



April 19, 2022

VIA EMAIL

Samuel A.A. Levine, Director, Bureau of Consumer Protection
Serena Viswanathan, Associate Director, Division of Advertising Practices
Federal Trade Commission
600 Pennsylvania Ave. N.W.
Washington, D.C. 20580
slevine1@ftc.gov
sviswanathan@ftc.gov

Re: Deceptive Marketing on Roblox

Dear Mr. Levine and Ms. Viswanathan:

We write to the Federal Trade Commission concerning Roblox Corporation, a multibillion-dollar public company that operates a closed platform metaverse, where advertising is surreptitiously pushed in front of millions of consumers, including more than 25 million children and adolescents, by a multitude of companies and their avatar influencers. Such digital deception is possible because Roblox has failed to establish any meaningful guardrails to ensure compliance with truth in advertising laws, effectively allowing marketers, including but not limited to Alo Yoga, DC Entertainment, Forever 21, Hasbro, Inc., Hyundai Motor America, Inc., Mattel, Inc., Netflix, NFL Enterprises LLC, Nike, Inc., Paramount Global, and VF Corp., to manipulate millions of consumers in one of the largest and most captivating virtual platforms on the internet today.¹

Companies and influencers have jumped into the Roblox metaverse with reckless abandon – exploiting children’s inability to distinguish organic content from marketing, and manipulating them and other Roblox users with undisclosed promotions that are nearly identical to organic virtual items and experiences on the platform. This deception is augmented by marketers’ covert use of digital avatar influencers and AI-controlled promotional bots aimed at increasing the popularity and desirability of their brands. And as these brands exploit unsuspecting consumers, tricking them into taking part in immersive advertising experiences and unwittingly interacting with walking, talking endorsers that are indistinguishable from other avatars on the platform, the companies, including Roblox, are taking users’ time, attention, and money while extracting their personal data.²

And to add insult to injury, consumers, including children and adolescents, are being lured to the Roblox platform with unsubstantiated and atypical earnings representations

that claim users can become financially successful game developers. We urge the FTC to act swiftly to protect consumers and ensure that the deceptive marketing tactics used by this platform, brands and influencers do not become a permanent fixture of the Roblox infrastructure and business model.

Roblox: “Bringing the World Together Through Play”

Roblox was originally developed as a place for children to create, code and play games. Within years of its 2006 launch, Roblox – described by its CEO as the “ultimate online building world for kids”³ – was reported to be the largest entertainment website for children, more popular than the Disney Channel or Nickelodeon.⁴ Roblox is so popular among kids that of its 55 million daily users, more than 25 million of them are age 13 and under.⁵ And as recently as September 2020, one quarter of Roblox users were under the age of 9.⁶ Roblox’s popularity with children is exemplified by the fact that three-quarters of all 9 to 12 year olds in the United States regularly use it.⁷ Undoubtedly, the engagement of kids on the platform has led to the game Adopt Me!, where players “[r]aise and dress cute pets . . . and play with friends in [a] magical, family-friendly world,” becoming Roblox’s most popular game of all time with more than 28 billion visits.⁸

Since going public last March,⁹ Roblox – which states that its mission “is to bring the world together through play”¹⁰– has been focused on geographic and demographic expansion. It recently told investors, “We believe that the Roblox Platform has the potential to transform how people express themselves, socialize, play, learn, work, and transact together around the world.”¹¹ Indeed, Roblox attracts users from more than 180 countries and, in the fourth quarter of 2021, Roblox – for the first time – attracted more users over the age of 13 (52 percent) than users aged 13 and under (48 percent).¹²

Roblox appeals to a wide range of ages because it offers millions of video games and virtual experiences,¹³ which run the gamut from action adventures to social hangouts and pet dress-up games to military-style shooter simulations. Roblox also hosts virtual concerts,¹⁴ movie launch parties,¹⁵ children’s birthday parties and playdates,¹⁶ fashion exhibitions,¹⁷ and even houses virtual restaurants.¹⁸ In other words, it is the quintessential closed platform metaverse – a virtual-reality space in which users can interact with one another in a computer-generated environment (though at present users cannot interact with other virtual platforms, such as Decentraland, Meta’s Horizon Worlds, Epic Games’s Fortnite, Microsoft’s Minecraft, The Sandbox, or others).¹⁹ Currently, Roblox has an entire research team devoted to “advanc[ing] the metaverse through open scientific inquiry and collaborative exploration,”²⁰ and its CEO has referred to the Roblox team as the “shepherds of the Metaverse.”²¹

The vastness and overwhelming number of activities and options in the Roblox metaverse has led to its massive popularity with users spending billions of hours on the platform – more than 40 billion hours in 2021 alone.²² And the more time children and other users spend in this digital universe, the more opportunities brands have to get advertisements in front of them.

For all its ingenuity and technological advances, Roblox has completely shirked its responsibility with respect to ensuring that truth in advertising laws are followed on its platform. The only bright-line rules Roblox appears to require are that “Ads may not contain content intended for users under the age of 13,” and “Ads must comply with the Children’s Online Privacy Protection Act (‘COPPA’), Children’s Advertising Review Unit (‘CARU’) and Children’s Food and Beverage Advertising Initiative (‘CFBAI’) guidelines, and all other applicable local laws and regulations.”²³ As for these divergent requirements, the first does not appear to be enforced (as will be explained below), and as for the second, there is no way of knowing if the platform, developers and corporations are complying with COPPA or CARU and CFBAI guidelines. In short, the company has failed to establish any meaningful guardrails or mandatory disclosure requirements for dynamic advertisements on its site and has generally abdicated its responsibility to ensure compliance with truth in advertising laws to its developers and brands.²⁴

Robux: The Keys to the Kingdom

Children, as well as adolescents and adults, use Roblox in two primary ways: to create and develop games and experiences (both of which are sometimes referred to as “worlds;” in this letter, the terms “games,” “experiences” and “worlds” are used interchangeably),²⁵ and to play and explore games on the platform by way of a virtual avatar that users can accessorize and personalize. But whether consumers come to the platform as developers or players, there is one thing they both need in order to maximize their experience: Robux, the platform’s virtual currency that powers its digital economy and one of the keys to the company’s success.²⁶

Robux, which can be purchased with U.S. dollars,²⁷ are used by players to buy avatar accessories and clothing, special abilities within games, access to pay-to-play games and Roblox Premium subscriptions, among other things. Users can purchase Robux at an average exchange rate of 0.01 USD per Robux, with the smallest amount of Robux that can be purchased being 400 for \$4.99 and the largest being 10,000 for \$99.99.²⁸

Robux can also be earned by creators and developers in a variety of ways, including creating and selling accessories and clothes for avatars; selling special abilities within games; driving engagement, meaning that developers are rewarded by Roblox for the amount of time Premium subscribers spend in their games; and selling content and tools, such as plugins, to other developers.²⁹ (There is also a secondary market where players can obtain Robux by reselling “used” virtual items.³⁰) For every dollar a user spends on something developers have created, developers get, on average, 28 cents.³¹ And the exchange rate for earned Robux is 0.0035 USD per Robux, meaning that earned Robux are worth nearly 300 percent less than purchased Robux.³²

Moreover, unlike other metaverse platforms, Roblox virtual items and its currency are not created or secured using blockchain technology, which means Roblox objects are not NFTs (non-fungible tokens) and Robux is not a cryptocurrency. As a result, when a Roblox user loses their account for whatever reason, they also lose every asset that was in

the account, an occurrence that appears to happen with some frequency according to complaints filed with the FTC.³³

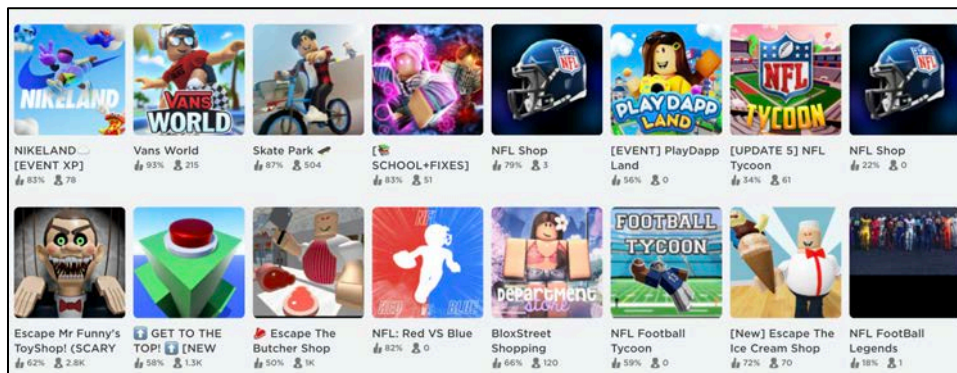
How the Roblox Metaverse Manipulates Consumers

Numerous companies and avatar influencers have been and are advertising on Roblox in a native, immersive and deceptive fashion that completely obliterates the line between marketing and entertainment. In addition, some brands and developers are deceptively and artificially inflating their experience's apparent popularity by using incentives and giveaways to encourage users to "like" their worlds in order to enhance their popularity and game Roblox's search algorithms.

