴ Eric Han, *Protecting against exploitative content*, TIKTOK (Mar. 5, 2020), <https://newsroom.tiktok.com/en-us/protecting-against-exploitative-content>.

[REDACTED]

Implemented as promised, NCMEC’s hash technology (i.e., identifying the unique digital fingerprints assigned to images and photos) would have helped TikTok identify known images of CSAM. Instead, [REDACTED]

[REDACTED]

[REDACTED]

165. These issues have persisted for years. In April 2023, six years after introducing the App in the U.S., TikTok still had not launched a comprehensive

[REDACTED] is still unable to enforce policy violations due to [REDACTED]

[REDACTED]

[REDACTED]

166. These misstatements impose real, material harms on users. Serious risks persist for Vermont parents and children even after TikTok publicly represented that it does not allow youth exploitation or abuse. As TikTok’s [REDACTED]

[REDACTED] acknowledged in 2022, exposure to harmful content can cause [REDACTED] to youth.

3. “Filter Bubbles” remain an unaddressed harm on the App despite TikTok deceptively suggesting otherwise.

167. TikTok has repeatedly stated that it has “addressed” harms related to its Recommendation Engine and that its algorithms are “designed with safety as a

consideration.”⁹⁵ In particular, the company has emphasized that it “address[es] the challenges of recommendation engines” and “filter bubble[s]”⁹⁶ by “[i]nterrupting repetitive patterns,” “[d]iversifying recommendations,” and “[s]afeguarding the viewing experience.”⁹⁷

168. In practice, TikTok’s Recommendation Engine continues to trap teenagers into “filter bubbles” that bombard them with precisely the kinds of content that TikTok claims not to allow, including videos about weight loss, body image, and self-harm content.

169. TikTok has known of concerns about its algorithm sending children into these downward spirals of depressive content since at least 2020—and likely well before. One former employee, Charles Bahr, told his superiors that “the algorithm was sending Generation Z users endless streams of depressing and suicide-glorifying videos.”⁹⁸ A few months after he raised the problem, TikTok fired him.

170. TikTok knows that “filter bubbles” pose serious harms, and has acknowledged that one ██████████ in its policies includes content that is not harmful in isolation but ██████████

██████████ For example, the company knows that the App is

⁹⁵ *How TikTok recommends videos #ForYou*, TIKTOK (June 18, 2020), <https://newsroom.tiktok.com/en-us/how-tiktok-recommends-videos-for-you>.

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ Olivia Carville, *TikTok’s Algorithm Keeps Pushing Suicide to Vulnerable Kids*, BLOOMBERG (Apr. 20, 2023), <https://www.bloomberg.com/news/features/2023-04-20/tiktok-effects-on-mental-health-in-focus-after-teen-suicide>.

creating an account.¹⁰¹ Since TikTok’s launch, videos tagged with suicide content amassed over 1.43 million posts and 8.8 billion views and were readily available to children.¹⁰²

4. TikTok claims to age restrict access to its App but knows its age-gating is ineffective.

174. TikTok promises parents and users that the company is committed to providing an App experience for users of the appropriate age. According to TikTok, this starts with ensuring users are 13 years and older:

We are deeply committed to TikTok being a safe and positive experience for people under the age of 18 (we refer to them as “youth” or “young people”). This starts by being old enough to use TikTok. You must be 13 years and older to have an account To support a safe experience on LIVE, we restrict young people from using this feature. You must be 18 years and older to go LIVE, and to send gifts to a creator during a LIVE session.¹⁰³

175. The primary tool that TikTok uses to prevent minors from accessing the App is “age-gating,” which refers to the practice of blocking certain content or features based on a user’s self-selected age. But this tool is largely ineffective and TikTok knows it cannot adequately “restrict” minors from accessing certain App features.

¹⁰¹ *Deadly by Design: TikTok pushes harmful content promoting eating disorders and self-harm into users’ feeds.*, CTR. FOR COUNTERING DIGIT. HATE (Dec. 15, 2022), <https://counterhate.com/research/deadly-by-design/>.

¹⁰² *Suicide, Incels, and Drugs: How TikTok’s Deadly Algorithm Harms Kids*, EKÖ (Mar. 2023), https://s3.amazonaws.com/s3.sumofus.org/images/eko_Tiktok-Report_FINAL.pdf.

