

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION

Plaintiff,

v.

CHEGG, INC., a corporation;

Defendant.

Case No. \_\_\_\_\_

**STIPULATED ORDER FOR  
PERMANENT INJUNCTION,  
MONETARY JUDGMENT, AND  
OTHER RELIEF**

Plaintiff, Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Permanent Injunction, Monetary Judgment, and Other Relief (“Complaint”), for a permanent injunction, monetary relief, and other relief in this matter, pursuant to Sections 5(m)(1)(A), 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(m)(1)(A), 53(b) and 57b, and the Restore Online Shoppers’ Confidence Act (“ROSCA”), 15 U.S.C. § 8404. Defendant Chegg, Inc. (“Defendant”) has waived service of the summons and the Complaint. The Plaintiff and Defendant stipulate to the entry of this Stipulated Order for Permanent Injunction, Monetary Judgment, and Other Relief (“Order”) to resolve all matters in dispute in this action between them. THEREFORE, IT IS ORDERED as follows:

**FINDINGS**

1. This Court has jurisdiction over this matter.
2. The Complaint charges that Defendant violated ROSCA, 15 U.S.C. §§ 8401-8405, by failing to provide simple mechanisms for consumers to cancel their subscriptions.
3. Defendant neither admits nor denies any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, Defendant admits the facts necessary to establish jurisdiction.
4. Defendant waives any claim that it may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agrees to bear its own costs and attorney fees.

5. Defendant and Plaintiff waive all rights to appeal or otherwise challenge or contest the validity of this Order.

## DEFINITIONS

For the purpose of this Order, the following definitions apply:

- A. **“Billing Information”** means any data that enables any person to access a consumer’s account, such as a credit card, checking, savings, share or similar account, utility bill, mortgage loan account, or debit card.
- B. **“Charge,” “Charged,” or “Charging”** means any attempt to collect money or other consideration from a consumer, including but not limited to causing Billing Information to be submitted for payment, including against the consumers’ credit card, debit card, bank account, telephone bill, or other account.
- C. **“Defendant”** means Chegg, Inc. and its successors and assigns.
- D. **“Interactive Electronic Medium”** means any electronic means of communicating (except via telephone calls), including Internet, mobile application, text, chat, instant message, email, software, or any online service.
- E. **“Material”** means likely to affect a person’s choice of, or conduct regarding, goods or services.
- F. **“Negative Option Feature”** is a provision of a contract under which the consumer’s silence or failure to take affirmative action to reject a good or service or to cancel the agreement is interpreted by the Negative Option Seller as acceptance or continuing acceptance of the offer, including, but not limited to: an automatic renewal; a continuity plan; a free-to-pay conversion or fee-to-pay conversion; or a pre-notification negative option plan.
- G. **“Negative Option Seller”** means the person selling, offering, Charging for, or otherwise marketing a good or service with a Negative Option Feature.

**ORDER****I. PROHIBITION AGAINST MISREPRESENTATIONS**

IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting or offering for sale any good or service with a Negative Option Feature, are permanently restrained and enjoined from misrepresenting, expressly or by implication, any Material fact, including the cancellation of the Negative Option Feature.

**II. SIMPLE CANCELLATION MECHANISMS  
FOR NEGATIVE OPTION FEATURES**

IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting or offering for sale any good or service with a Negative Option Feature, are permanently restrained and enjoined from failing to provide a simple mechanism for a consumer to: cancel the Negative Option Feature; avoid being Charged, or Charged an increased amount, for the good or service; and immediately stop any recurring charges. The simple mechanism required by this Section must be at least as easy to use as the mechanism the consumer used to consent to the Negative Option Feature, and:

A. For cancellation by Interactive Electronic Medium, the simple cancellation mechanism must be easy to find when the consumer seeks to cancel, and

B. For cancellation by telephone call, Defendant must promptly effectuate cancellations requested by the consumer via a telephone number that is (a) answered by Defendant or records messages, (b) available during Defendant's normal business hours, (c) not more costly to use than the telephone call the consumer used to consent to the Negative Option Feature, and (d) easy to find and clearly displayed on the Defendant's websites.

**III. MONETARY JUDGMENT**

IT IS FURTHER ORDERED that:

1           A.     Judgment in the amount of Seven Million Five Hundred Thousand dollars  
2     (\$7,500,000) is entered in favor of Plaintiff against Defendant as monetary relief.