1. Marketing on Roblox Is Surreptitiously Interlaced With Entertainment

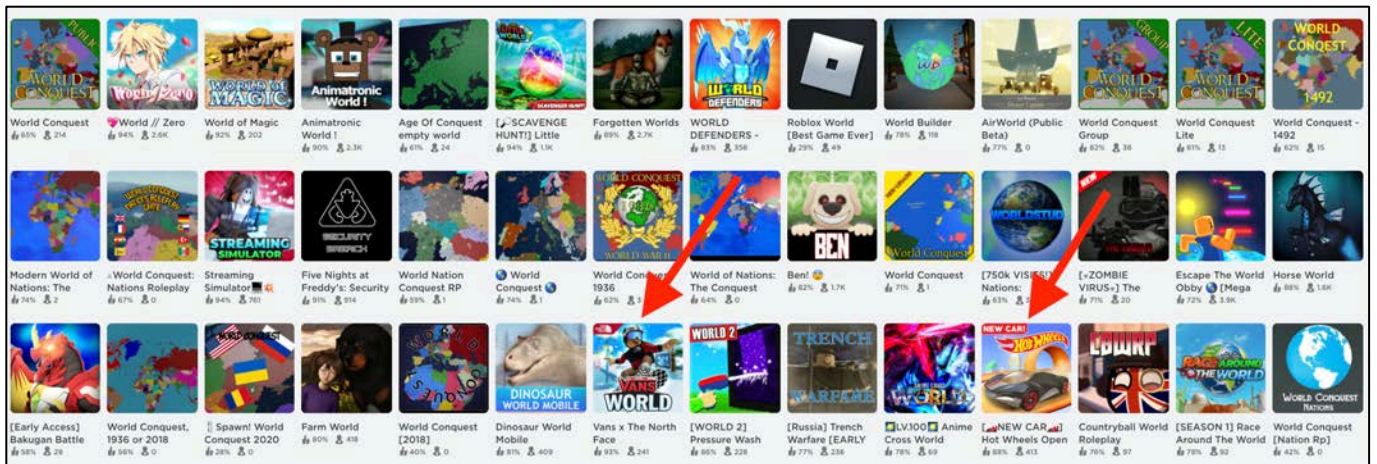
Companies market in a variety of ways on Roblox, including using branded worlds (also known as advergames), sponsored content placed within organic worlds and AI-controlled as well as human-created avatar brand influencers. In all of these formats, the distinction between marketing and organic content is almost always missing – undisclosed advertisements disguised as games are sprinkled in and among regular games, sponsored brands and items are mixed in with non-sponsored items in organic worlds, and undisclosed bots and avatar brand influencers are walking among, communicating with and playing with other Roblox users.

a. Undisclosed Roblox Advergames



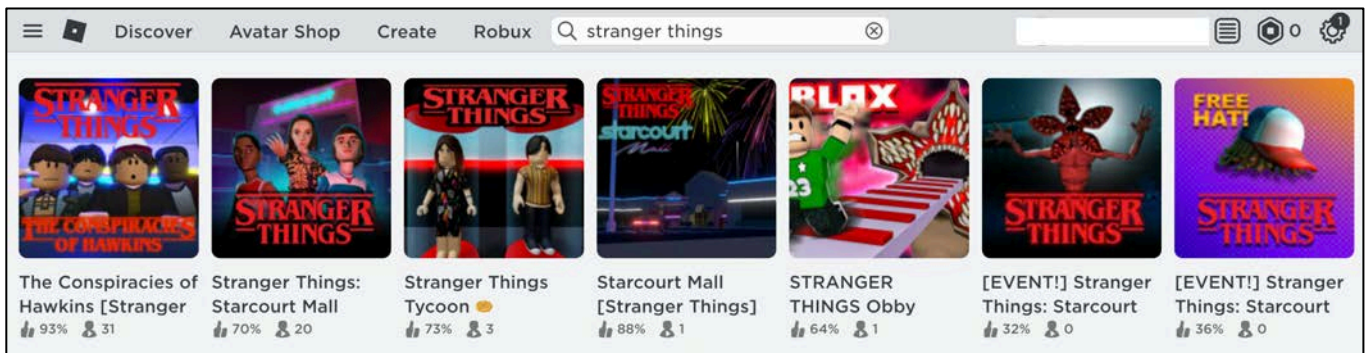
Most of the sponsored worlds currently on Roblox are advergaming, which combine advertisements and gaming in virtual experiences that are always accessible but beyond the control of any one user. Within these branded worlds, consumers are no longer passively engaging with marketing material but are actively participating in an immersive experience with the brand and its products. These advergaming are designed to maximize the amount of time and attention users spend building, playing, exploring and shopping in the advertisement leading to enhanced brand engagement, which can translate into real-world sales, among other things.³⁴

When adult consumers know they are receiving an advertising pitch, they view the marketing content with a critical eye knowing that the motive, bias and interest of the marketer influences the content. But in the Roblox metaverse, it can be impossible to know which content is organic and which is promotional. By way of example, generically searching the Roblox platform for “world” results in numerous hits with no way of knowing which of these worlds are unsponsored authentic content and which are corporate-controlled advertisements, as the screenshot below illustrates.³⁵



[Red arrows pointing to two sponsored brand worlds]

Similarly, a consumer searching for a Stranger Things experience³⁶ on Roblox is presented with several choices.³⁷ But as the screenshot of search results below shows, identifying which of these games are sponsored is impossible.



Clicking on the individual thumbnail images provides little clarity.

Stranger Things: Starcourt Mall
By Netflix

Favorite Follow 92K+ 39K+

About Store Servers

Description
Complete daily quests, ascend the daily leaderboard, and earn Star Coins to exchange for brand new Stranger Things-themed avatar items, across four unique games:

- Hawkins Lab Escape (5 vs. 1 Multiplayer)
- Dueling Dice (1-2 Players)
- Hi-Score Slingshot (1 Player)
- Delivery Dash (1 Player)

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| Active | Favorites | Visits | Created | Updated | Server Size | Genre | Allowed Gear |
|--------|-----------|--------|------------|----------|-------------|------------|--------------|
| 14 | 319,706 | 35.4M+ | 10/20/2020 | 3/4/2022 | 30 | All Genres | [Icons] |

The only indication that the second Stranger Things search result is sponsored is the small print beneath the game name that ambiguously says “By Netflix” – an indicator that most Roblox users are unlikely to see, and even if they do see it, many Roblox users may not understand that this means the virtual world is an advertisement disguised as a game.

Wonder Woman search results on Roblox further illustrate this point. A consumer searching to play a Wonder Woman game on the platform is presented with many choices, including at least four experiences that all have the same name. Identifying which of these games are sponsored content – even after clicking on each one and reading its description – is difficult for adults and impossible for most minors.³⁸

Wonder Woman: The Themyscira Experience
By WorkingGameDC

Favorite Follow 59K+ 57K+

About Store Servers

Description
Join Robin from Teen Titans Go! and Robin from the original Teen Titans as they take you on a tour through the DC Multiverse! With exclusive sneak peeks of new shows, movies and more from your favorite DC Super Heroes - with special surprises and celebrity appearances.