¹⁰³ *Community Guidelines, Youth Safety and Well-Being*, TIKTOK (Apr. 17, 2024), <https://www.tiktok.com/community-guidelines/en/youth-safety>; *Community Guidelines, Accounts and Features*, TIKTOK, <https://www.tiktok.com/community-guidelines/en/accounts-features?cgversion=2023#2> (Apr. 17, 2024).

176. When a user signs up for TikTok, the user must self-report their date of birth before gaining access to the App. The process relies on the user, whether a child or adult, to accurately input their actual age. But this age-gating process has the opposite effect: it incentivizes children to input a false date of birth when registering.

177. TikTok knows this.

178. According to internal data and studies from November 2022, [REDACTED]
[REDACTED]
[REDACTED] to avoid being placed into the more restrictive version of the App.

179. TikTok employees have also consistently recognized the dangers of its open-door policy for underage users on LIVE. In a document from June 2022, the company admitted that it [REDACTED]

[REDACTED] Documents from the same time showed that the company's policies were failing, admitting that [REDACTED]

[REDACTED] For instance, a [REDACTED] on LIVE included the fact that minors [REDACTED] Despite the widespread and familiar nature of this tactic, TikTok remained obstinate and decided that use of [REDACTED] rather than immediate action.

180. In addition to easily bypassing TikTok’s age-gate by self-reporting an older age, users could create a TikTok account through [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Upon

information and belief, TikTok has attempted to fix the issue, but there remains a significant number of users on the platform who have not even gone through TikTok’s age-gate.

181. Contrary to representations that it restricts access to the App and certain features like live streaming, the company fails to identify users’ true ages and allows for loopholes.

5. TikTok knows LIVE drives financial and sexual exploitation of children contrary to its representations and commitments to safety.

182. TikTok represents that it does “not allow content that may put young people at risk of psychological, physical, or developmental harm.”¹⁰⁴ The company further expressly represents:

We are deeply committed to TikTok being a safe and positive experience for people under the age of 18 (we refer to them as “youth” or “young people”). This starts by being old enough to use

¹⁰⁴ *Community Guidelines, Youth Safety and Well-Being*, TIKTOK (Apr. 17, 2024), <https://www.tiktok.com/community-guidelines/en/youth-safety>.

TikTok. You must be 13 years and older to have an account. . . . To support a safe experience on LIVE, we restrict young people from using this feature. You must be 18 years and older to go LIVE, and to send gifts to a creator during a LIVE session.¹⁰⁵

183. But the company knows that LIVE is unsafe and exploits children financially and sexually. Operating in part like a virtual strip club, LIVE provides young streamers with a performance stage, and allows other users to entice streamers into sexual acts in exchange for virtual money.

184. First, as described in detail above, TikTok knows that—and indeed actively designs—LIVE to encourage users to buy virtual Coins and send Gifts. The company is fully aware these monetary rewards encourage predatory [REDACTED]—or soliciting Gifts in exchange for promises during live streams that are never fulfilled.¹⁰⁶ Research confirms this: studies show that younger generations report higher rates of victimization from online fraud—like [REDACTED]—than adults.¹⁰⁷ TikTok knows this as well, admitting that [REDACTED] on LIVE leads to [REDACTED]

[REDACTED]

[REDACTED]

¹⁰⁵ Youth Safety and Well-Being, TIKTOK, <https://www.tiktok.com/community-guidelines/en/accounts-features?cgversion=2023#2> (last updated Apr. 17, 2024); Accounts and Features, TIKTOK, <https://www.tiktok.com/community-guidelines/en/accounts-features?cgversion=2023#2> (last updated Apr. 17, 2024).

¹⁰⁶ Judy Tidy, *TikTok's young fans 'exploited' for digital gifts*, BBC (July 2, 2019), <https://www.bbc.com/news/technology-48725515>.

¹⁰⁷ A.W. Ohlheiser, *Gen Z falls for online scams more than then boomer grandparents do*, VOX (Sept. 21, 2023), <https://www.vox.com/technology/23882304/gen-z-vs-boomers-scams-hacks>.