3           B.     Defendant is ordered to pay to Plaintiff \$7,500,000 which, as Defendant stipulates,  
4     its undersigned counsel holds in escrow for no purpose other than payment to Plaintiff. Such  
5     payment must be made within 7 days of entry of this Order by electronic fund transfer in  
6     accordance with instructions to be provided by a representative of Plaintiff upon the Court's  
7     issuance of this Order.

8                               **IV.     ADDITIONAL MONETARY PROVISIONS**

9           IT IS FURTHER ORDERED that:

10          A.     Defendant relinquishes dominion and all legal and equitable right, title, and interest  
11     in all assets transferred pursuant to this Order and may not seek the return of any assets.

12          B.     The facts alleged in the Complaint will be taken as true, without further proof, in any  
13     subsequent civil litigation by or on behalf of the Commission in a proceeding to enforce its rights to  
14     any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint  
15     in any bankruptcy case.

16          C.     The facts alleged in the Complaint establish all elements necessary to sustain an  
17     action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. §  
18     523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

19          D.     Defendant acknowledges that Defendant's Employer Identification Number, Social  
20     Security Number, or other Taxpayer Identification Number ("TIN"), including all TINs that  
21     Defendant previously provided, may be used for collecting and reporting on any delinquent amount  
22     arising out of this Order, in accordance with 31 U.S.C. §7701.

23          E.     All money received by the Commission pursuant to this Order may be deposited into  
24     a fund administered by the Commission or its designee to be used for consumer relief, such as  
25     redress and any attendant expenses for the administration of any redress fund. If a representative of  
26     the Commission decides that direct redress to consumers is wholly or partially impracticable or  
27     money remains after such redress is completed, the Commission may apply any remaining money  
28     for such related relief (including consumer information remedies) as it determines to be reasonably



1 related to Defendant's practices alleged in the Complaint. Any money not used for relief is to be  
2 deposited to the U.S. Treasury as a civil penalty. Defendant has no right to challenge any actions the  
3 Commission or its representatives may take pursuant to this Subsection.

#### 4 **V. CUSTOMER INFORMATION**

5 IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and  
6 attorneys, and all other persons in active concert or participation with any of them, who receive  
7 actual notice of this Order, are permanently restrained and enjoined from directly or indirectly  
8 failing to provide sufficient customer information to enable the Commission to efficiently  
9 administer consumer redress. If a representative of the Commission requests in writing any  
10 information related to redress, Defendant must provide it, in the form prescribed by the  
11 Commission, within 14 days.

#### 12 **VI. ORDER ACKNOWLEDGMENTS**

13 IT IS FURTHER ORDERED that Defendant obtain acknowledgments of receipt of this  
14 Order:

15 A. Defendant, within 7 days of entry of this Order, must submit to the Commission an  
16 acknowledgment of receipt of this Order sworn under penalty of perjury.

17 B. For five years after entry of this Order, Defendant must deliver a copy of this Order  
18 to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having  
19 managerial responsibilities for conduct related to the subject matter of the Order and all agents and  
20 representatives who participate in conduct related to the subject matter of the Order; (3) any business  
21 entity resulting from any change in structure as set forth in the Section titled Compliance Reporting.  
22 Delivery must occur within 7 days of entry of this Order for current personnel. For all others, delivery  
23 must occur before they assume their responsibilities.

24 C. From each individual or entity to which Defendant delivered a copy of this Order,  
25 that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this  
26 Order.

#### 27 **VII. COMPLIANCE REPORTING**

28 IT IS FURTHER ORDERED that Defendant make timely submissions to the Commission:

1           A.     One year after entry of this Order, Defendant must submit a compliance report,  
2 sworn under penalty of perjury:

3                   1.     Defendant must: (a) identify the primary physical, postal, and email address  
4                             and telephone number, as designated points of contact, which representatives  
5                             of the Commission may use to communicate with Defendant; (b) identify all  
6                             of Defendant's businesses by all of their names, telephone numbers, and  
7                             physical, postal, email, and Internet addresses; (c) describe the activities of  
8                             each business, including the goods and services offered with a Negative  
9                             Option Feature, and enrollment and cancellation; (d) describe in detail  
10                            whether and how Defendant is in compliance with each Section of this Order;  
11                            and (e) provide a copy of each Order Acknowledgment obtained pursuant to  
12                            this Order, unless previously submitted to the Commission.