#WonderWomanXRoblox
WONDER WOMAN and all related characters and elements © & DC.

| Active | Favorites | Visits | Created | Updated | Server Size | Genre | Allowed Gear |
|--------|-----------|--------|-----------|------------|-------------|------------|--------------|
| 65 | 260,241 | 35.5M+ | 4/21/2020 | 10/16/2021 | 20 | All Genres | [Icons] |

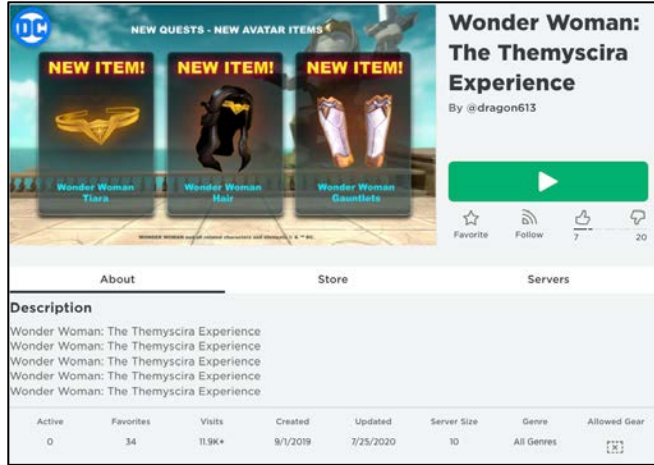
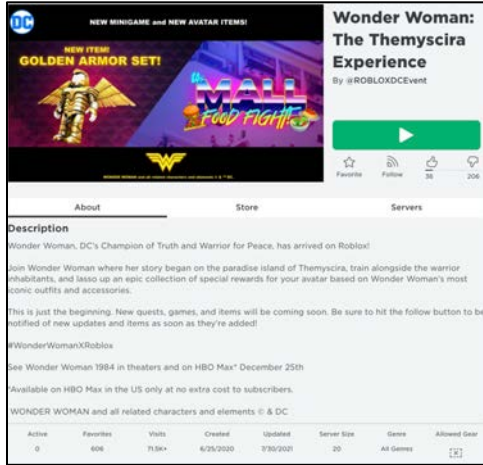
Wonder Woman: The Themyscira Experience
By Roblox Event Studio

Favorite Follow 7 2

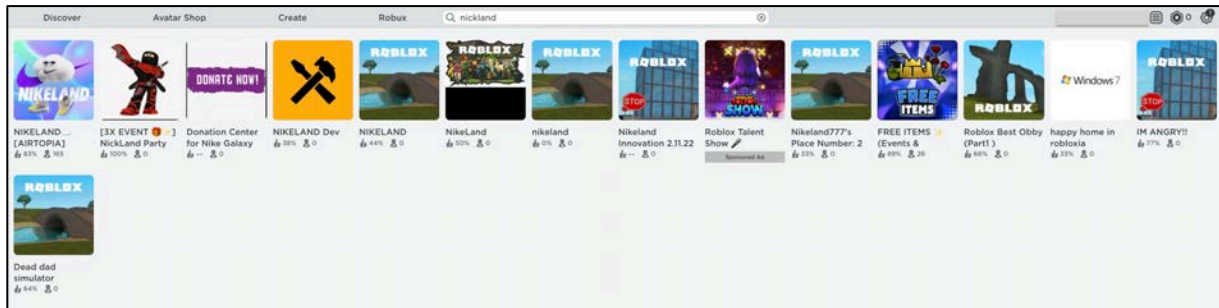
About Store Servers

Description
Wonder Woman, DC's Champion of Truth and Warrior for Peace, has arrived on Roblox!
Join Wonder Woman where her story began on the paradise island of Themyscira, train alongside the warrior inhabitants, and lasso up an epic collection of special rewards for your avatar based on Wonder Woman's most iconic outfits and accessories.
This is just the beginning. New quests, games, and items will be coming soon. Be sure to hit the follow button to be notified of new updates and items as soon as they're added!
#WonderWomanXRoblox
See Wonder Woman 1984 in theaters and on HBO Max* December 25th
*Available on HBO Max in the US only at no extra cost to subscribers.
WONDER WOMAN and all related characters and elements © & DC.

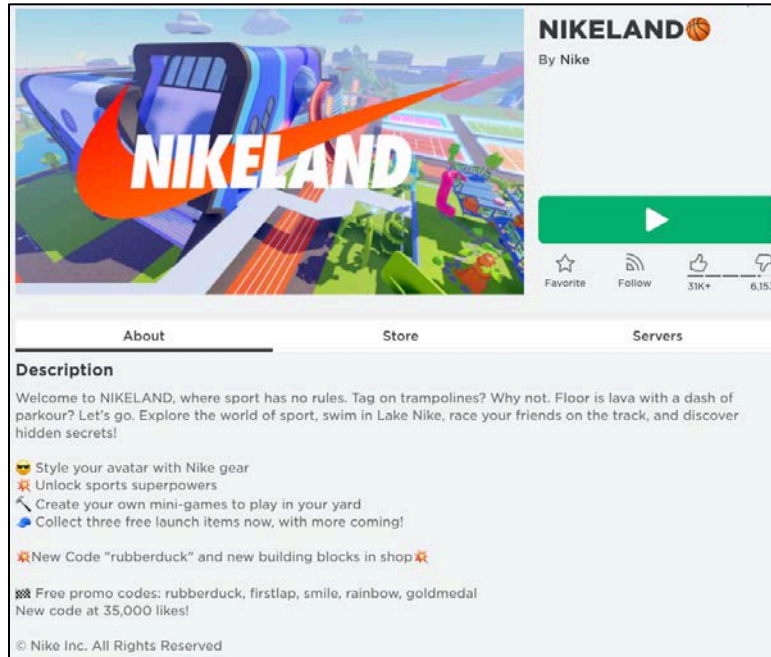
| Active | Favorites | Visits | Created | Updated | Server Size | Genre | Allowed Gear |
|--------|-----------|--------|-----------|-----------|-------------|------------|--------------|
| 0 | 4 | 1,246 | 1/16/2021 | 1/16/2021 | 20 | All Genres | [Icons] |



With more than 40 million games on the Roblox platform, experiences and games with the same name and image are the rule, not the exception, making it all the more impossible to tell which experiences are advergames and which are not. And adding to the confusion, developers and companies that pay Roblox to promote their games in search results are denoted by a gray bar that states, “Sponsored Ad” as the image below shows. But at the same time, Roblox makes no attempt to inform consumers which experiences are advergames.



After a user selects and enters a sponsored experience, they are immediately immersed in a never-ending advertisement. Take, for example, Nikeland, created by Nike last fall and which has been visited more than 13 million times since it launched.³⁹ It is an adverggame where kids can “[e]xplore the world of sport, swim in Lake Nike, race your friends on the track, [] discover hidden secrets,” play children’s games like The Floor is Lava, and “[s]tyle your avatar with Nike gear.”⁴⁰ Currently, virtual Nike gear can be obtained without Robux;⁴¹ instead users must obtain “rewards” or Nikeland gold coins, which can only be collected by spending time and effort in the adverggame. Not surprisingly, the more time spent exploring and playing in this advertisement, the more rewards and metals users can collect.

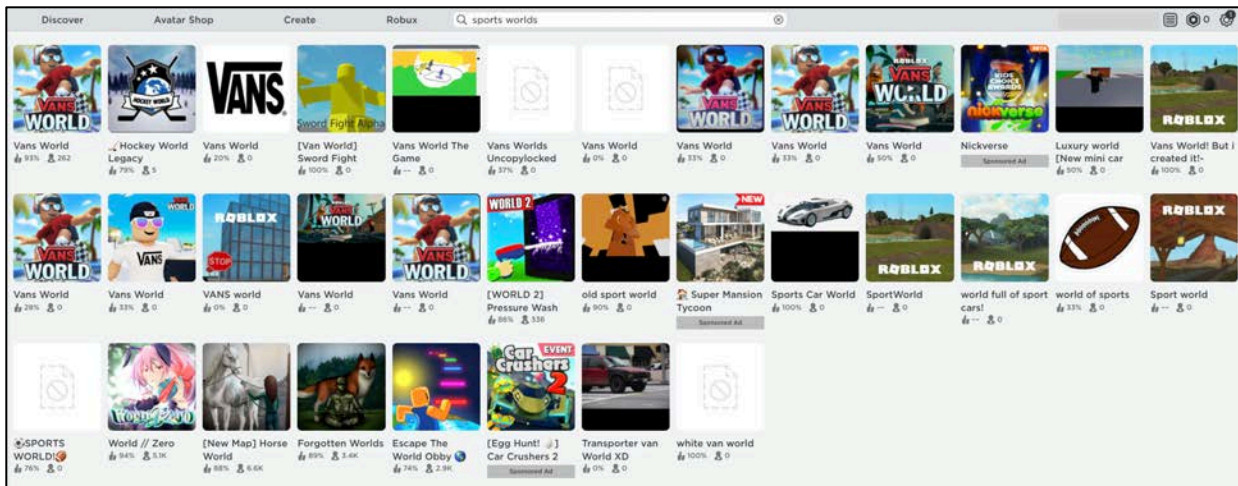


Nike gear can only be obtained in Nikeland, and includes a backpack, cap, sunglasses, clothing, and several pairs of sneakers, including the brand’s popular Air Max sneakers, Mercurial Superfly cleats, ACG Mountain Fly Gore-Tex shoes, and Dunk sneakers, all of which give avatars various special abilities when worn in Nikeland, including the ability to jump higher and run faster.⁴²