185. TikTok has long known that children are duped into spending money on the App. For example, [REDACTED]

[REDACTED] Among the celebrities who have been impersonated are Dwayne “The Rock” Johnson, Chris Pratt, Charli D’Amelio (who has the second largest following on TikTok), and Bella Poarch (who has the most popular video on TikTok)—all of whom are popular with young audiences.¹⁰⁸

186. The lack of oversight has resulted in other forms of predatory financial behavior—none of which TikTok discloses to consumers and all of which are encouraged and facilitated by TikTok’s lack of appropriate safeguards. For instance, TikTok knows that [REDACTED]

187. Second, TikTok knows LIVE also encourages and facilitates serious harms, including the sexual exploitation of children.

188. These harms were made public in April 2022, after a Forbes article titled “How TikTok Live Became ‘A Strip Club Filled With 15-Year-Olds’” reported that teens and other users were being sexually exploited over LIVE, where older adults enticed young users live streaming to perform sexually explicit acts in

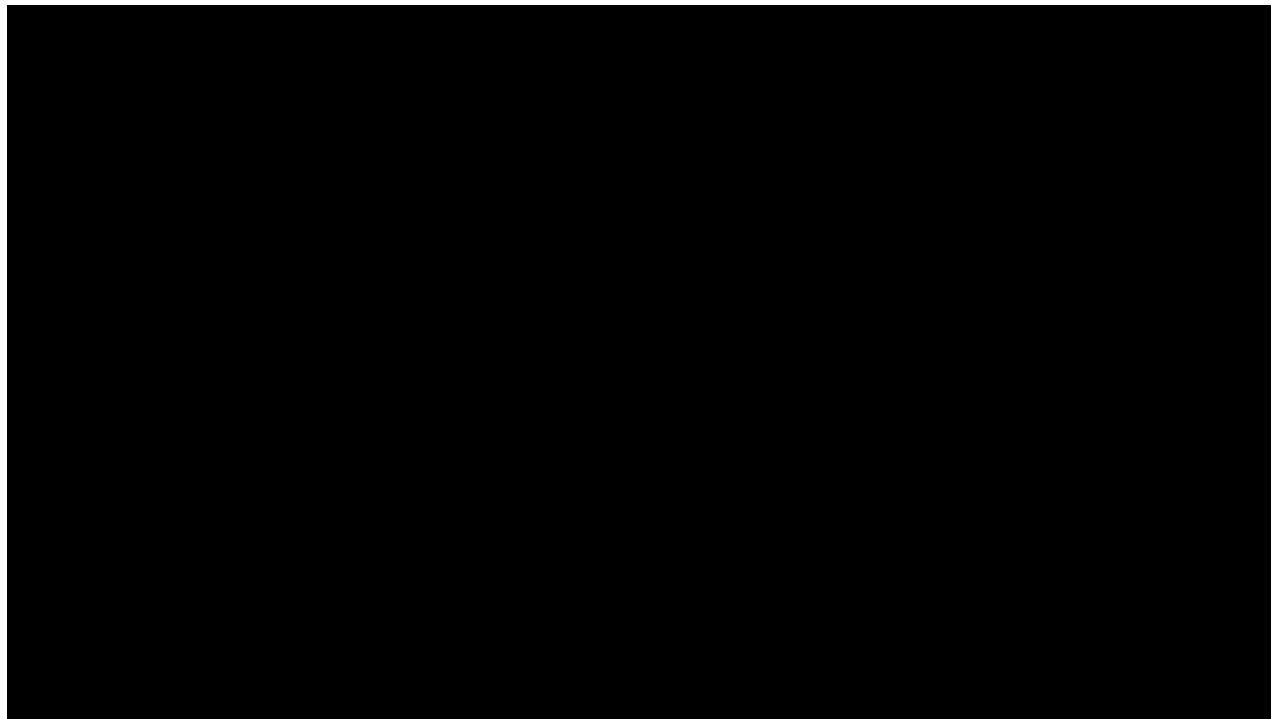
¹⁰⁸ Satnam Narang, *TikTok LIVE Scams: Stolen Live Footage Used to Earn TikTok Gifts, Promote Scams to Make Money*, TENABLE (Oct. 22, 2021), <https://www.tenable.com/blog/tiktokscams-stolen-live-footage-used-to-earn-tiktok-gifts-promote-scams-to-make-money>.

exchange for Gifts. This included a fourteen-year-old who told viewers they were “paying [her] bills” in exchange for viewing nudity and more.¹⁰⁹

189. Months before the Forbes article broke, TikTok conducted an internal investigation largely confirming the Forbes story. The investigation, called [REDACTED]

[REDACTED]

[REDACTED] See Figure 22.