13           B.     For 10 years after entry of this Order, Defendant must submit a compliance notice,  
14 sworn under penalty of perjury, within 14 days of any change in the following: (a) any designated  
15 point of contact; or (b) the structure of Defendant or any entity that Defendant has any ownership  
16 interest in or controls directly or indirectly that may affect compliance obligations arising under this  
17 Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or  
18 affiliate that engages in any acts or practices subject to this Order.

19           C.     Defendant must submit to the Commission notice of the filing of any bankruptcy  
20 petition, insolvency proceeding, or similar proceeding by or against Defendant within 14 days of its  
21 filing.

22           D.     Any submission to the Commission required by this Order to be sworn under penalty  
23 of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: "I  
24 declare under penalty of perjury under the laws of the United States of America that the foregoing is  
25 true and correct. Executed on: \_\_\_\_\_" and supplying the date, signatory's full name, title (if  
26 applicable), and signature.

27           E.     Unless otherwise directed by a Commission representative in writing, all  
28 submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent

1 by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of  
 2 Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC  
 3 20580. The subject line must begin: FTC v. Chegg, Inc.

#### 4 **VIII. RECORDKEEPING**

5 IT IS FURTHER ORDERED that Defendant must create certain records for 10 years after  
 6 entry of the Order, and retain each such record for 5 years. Specifically, Defendant must create and  
 7 retain the following records in connection with its goods and services sold with a Negative Option  
 8 Feature:

- 9 A. accounting records showing the revenues from all such goods or services sold;
- 10 B. personnel records showing, for each person providing services, whether as an  
 11 employee or otherwise, that person's: name; addresses; telephone numbers; job title or position;  
 12 dates of service; and (if applicable) the reason for termination;
- 13 C. records of all consumer complaints and refund requests, whether received directly or  
 14 indirectly, such as through a third party, and any response; and
- 15 D. all records necessary to demonstrate full compliance with each provision of this  
 16 Order, including all submissions to the Commission.

#### 17 **IX. COMPLIANCE MONITORING**

18 IT IS FURTHER ORDERED that, for the purpose of monitoring Defendant's compliance  
 19 with this Order and any failure to transfer any assets as required by this Order:

- 20 A. Within 14 days of receipt of a written request from a representative of the  
 21 Commission, Defendant must: submit additional compliance reports or other requested information,  
 22 which must be sworn under penalty of perjury; appear for depositions; and produce documents for  
 23 inspection and copying. The Commission is also authorized to obtain discovery, without further  
 24 leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30  
 25 (including depositions by remote means), 31, 33, 34, 36, 45, and 69.
- 26 B. For matters concerning this Order, the Commission is authorized to communicate  
 27 directly with Defendant. Defendant must permit representatives of the Commission to interview any  
 28

1 employee or other person affiliated with Defendant who has agreed to such an interview. The  
2 person interviewed may have counsel present.

3 C. The Commission may use all other lawful means, including posing, through its  
4 representatives as consumers, suppliers, or other individuals or entities, to Defendant or any  
5 individual or entity affiliated with Defendant, without the necessity of identification or prior notice.  
6 Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to  
7 Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

8 **X. RETENTION OF JURISDICTION**

9 IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes  
10 of construction, modification, and enforcement of this Order.

11 **SO ORDERED** this \_\_ day of \_\_\_\_\_, 202\_\_.

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13 \_\_\_\_\_  
14 UNITED STATES DISTRICT JUDGE  
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1 SO STIPULATED AND AGREED:

2 FOR PLAINTIFF:

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4 FEDERAL TRADE COMMISSION

5 Sana Chaudhry

September 12, 2025

6 Date: \_\_\_\_\_

7 Sana Chaudhry  
8 Eli Freedman  
9 Evan Mendelson  
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11 Federal Trade Commission  
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13 Washington, DC 20580  
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12 FOR DEFENDANT:

13  
14 NATHAN SCHULTZ

July 8, 2025

15 Date: \_\_\_\_\_

16 Nathan Schultz  
17 Chief Executive Officer

18 FOR CHEGG, INC.

19 Travis LeBlanc

July 8, 2025

20 Date: \_\_\_\_\_

21 Travis LeBlanc  
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27  
28