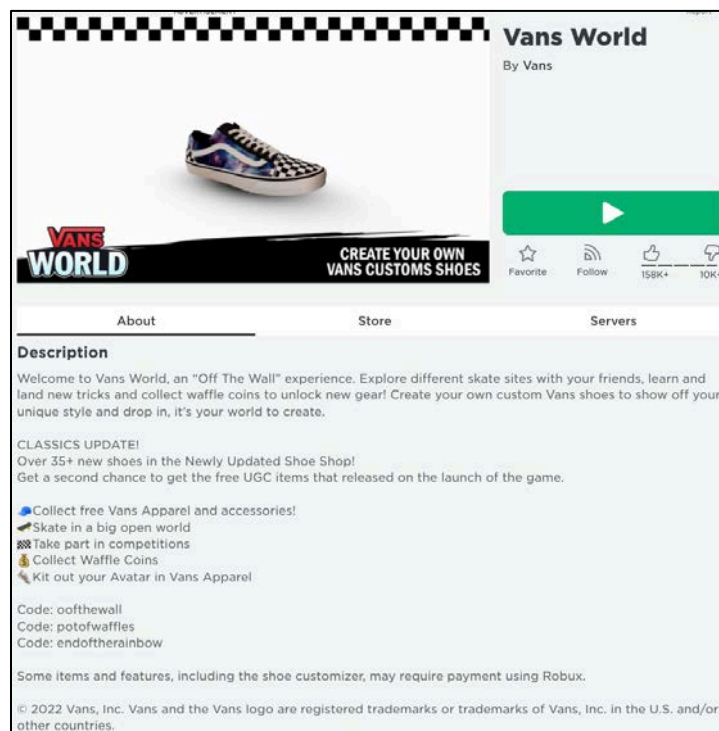
Examples of Nike gear available in Nikeland



Similar undisclosed advergaming include Vans World, which has had more than 61 million visits since its April 2021 launch. But because there are more than a dozen different Vans Worlds in the Roblox metaverse, determining which one is the advergaming is almost impossible.⁴³ A search for “sports worlds” includes the following results:



In the sponsored Vans World users can “[e]xplore different skate sites” and “[k]it out [their] Avatar in Vans Apparel.”⁴⁴ But unlike in Nikeland, such apparel must be purchased using Robux.⁴⁵ In this advertisement, kids can also amplify their avatars’ skating skills with Waffle Coins, which can be purchased with Robux or collected by investing time and attention into competitions and exploring the skating world.⁴⁶



Another deceptive branded world in the Roblox metaverse is one sponsored by Hot Wheels, a children’s toy brand,⁴⁷ called the Hot Wheels Open World, which has been visited more than 32 million times, and where users can “[h]ang out with friends[,] compete in races,” and “[c]ollect Hot Wheels cars, upgrade them, and customize your ride.”⁴⁸

[NEW CAR] Hot Wheels Open World
By Hot Wheels Official by Gamefam

Favorite Follow 70K+ 8,828

About Store Servers

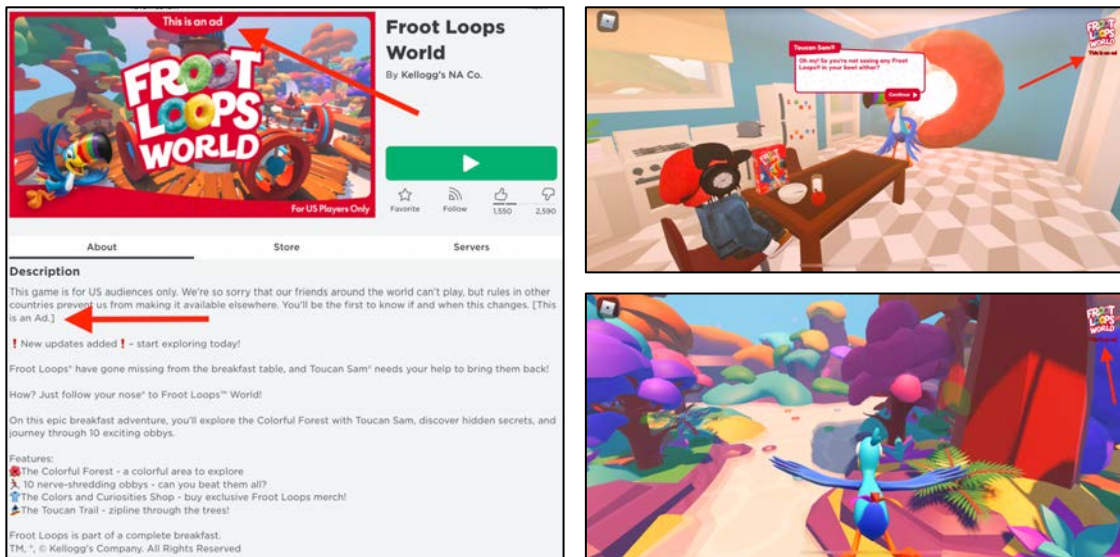
Description
1/28/22 Update:
NEW CAR! Exotique - Phantom edition can now be found in the dealership!
🔥CODE: 'loot' FOR 50K FREE GOLD! THANKS FOR THE 50K LIKES!🔥
👉CODE: '35k' FOR THE FREE 5 ALARM MONSTER TRUCK! 👉 THANK YOU FOR THE 35K LIKES!
THE ONLY OFFICIAL HOT WHEELS™ ROBLOX GAME IS NOW LIVE!
🚗 Get in the driver's seat and explore HOT WHEELS™ OPEN WORLD! Quest, stunt, and race around in legendary vehicles in one of the largest maps on Roblox!
🎮 Hang out with friends and compete in races
🎮 Collect Hot Wheels cars, upgrade them, and customize your ride
🎮 Drive around an epic map filled with stunt tracks, giant loops and hidden collectibles
🎮 Go on quests to help you unlock new vehicles
GAME DIRECTOR - Joe Ferencz - Twitter @joeferencz
PRODUCER/DESIGNER - Jay Sobel - Roblox= watchthisnub
HOT WHEELS and associated trademarks and trade dress are owned by, and used under license from, Mattel.
©2021 Mattel.

In this advertisement, kids can upgrade and accessorize their avatars' racing cars using gold coins and gear tokens, which can either be purchased with Robux or collected by investing time and attention into races, challenges and exploring the ad.⁴⁹

While there are sponsored worlds on Roblox that do inconspicuously disclose that they are advertisements, such as Froot Loops World⁵⁰ and L.O.L. Surprise! Official Party,⁵¹ these disclosures are unlikely to be effective given that the advergames target young children.⁵²

Grid of 14 Roblox game thumbnails with titles and statistics:

- Froot Loops World (37% likes, 18 avatars)
- Escape Froot Loops Obby!! (23% likes, 0 avatars)
- froot loops (66% likes, 0 avatars)
- Froot Loops ;) (72% likes, 0 avatars)
- froot loops (100% likes, 0 avatars)
- Froot Loops Sim. (0% likes, 0 avatars)
- froot loops obby (100% likes, 0 avatars)
- fnaf froot loops (100% likes, 0 avatars)
- Los Froot Loops (50% likes, 0 avatars)
- Slashing Simulator (Sponsored Ad)
- Escape Froot Loops Obby!! (80% likes, 0 avatars)
- I LOVE FROOT LOOPS (0% likes, 0 avatars)
- NO FROOT LOOPS ALLOWED (100% likes, 0 avatars)
- honker froot loops testing (100% likes, 0 avatars)



Because Roblox advergames, including Nikeland, Vans World and Hot Wheels Open World, lack clear and conspicuous disclosures informing players that the content with which they are about to engage is marketing material, millions of Roblox users are deceived and unwittingly manipulated into playing within advertisements on a regular basis. In fact, the commercial content is so covert in these ad formats that even after adults enter sponsored worlds such as those described above they can have trouble accurately identifying them as advergames.⁵³