(Figure 22.)

190. TikTok’s internal findings of sexual exploitation reveals not only the lack of control TikTok has exercised over LIVE, but also the extent to which exploitative content drives the entire success of LIVE for TikTok’s bottom line.

¹⁰⁹ Alexandra S. Levine, *How TikTok Lives Became a ‘Strip Club Filled with Fifteen-Year-Olds,’* FORBES (Apr. 27, 2022), <https://www.forbes.com/sites/alexandrlevine/2022/04/27/how-tiktok-live-became-a-strip-club-filled-with-15-year-olds/?sh=63b0efa762d7>.

191. In February 2022, two TikTok leaders ([REDACTED]
[REDACTED]) discussed the need to remove
[REDACTED]
[REDACTED].

192. In another example from a March 2022 LIVE safety survey, users reported that [REDACTED]
[REDACTED] Users also reported [REDACTED]
[REDACTED]
[REDACTED] TikTok leaders have known since at least 2020 that TikTok has [REDACTED] An internal document from May 2020 also highlighted concerns about [REDACTED] becoming more popular as sex workers turned to online platforms during the COVID-19 pandemic.

193. Despite acknowledging internally how downright [REDACTED] it is to not implement appropriate safeguards on LIVE, company leaders have admitted TikTok placed [REDACTED] over the safety of consumers—especially vulnerable children—because LIVE [REDACTED]

194. The issues on LIVE still persist.

195. In September 2022—five months after the Forbes story—an investigator found that “within minutes of browsing the [LIVE] feed” they were shown underage

girls providing sexually suggestive content in exchange for money and young boys using filters to pose as girls to receive Gifts.¹¹⁰

196. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] See Gift Emojis in Figures 16 and 17 above. These symbols alluded to the Gifts that corresponded to each sexually suggestive act—payments the investigator deemed to be “built for obfuscation.”¹¹¹

197. As the investigator continued viewing, he describes being “bombarded” by a stream of underage hosts who “did spins, bent over on camera, lifted their shirts, or engaged in other clearly suggestive content directly for money” with a chatroom of users trying to view them in compromising positions.¹¹²

¹¹⁰ Upper Echelon, *TikTok Is Poisoning Society*, YOUTUBE (Sept. 13, 2022), <https://youtu.be/qbv-VteX5H8?feature=shared>; see also TT-UT-AG-000078784.

¹¹¹ Upper Echelon, *TikTok Is Poisoning Society*, YOUTUBE (Sept. 13, 2022), <https://youtu.be/qbv-VteX5H8?feature=shared>.

¹¹² *Id.*



(Figure 23.)

198. Just last year in April, CNN created a test account for a 14-year-old. After just 17 minutes of use on the first day, the account was flooded with sexually suggestive LIVE recommendations in the For You Feed on the user’s account. These included LIVE videos of a girl in short shorts with the reporter stating, “all we’re really seeing is this girl’s bottom in the frame, it looks like that’s the point of this video.”¹¹³

199. These internal admissions contradict TikTok’s public statements that it is “*deeply committed to TikTok being a safe and positive experience*” for young users.¹¹⁴

¹¹³ CNN Takes Over a 14-Year-Old’s TikTok Account. 17 Minutes In, This Is What We Saw, CNN (Apr. 20, 2023), <https://www.cnn.com/videos/business/2023/04/18/teen-tiktok-experimentclare-duffy-zw-orig.cnn-business>.

¹¹⁴ Youth Safety and Well-Being, TIKTOK; Accounts and Features, TIKTOK, <https://www.tiktok.com/community-guidelines/en/accounts-features?cgversion=2023#2> (last updated Apr. 17, 2024) (emphasis added).

6. TikTok claims to offer effective user and parental controls to limit unhealthy App usage, but it knows these tools do not work.