Such deceptive marketing issues are exacerbated on Roblox because on average more than 25 million children play in this metaverse every day.⁵⁴ It is well established that children are a vulnerable consumer group,⁵⁵ and that those under 12 are unable to recognize the promotional nature of advergames.⁵⁶ And even if children could identify this type of ad content, which they cannot, children under 13 do not fully understand how to interpret marketing material as they do not yet have the ability to understand that ads tend to exaggerate and therefore take them at face value.⁵⁷ As such, in addition to clearly and conspicuously identifying advergames as advertisements, Roblox and the sponsored brands on its platform should adhere to the company's policy of precluding children under the age of 13 from seeing and/or interacting with such ads.⁵⁸

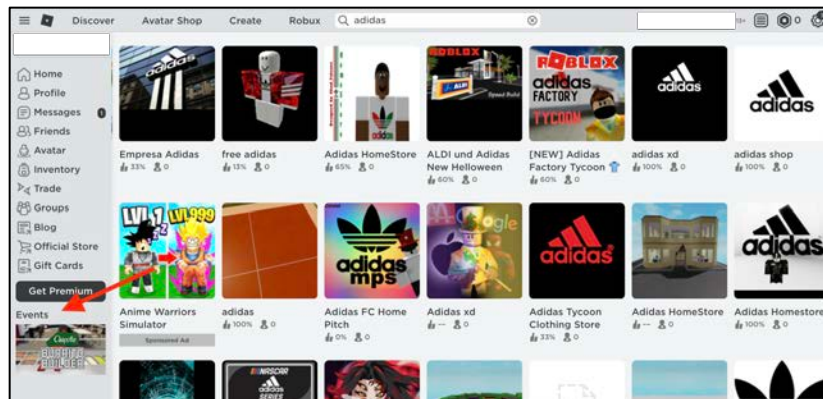
b. Undisclosed sponsored content within organic worlds

Sponsored content is not only promoted and sold within advergames; it is also marketed and sold in the Roblox avatar shop⁵⁹ as well as within organic, non-sponsored games.

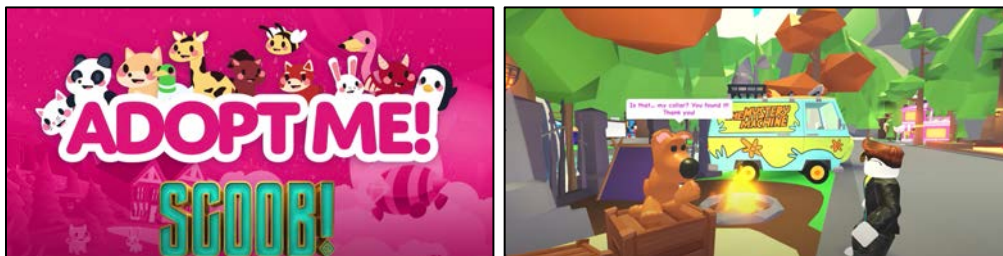
The popular game Jailbreak, which was developed on Roblox in 2017, is an example of the latter. In February, Jailbreak hosted a limited-time sponsored NASCAR event called the "OFFICIAL McLaren F1 Event," which was timed to coincide with the real-world reveal of the new McLaren MCL36.⁶⁰



Just like the advergames highlighted above, there was no disclosure informing Roblox users of the promotional nature of this marketing event. Moreover, Roblox highlights such “events” on its platform but does not disclose when these events are sponsored.



Similarly, in May 2020, the same month the movie Scoob! was released, Warner Brothers’ Scooby-Doo brand made a limited promotional appearance in the popular Roblox children’s game Adopt Me!, where Scoob was available to players as a pet and the Mystery Machine was available as a vehicle during the event.⁶¹



No discernible disclosure of advertising content accompanied this promotion within the Adopt Me! Game.

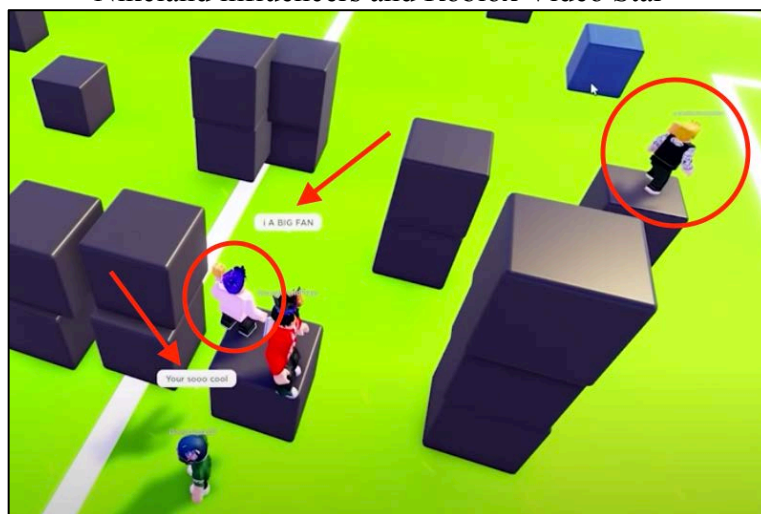
With these types of events, companies, Roblox and its developers are required to clearly and conspicuously disclose the presence of sponsored content within their games and worlds, and pursuant to Roblox policy preclude children under the age of 13 from seeing and/or interacting with such marketing.

c. Undisclosed Avatar Influencers in the Roblox Metaverse

In addition to undisclosed sponsored brand content, Roblox and other companies employ undisclosed brand avatar influencers – both human-created and AI-generated – who are playing, communicating and socializing with uninformed users. Specifically, with respect to human-created avatar influencers, Roblox⁶² and various other brands have enlisted hundreds of social media influencers, who have built their avatars in this digital metaverse, to promote brands, games and worlds,⁶³ and it appears that none of these avatar influencers are or have disclosed their material connections to the applicable brands inside the Roblox metaverse. This means that potentially millions of users are seeing and interacting with brand endorsers in the Roblox metaverse without ever knowing it. And if consumers are unaware of the sales pitch, their natural skepticism to the marketing will not protect them.

For example, Nike has enlisted at least a dozen influencers who have not only promoted Nikeland on social media platforms, but also promoted Nikeland in the Roblox metaverse through their avatars. These avatar influencers, sporting Nike gear, spend time in Nikeland and interact with other avatars – playing games, building mini-games, “buying” Nike gear and communicating with fans⁶⁴ – yet none of them appear to have disclosed their material connection to Nike in the advergame.

Nikeland influencers and Roblox Video Star⁶⁵



Avatar influencers @LankyBoxGamesJustin and @LankyBoxGamesAdam (circled in red above) playing with and interacting with other avatar players in Nikeland (user to influencer, “I A BIG FAN,” “Your sooo cool”)

Nikeland influencer and Roblox Video Star⁶⁶



Avatar influencer @TW_Dessi (circled in yellow above) communicating with other players in the chat bar in Nikeland (users to influencer, “*how doyou get the gear,*” “*that nike hat is drippy,*” “*TW dessi???* omgong”)

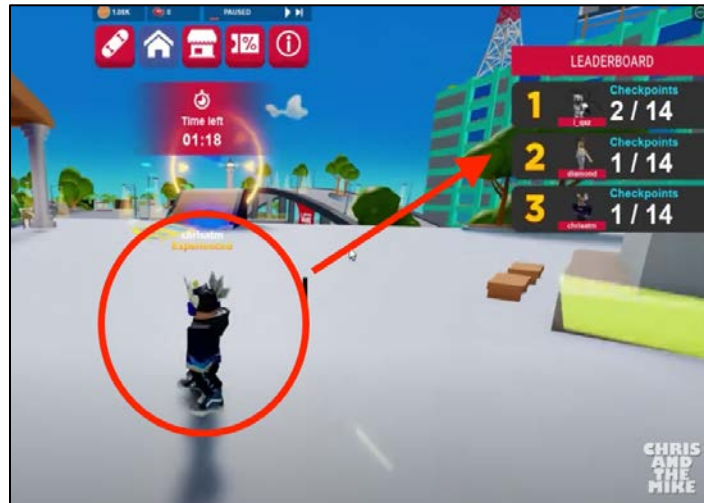
Nikeland influencer and Roblox Video Star⁶⁷



Avatar influencer @notiamsanna playing The Floor is Lava with other players in game she created in Nikeland

Similar interactions between undisclosed brand avatar influencers and players occur in other worlds as well.

Vans World influencer and Roblox Video Star⁶⁸



Avatar influencer @chrisatm competing against other players in Vans World

In addition to avatar influencers, who have material connections to different brands, Roblox also has its own army of influencers through its Roblox Video Stars Program (also known as the Roblox Influencer Program) – an invitation-only arrangement for successful influencers who create Roblox videos on their social media channels. In order to qualify for the program, Roblox video content creators must have 10 million cumulative views on their Roblox videos, 25,000 average views per Roblox video and at least 100,000 followers/subscribers on their social media channel. Among the benefits Roblox provides these video content creators are free Roblox Premium Memberships, early access to certain Roblox events and features, and the ability to earn commissions on the sale of Robux to other users.⁶⁹ While Roblox admits that Video Stars have a material connection to the company (“Examples of material connections include participation in the Influencer Program, receiving payment from Roblox, free Roblox swag, free Robux, early access to an event, etc.”) and requires these influencers to disclose their material connection to Roblox "within the content where you discuss Roblox, such as posts to social media, video content, and livestreams," Roblox does not instruct Video Stars to disclose their material connection to the company when they are working in the Roblox metaverse.⁷⁰ As of April 18, 2022, there were 674 Roblox Video Stars.⁷¹

Roblox Video Star HelloItsVG⁷²



Avatar influencer @EZ_HelloItsVG (circled in red above) shopping and interacting with players in Jailbreak

Roblox Video Star in Alo Sanctuary⁷³



Roblox Video Star @TwistedPandora (circled in red above) shopping for yoga gear alongside other players

Additional examples of undisclosed brand avatar influencers are available at www.truthinadvertising.org/evidence/roblox-avatar-influencers.

In addition to undisclosed brand avatar influencers, there are also undisclosed AI-controlled avatars that have been programmed by brands to engage with Roblox users in promotional interactions in advergames.⁷⁴ In Nikeland, these agenda-driven artificial influencers, which look just like other avatars, give away promotional items such as backpacks and caps, while others act as barkers that try to attract users to the Nikeland stores.

Nike store clerk bot giving away Nike backpack and cap⁷⁵



Nike store clerk bot “waving” users over to the Nike Shop⁷⁶



In addition to the generic staff bots found in Nikeland, there are also avatar bots for real life NBA stars Giannis Antetokounmpo and LeBron James. Antetokounmpo tweeted to more than 2 million followers and posted to more than 12 million Instagram fans late last year that they should “[c]ome find me,” in Nikeland because he was giving away “free gifts.” However, it appears that neither Antetokounmpo nor James ever controlled their avatars in Nikeland – rather the look-a-like avatars interacting with other users are simply AI-controlled agents of Nike.

NBA player Giannis Antetokounmpo’s avatar bot giving away Nike earmuffs⁷⁷



NBA player LeBron James’ avatar bot giving away NBA All-Star Rewards after users complete certain challenges⁷⁸



Undisclosed AI-controlled avatars are present in other Roblox games as well. In the NASCAR showroom in Jailbreak, for example, simulated personas controlled by AI hung

out in the virtual store letting consumers know which areas of the showroom were off limits and that NASCAR was giving away a free car.⁷⁹



“I can’t believe we’re giving this car away for free!”



“Sorry, you’re not allowed back here. Employees only!”

In the Hot Wheels Open World, AI-controlled avatars urge players to upgrade their cars.⁸⁰



And in the Kellogg’s Froot Loops World, an AI-controlled Toucan Sam urges players to pursue the adventure of finding more Froot Loops.⁸¹

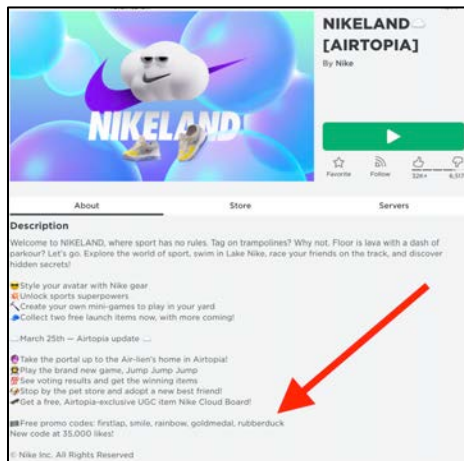


Wherever endorsements take place, advertisers must fulfill their duty to ensure that the form, content and disclosure used by any influencer, at a minimum, complies with the law. Even in the metaverse, companies are legally responsible for ensuring that consumers, whatever their age may be, know that what they are viewing or interacting with is an endorsement.⁸² And despite the transitory nature of avatar influencers participating as walking, talking endorsements within the Roblox metaverse, no brand (including Roblox) is permitted to ignore its legal obligation to disclose these endorsements.⁸³ Indeed, earlier this year, Roblox and many other companies, including Nike, Hyundai Motor America, Inc., VF Corp. (which owns Vans), and Mattel, Inc. (which owns Hot Wheels), were reminded by the FTC that established legal precedent dictates that material connections between endorsers and brands must be clearly and conspicuously disclosed in a manner that will be easily understood by the intended audience.⁸⁴

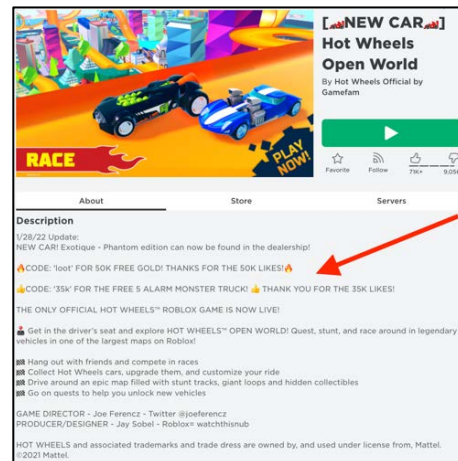
Further, users participating in the Roblox metaverse have a right to know when they are interacting with an AI-controlled brand avatar.⁸⁵ As such, brands should be required to also disclose the use of endorsement bots in these virtual worlds.

2. Buying “Likes” for Roblox Games and Experiences

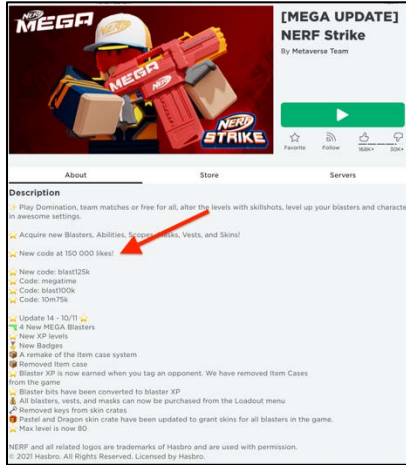
To help convince users to play their games, and enhance visibility on the Roblox platform,⁸⁶ some brands and developers attempt to artificially inflate “likes” to make their games appear more popular and presumably manipulate the algorithms used by Roblox to more prominently feature these games on the platform. Companies and developers do this by, among other things, offering codes for free gifts once a certain number of “likes” are reached, as the below examples demonstrate.



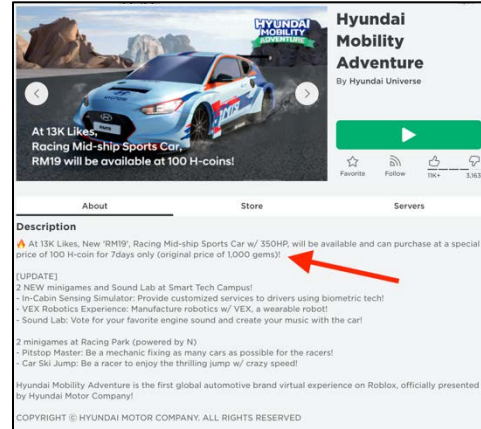
“New code at 35,000 likes!”⁸⁷



“CODE: ‘loot’ for 50K FREE GOLD! THANKS FOR THE 50K LIKES!”⁸⁸



“New code at 150 000 likes!”⁸⁹



“At 13K Likes, New ‘RM19’, Racing Mid-ship Sports Car w/ 350HP, will be available and can purchase at a special price of 100 H-coin for 7 days only (original price of 1,000 gems)!”⁹⁰

The artificial inflation of likes through rewards is a deceptive tactic that Roblox says it does not permit (“We don’t permit deceptive schemes on our platform, including: ... Artificially inflating the number of likes or visits to an experience.”)⁹¹ but apparently does not adequately monitor or prevent. Allowing misleading indicators of success, which, among other things, undermines consumer trust in the information, is a violation of Section 5 of the FTC Act, 15 U.S.C. §45,⁹² and should be stopped.