200. TikTok markets several controls for parents and users to help control user time on the App. Many of these features are publicly marketed as part of TikTok’s “You’re in Control” safety video series.¹¹⁵ These features include user controls like (i) “Take a Break” videos; (ii) keyword filters; (iii) mute functions; and (iv) self-report controls, as well as parental controls called “Restricted Mode” and “Family Pairing.” TikTok launched these features to help allay public concern that children were spending too much time on the App and that they lacked the capacity to disengage.

201. TikTok knows none of these features are effective or provide users with meaningful control as advertised.

202. The “Take a Break” (or “TAB”) feature was launched in February 2020 to help curb “internet addiction” following public criticism about overuse and internal data showing children struggling to disengage from the App. TAB lets users schedule video reminders to take breaks from TikTok and enjoy offline activities.¹¹⁶ TikTok knows this feature is ineffective and [REDACTED]

[REDACTED]

[REDACTED] Contrary to public representations, TAB videos [REDACTED]

¹¹⁵ “You’re in Control” video series stars TikTok creators to educate users about safety features, TIKTOK (Oct. 22, 2019), <https://newsroom.tiktok.com/en-us/youre-in-control-video-series-stars-tiktok-creators-to-educate-users-about-safety-features>.

¹¹⁶ Stephanie Hind, *Helping users manage their screen time*, TIKTOK (Feb. 13, 2020), <https://newsroom.tiktok.com/en-us/helping-users-manage-their-screen-time>.

[REDACTED]

Internal data confirms [REDACTED] of users watch less than five seconds of TAB videos, only [REDACTED] of users watch the entire video, only [REDACTED] of users close TikTok within [REDACTED] minutes of watching a TAB video, and [REDACTED] of users [REDACTED] [REDACTED] [REDACTED] [REDACTED].

203. Similarly, “keyword filters,” “mute,” and “self-report,” are all in-App tools marketed and provided to users to keep live streaming on TikTok “safe.”¹¹⁷ These functions do not work, in part because the tools are difficult to find and do not function properly. For example, “keyword filters,” which allow users to block certain words that appear in comments during a live stream, need more [REDACTED] to be effective for minor safety. And the “mute” function has a [REDACTED]

[REDACTED]

[REDACTED]

204. TikTok also markets several tools to help parents manage their children’s interactions and time on the App.¹¹⁸ But these parental controls do not work as advertised.

205. “Family Pairing” lets parents link their TikTok account to their teens’ accounts and set controls, like managing screentime, restricting mature content on

¹¹⁷ *LIVE Safety Features: Tools to Keep Your LIVE Safe*, TIKTOK (Oct. 21, 2022), <https://www.tiktok.com/live/creators/en-UK/article/live-safety>.

¹¹⁸ *TikTok Parental Guide*, TIKTOK (Oct. 16, 2019), <https://newsroom.tiktok.com/en-us/tiktok-parental-guide>.

the App, and limiting who can send messages to their child.¹¹⁹ Another control, called “Restricted Mode,” allegedly allows parents to “limit[] the appearance of content that may not be appropriate for all audiences” by setting up a passcode to ensure content is age-appropriate. Both controls allow children to easily bypass any restrictions. For example, teens can simply [REDACTED]

[REDACTED]

[REDACTED] As the company admits, [REDACTED]

[REDACTED] Parents receive a notification if Family Pairing is disabled but have only 48 hours to act. This short window is insufficient for busy parents and, as TikTok acknowledges, requires them to be an [REDACTED] Content that children see within Restricted Mode is also [REDACTED]

[REDACTED]

VIOLATIONS OF THE LAW

COUNT ONE

Unfair Acts and Practices in Violation of 9 V.S.A. § 2453

206. The State realleges and incorporates by reference each of the allegations contained in all paragraphs of this Complaint as though fully alleged herein.

207. By engaging in the acts and practices alleged herein, Defendant has engaged in and are continuing to engage in unfair acts and practices in commerce, in violation of the Vermont Consumer Protection Act, 9 V.S.A. § 2453(a), which are

¹¹⁹ Jeff Collins, *TikTok Introduces Family Pairing*, TIKTOK (Apr. 15, 2020), <https://newsroom.tiktok.com/en-us/tiktok-introduces-family-pairing>.

immoral, unethical, oppressive or unscrupulous; or cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition.