The Use of Deceptive Earnings Claims To Lure Developers To Roblox

Although there are more than 40 million different games and experiences in the Roblox metaverse, the overwhelming majority of these games have not been created by Roblox; rather Roblox supplies the development tools that allow its users to create the games. As of December 2020, there were more than 8 million active developers on Roblox.⁹³ One of the ways that Roblox persuades these developers (which include minors) to create games for free is by deceptively representing that games can earn them real world cash. Specifically, Roblox, as well as influencers it enlists, make atypical earnings claims, including that creators and developers on its platform can earn millions of dollars and live luxurious lifestyles when, in reality, only 0.1 percent of Roblox developers and creators gross⁹⁴ \$10,000 or more and only 0.02 percent gross \$100,000 or more annually.⁹⁵



Excerpt from Roblox webpage (August 2, 2021)⁹⁶

Despite the fact that the vast majority of Roblox developers will never make any money, social media platforms are replete with sensational earnings claims made or used by Roblox and its influencers. These representations establish a narrative that Roblox developers have historically and continue to make a substantial amount of money – a marketing pitch that has real world implications as can be seen in the story of a teenager cancelling her plans to go to college based on the initial income she made through Roblox as a developer but which ultimately was not sustainable.⁹⁷ A sampling of such atypical income claims is below:

- “Putting a successful career in development right back into even greater success – now that’s investing in yourself. Congratulations, @ConfidentCoding! [who tweeted,] So so proud to say that I am officially graduating with a First Class Honours in Computer Science ... whilst balancing and funding my entire university experience through #RobloxDev” Roblox Tweet (July 16, 2021)⁹⁸
- “More and more, our developers and creators are starting to make a living on Roblox. What used to be a hobby has become a job for an individual person... Developers have enjoyed meaningful earnings expansion over time. ... People [are] starting to fund their college education. ... [This is] an amazing economic opportunity ... We can imagine developers making \$100 million a year and more.” Dave Baszucki, Roblox Founder and CEO on Roblox Investor Day (Feb. 26, 2021)⁹⁹
- “I do this ‘cause I enjoy it. The fact that I get paid just means that I don’t have to get a job. It also means that if I have any money left over I can actually do more with it. I started giving 10% of everything I earned – I think I’ve been able to give out around 40 loans to help people go to college.” A Roblox Story: CJ Oyer (Nov. 20, 2020)¹⁰⁰
- “But now you know that is very much possible to earn a full-time income from roblox and really anyone can do it. I believe in all of you and if you seriously want to earn money from roblox. You can! As long as you put the work in and

truly believe and want to earn money from Roblox I'm sure you can." How Much MONEY Do Roblox Developers Really Make? (Millions), YouTube video by TheDevKing, a Roblox influencer (April 14, 2020).¹⁰¹

- "We're going to talk about how ... you can ... maybe fly first class around the world like some of these guys do. ... Or buy a Tesla. ... We'll just really quickly look at sort of how much money you can make on Roblox. ... The top 10 games ... they made over \$2.5 million apiece, so there's an opportunity to become a millionaire as a Roblox developer, and it's not just for one person, it's for tons of people, and it's increasing every day. ... Even if you're in the top 100, they're averaging \$420,000, so this is more than a good living, it's a huge opportunity for you guys." Christina Shedletsky, Roblox Director of Monetization at 2018 Roblox Developer Conference, Monetization Panel.¹⁰²

Additional atypical income claims are available at www.truthinadvertising.org/evidence/roblox-income-claims.¹⁰³

Further, for those developers that earn less than 50,000 Robux (the equivalent of \$175), there is no cash payout. Specifically, developers are not permitted to cash out pursuant to Roblox's Developer Exchange Rules unless they have earned at least 50,000 Robux,¹⁰⁴ which means developers earning 49,999 Robux can only spend the virtual currency within the Roblox metaverse.¹⁰⁵ (As recently as January, the amount of earned Robux required to exchange for real world currency was 100,000, or the equivalent of \$350, in addition to needing to be a Roblox Premium Membership subscriber.¹⁰⁶) Thus, given that the typical Roblox developer earns no real world money, the company and its influencers should not be making income claims of any sort.¹⁰⁷

Conclusion

When consumers know they are being advertised to, they can muster a healthy dose of skepticism. But in Roblox's closed platform metaverse, the undisclosed avatar influencers and bots, sponsored worlds and products, and advergames are indistinguishable from the organic content, which in turn means that sponsored brands are not marketing to Roblox's more than 50 million daily users but rather manipulating them. Roblox has designed a metaverse structure that readily permits corporations and influencers to deceptively control the narrative of engagement with unwitting users, who are not aware that they are being covertly targeted by sponsored worlds and avatar influencers, who look and act just like them, to watch, interact with and participate in advertisements. This deceptive marketing not only consumes users' money, time and attention¹⁰⁸ but it simultaneously robs them of their personal data.¹⁰⁹

And on top of all this, Roblox is exploiting¹¹⁰ and harming children,¹¹¹ who will never be able to distinguish the commercial content on this platform from the authentic material. Advergames "can persuade young children at a subconscious and emotional level, and could change children's behavior without their conscious awareness."¹¹² This not only has financial consequences¹¹³ but also negatively impacts children's relationships with

their parents, as well as their peers, and may influence how children view material possessions and themselves.¹¹⁴ The FTC has long recognized a need to protect children and teens from digital deception.¹¹⁵ Unfortunately, little has been done, and legislative efforts to stop manipulative online marketing that threatens children and teens have not yet come to fruition.¹¹⁶ Twenty-five million children cannot afford to continue waiting for action.

TINA.org strongly urges the FTC to commence an investigation into the deceptive marketing on and by Roblox and take appropriate enforcement action.

If you have any questions, please do not hesitate to contact us.

Sincerely,



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Legal Director
Truth in Advertising, Inc.



Bonnie Patten, Esq.
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Cc: Mark Reinstra, General Counsel, Roblox
Ann Miller, General Counsel, Nike, Inc.
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Elizabeth Risha, General Counsel, MGA Entertainment

¹ Example of Alo Yoga advertising on Roblox: <https://web.roblox.com/games/8523408215/Alo-Sanctuary>; Example of DC Entertainment advertising on Roblox: <https://web.roblox.com/games/4927429832/Wonder-Woman-The-Themyscira-Experience>; Example of Forever 21 advertising on Roblox: <https://web.roblox.com/games/8254336243/Forever-21-Shop-City>; Example of Hasbro advertising on Roblox: <https://web.roblox.com/games/6245984328/MEGA-UPDATE-NERF-Strike>; Example of Hyundai Motor America advertising on Roblox: <https://web.roblox.com/games/7280776979/Hyundai-Mobility-Adventure>; Example of Mattel advertising on Roblox: <https://web.roblox.com/games/5652023420/NEW-CAR-Hot-Wheels-Open-World>; Example of Netflix advertising on Roblox: <https://web.roblox.com/games/5853107391/Stranger-Things-Starcourt-Mall>; Example of NFL Enterprises, Inc. advertising on Roblox: <https://web.roblox.com/games/8649501395/UPDATE-5-NFL-Tycoon>; Example of Nike advertising on Roblox: <https://web.roblox.com/games/7462526249/NIKELAND-AIRTOPIA>; Example of Paramount Global advertising on Roblox: <https://web.roblox.com/games/9101252514/Nickverse>; Example of VF Corp. advertising on Roblox: <https://web.roblox.com/games/6679274937/Vans-World>.

² TINA.org’s investigation focused on a limited number of deceptive marketing tactics found on Roblox’s closed platform metaverse. Other potential issues include, but are not limited to, privacy, data collection, COPPA compliance and whether the company’s digital currency, Robux, are a commodity, among other things – these legal issues are beyond the scope of this letter.

³ Roblox, YOUTUBE (Aug. 2, 2011), <https://www.youtube.com/watch?v=t0Pt4jg3zmo>.

⁴ Alex Knapp, *Roblox Lets Kids Build Their Own Worlds Online*, FORBES (Jan. 30, 2012), <https://www.forbes.com/sites/alexknapp/2012/01/30/roblox-lets-kids-build-their-own-worlds-online/?sh=69e65a6b1633>.