208. The design features of TikTok's App are unfair because they contribute to and/or cause Vermont consumers, especially children, to use the App compulsively and excessively to the detriment of their mental, physical and financial well-being. Such compulsive and excessive use inflicts substantial harm on children that is independent of the harm caused by any posted content or by actions taken by third-party users of the App. The features that inflict substantial harm on children include TikTok's Recommendation Engine, Infinite Scroll, Push Notifications, Filters, and TikTok LIVE (collectively, the "Addictive Features").

209. Defendant's unfair acts include:

- a. Designing and maintaining TikTok with Addictive Features that contribute to and cause children to use TikTok compulsively and excessively to the detriment of their health and well-being;
- b. Misrepresenting and failing to disclose to consumers the extent to which TikTok contributes to and causes compulsive and excessive platform use; the extent to which such use is harmful to children; and the extent to which TikTok exposes children to harmful content and harmful experiences;
- c. Failing to adequately verify TikTok users' age upon account creation and thereby exposing children (either those under the age of 13 or under the age of 18) to TikTok and other age-gated features on TikTok such as TikTok LIVE.

210. TikTok also uses the Addictive Features to collect more data about the users, including children, which is itself an unfair practice that causes injury.

211. Vermont consumers, especially children, cannot reasonably avoid the harm resulting from TikTok's unfair acts and practices because its App utilizes engagement-inducing features that it knows addict children and misrepresents and fails to disclose the dangerous nature of its App.

212. As a direct result of the unfair practices described above, TikTok obtained income, profits, and other benefits that it would not otherwise have obtained.

213. Each instance in which TikTok engaged in an unfair act or practice as alleged in this Count constitutes a separate violation of the VCPA.

214. TikTok continues to cash in on the addictive nature of its App despite knowing the harm its App causes to the Vermont's children. TikTok's violations present a continuing harm, and the unlawful acts and practices complained of here affect the public interest.

COUNT TWO
Unfair Acts and Practices in Violation of 9 V.S.A. § 2453
(TikTok LIVE Monetization)

215. The State realleges and incorporates by reference each of the allegations contained in all paragraphs of this Complaint as though fully alleged herein.

216. As described in detail herein, TikTok has, and at all relevant times had, an understanding of the increased risks of fraud and other criminal activity—including the financial and sexual exploitation of children—that it created by coupling live streaming features with a virtual monetary system in TikTok LIVE.

217. TikTok failed to take measures to mitigate these risks of fraud, sexual exploitation, and financial harm that LIVE creates. It has maintained the design features that create these risks and has failed to implement compliance programs common for the industry and required under federal law, like structuring or obscuring the true nature of its virtual currency to avoid registration with the U.S. Secretary of the Treasury’s FinCEN as a money transmitting business under 31 U.S.C. § 5330, despite admitting that it is unregistered and is required to be so.¹²⁰

218. TikTok also failed to warn users of the risks LIVE poses.

219. TikTok directly profits from the virtual currency used on LIVE—Coins, Gifts, and Diamonds—despite knowing the risks of fraud, sexual exploitation, and financial harm that the currency creates. Thus, TikTok, through LIVE, knowingly harms its users monetarily and psychologically for its own financial gain.

220. Consumers cannot reasonably avoid the substantial harm resulting from TikTok’s acts and omissions because TikTok has knowingly designed LIVE and its virtual currency system with features that addict users, including children; has failed to warn users about the risks of LIVE; has failed to disclose the absence

¹²⁰ The term “money transmitting business” means any business other than the United States Postal Service which—(A) provides check cashing, currency exchange, or money transmitting or remittance services, or issues or redeems money orders, travelers’ checks, and other similar instruments or any other person who engages as a business in the transmission of currency, funds, or value that substitutes for currency, including any person who engages as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money domestically or internationally outside of the conventional financial institutions system; (B) is required to file reports under section 5313; and (C) is not a depository institution (as defined in section 5313(g)). 31 U.S.C. § 5330(d)(1).

of anti-fraud and anti-money laundering protections in LIVE; and has failed to warn users of the presence of known criminals and fraudsters on LIVE.

221. By engaging in the acts and practices alleged in this Count, Defendant has engaged in and is continuing to engage in unfair acts and practices in commerce, in violation of the Vermont Consumer Protection Act, 9 V.S.A. § 2453(a), which offend public policy; are immoral, unethical, oppressive or unscrupulous; or cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition.

222. Each instance in which TikTok engaged in an unfair act or practice as alleged in this Count constitutes a separate violation of the VCPA.

223. As a direct result of the unfair practices described above, TikTok obtained income, profits, and other benefits it would not otherwise have obtained.

224. TikTok's violations present a continuing harm, and the unlawful acts and practices complained of here affect the public interest.

COUNT THREE
Deceptive Acts and Practices in Violation of 9 V.S.A. § 2453
(Misrepresentations and Omissions – Safety and Design)

225. The State realleges and incorporates by reference each of the allegations contained in all paragraphs of this Complaint as though fully alleged herein.

226. Defendant engaged in and is continuing to engage in deceptive acts and practices in commerce, in violation of the Vermont Consumer Protection Act, 9 V.S.A. § 2453(a), by making material misrepresentations that are likely to deceive a

reasonable consumer. The meaning ascribed to Defendant's claims herein is reasonable given the nature of those claims.

227. In connection with the advertising, marketing, promotion, and other representations regarding their products and services, TikTok has repeatedly made misrepresentations, directly or indirectly, expressly or by implication, including but not limited to the following:

- a. TikTok is deeply committed to TikTok being a safe and positive experience for people under the age of 18;
- b. TikTok's App is a safe environment for users of all ages, including children;
- c. TikTok works to support teen users and parents by building effective controls;
- d. TikTok works to support the well-being of everyone on the App;
- e. TikTok worked to address issues with its Recommendation Engine, including filter bubbles, as early as June 2020;
- f. TikTok's policies are strict and apply to everyone;
- g. TikTok prohibits content about bullying, drugs, mature themes, disordered eating and weight loss, suicide and self-harm, and content that exploits children, including CSAM;
- h. TikTok identifies and proactively removes content that violates those policies;
- i. TikTok addresses filter bubbles and algorithm recommendations that lead to extreme harmful content;
- j. TikTok LIVE is safe; and
- k. TikTok LIVE implements safety features that will keep teens and children safe

228. In addition to TikTok's affirmative statements, TikTok's omissions are misleading. These include failing to inform children and parents about: (i) the risks that children will encounter extensive harmful material on the App or be contacted by predators on the App; (ii) the risks that children will encounter or be coerced into sexually exploitative activities on TikTok LIVE; (iii) the risks that children will be taken advantage of financially by LIVE Gifting; (iv) that TikTok takes up to, if not more than, 50% in commission from virtual currency transactions on the App, including the Coin- to Gift- to Diamond transactions via LIVE; and (v) TikTok's use of Addictive Features and design tactics that limit user agency, particularly children's, and coerce them into making decisions on the App they otherwise would not have.

229. Each instance in which TikTok engaged in a deceptive act or practice as alleged in this Count constitutes a separate violation of the VCPA.

230. TikTok's unlawful acts and practices in violation of the VCPA target and adversely affect Vermont residents.

231. TikTok's violations present a continuing harm, and the unlawful acts and practices complained of here affect the public interest.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff State of Vermont respectfully request the Court enter judgment in its favor and the following relief:

1. A judgment determining that Defendant has violated the Vermont Consumer Protection Act;

2. A permanent injunction prohibiting Defendant from engaging in the unfair and deceptive acts and practices identified herein;
3. A judgment requiring Defendant to disgorge all profits obtained as a result of their violations of the Vermont Consumer Protection Act;
4. Civil penalties of \$10,000 for each violation of the Vermont Consumer Protection Act;
5. A finding that each instance in which a young person accessed TikTok in the State of Vermont represents a distinct violation of the Vermont Consumer Protection Act;
6. The award of investigative and litigation costs and fees to the State of Vermont; and
7. Such other and further relief as the Court may deem just and appropriate.

Dated at Montpelier, Vermont this 8th day of October, 2024.

Respectfully submitted,

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