⁵ Roblox Corporation Form 8-K (Feb. 15, 2022), <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001315098/86017b0c-bf73-4b2b-bd0a-5373b1609b1b.pdf>; Roblox Shareholder Letter Q4 2021, FY 2021 (Feb. 15, 2022), https://s27.q4cdn.com/984876518/files/doc_financials/2021/q4/Q4-2021-SH-letter-formatted-02.15.22.pdf; Roblox Corporation Form S-1 (Nov. 19, 2020), <https://www.sec.gov/Archives/edgar/data/1315098/000119312520298230/d87104ds1.htm>; Distribution of Roblox Games Users Worldwide as of September 2020, By Age, STATISTA, <https://www.statista.com/statistics/1190869/roblox-games-users-global-distribution-age/#:~:text=As%20of%20September%202020%2C%20gaming,under%20the%20age%20of%209.>

⁶ *Id.* See also Julie Jammot, *Roblox, The Game Platform Teaching Young Kids to Code*, PHYS.ORG (Feb. 15, 2019) https://phys.org/news/2019-02-roblox-game-platform-young-kids.html?utm_source=TrendMD&utm_medium=cpc&utm_campaign=Phys.org_TrendMD_1&tid=+/kHl7gezYXIyB2ikaO6uZ5BjxWPrBTu5W47B8eVsVe4oDhgKXUTwge+Sr9p7OUQn0U9rQ== (Roblox is “one of the most popular entertainment platforms among 6-12 year-olds.”)

⁷ Roblox, YOUTUBE (July 31, 2020), <https://www.youtube.com/watch?v=G00GICJc0mU>.

⁸ Roblox: Adopt Me!, <https://www.roblox.com/games/920587237/Adopt-Me>; Most-played Roblox Games Worldwide as of February 2022, By All-Time Visits, STATISTA, <https://www.statista.com/statistics/1220905/roblox-most-visited-games/>.

⁹ Adam Lawrence, *Roblox (RBLX) Stock IPO: Here's What Investors Need To Know*, NASDAQ (Mar. 9, 2021), <https://www.nasdaq.com/articles/roblox-rblx-stock-ipo%3A-heres-what-investors-need-to-know-2021-03-09>.

¹⁰ ROBLOX CORPORATION, <https://corp.roblox.com/>; Roblox, YOUTUBE (Oct. 15, 2019), <https://www.youtube.com/watch?v=VL6rYNmfrjM>.

¹¹ Roblox Corporation, Amendment No. 4 to Form S-1 (Feb. 22, 2021), <https://www.sec.gov/Archives/edgar/data/0001315098/000119312521049767/d87104ds1a.htm>.

¹² *Id.*; Roblox Shareholder Letter Q4 2021, FY 2021 (Feb. 15, 2022), https://s27.q4cdn.com/984876518/files/doc_financials/2021/q4/Q4-2021-SH-letter-formatted-02.15.22.pdf.

¹³ Brian Dean, *Roblox User and Growth Stats 2022*, BACKLINKO (Jan. 5, 2022), <https://backlinko.com/roblox-users>.

¹⁴ *Roblox Presents the Twenty One Pilots Concert Experience*, ROBLOX (Sep. 7, 2021), <https://blog.roblox.com/2021/09/roblox-presents-twenty-one-pilots-concert-experience/>; *Explosive Lil Nas X Concert Paves the Way for Bold New Roblox Experiences*, ROBLOX (Dec. 15, 2020), <https://blog.roblox.com/2020/12/explosive-lil-nas-x-concert-paves-way-bold-new-roblox-experiences/>.

¹⁵ *Roblox and Warner Bros. Pictures Bring In the Heights Launch Party to Roblox*, ROBLOX (June 4, 2021), <https://corp.roblox.com/2021/06/roblox-warner-bros-pictures-bring-heights-launch-party-roblox/>.

¹⁶ Olga Kharif, *Kids Flock to Roblox for Parties and Playdates During Lockdown*, BLOOMBERG (Apr. 15, 2020), <https://www.bloomberg.com/news/articles/2020-04-15/kids-flock-to-roblox-for-parties-and-playdates-during-lockdown>.

¹⁷ *The Gucci Garden Experience Lands on Roblox*, ROBLOX (May 17, 2021), <https://blog.roblox.com/2021/05/gucci-garden-experience/>.

¹⁸ Press Release, *Chipotle To Open Virtual Restaurant On Roblox With \$1 Million In Free Burritos And Serve Up \$5 Digital Entrée Offer For Boorito* (Oct. 26, 2021), <https://newsroom.chipotle.com/2021-10-26-Chipotle-To-Open-Virtual-Restaurant-On-Roblox-With-1-Million-In-Free-Burritos-And-Serve-Up-5-Digital-Entree-Offer-For-Boorito>; Roblox: Chipotle Burrito Builder, <https://web.roblox.com/games/7603178367/Chipotle-Burrito-Builder>.

¹⁹ Julie Bennett Iannuzzi and Zach Faulds, *The Metaverse's Open and Closed Ecosystems Explained*, THE STREET (Feb. 7, 2022), <https://www.thestreet.com/investing/metaverse-open-and-closed-ecosystem-explained>; Erron Kelly, *An Open or Closed Metaverse*, VENTUREBEAT (Jan. 27, 2022), <https://venturebeat.com/2022/01/27/an-open-or-closed-metaverse/>.

²⁰ Roblox Corporation: Research, <https://corp.roblox.com/research/>.

²¹ Roblox, YOUTUBE (Mar. 19, 2021), <https://www.youtube.com/watch?v=A1joSc0mRVg>.

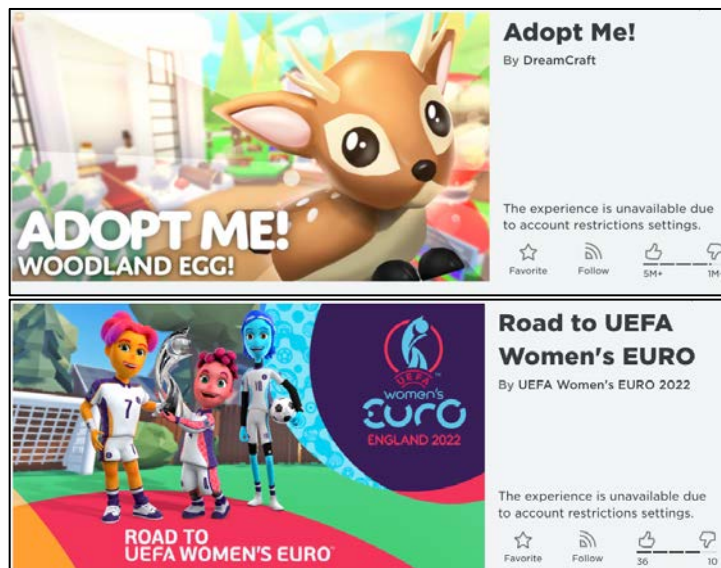
²² Press Release, Roblox Reports Fourth Quarter and Full Year 2021 Financial Results (Feb. 15, 2022), <https://ir.roblox.com/news/news-details/2022/Roblox-Reports-Fourth-Quarter-and-Full-Year-2021-Financial-Results/default.aspx>.

²³ Roblox Community Standards, <https://en.help.roblox.com/hc/en-us/articles/203313410-Roblox-Community-Standards>.

²⁴ According to section 10 of Roblox’s Privacy and Cookie Policy entitled “Children’s Privacy and Parental Controls:”

As a user you are entitled to additional protections for your information and privacy online. When you register an account with Roblox, we make sure your account is set to a restrictive mode, which means that you won’t have access to certain features, such as social media links, if you are not 13 or over and your text filtering will be restricted. These additional measures are in place to keep you as safe as possible online.... If you or your parents or guardian would like more information about the restrictive account mode, or parental controls available to them, please review our full privacy policy.”

See Roblox Privacy and Cookie Policy, <https://en.help.roblox.com/hc/en-us/articles/115004630823-Roblox-Privacy-and-Cookie-Policy->. Those few parents that believe Roblox’s additional measures are not enough to keep their children safe may take the time to review the 45-page full privacy policy and learn that if they sign into their child’s account, they can enable “Account Restrictions” in settings, which means that the “account can only access content that is appropriate for all audiences.” Such a setting precludes users from visiting many (but not all) advergames. However, it would also preclude a child from entering the “family-friendly world of Adopt Me!,” and Road to UEFA Women’s EURO, a game intended to “inspire children between eight and 11 to become more active, play and engage in soccer,” among other child-friendly experiences. See Rebecca Stewart, *UEFA Enters Roblox Metaverse With One Goal – to Get More Kids Playing Soccer*, ADWEEK (Apr. 18, 2022), https://www.adweek.com/brand-marketing/uefa-enters-roblox-metaverse-with-one-goal-to-get-more-kids-playing-soccer/?utm_source=postup&utm_medium=email&utm_campaign=Adweek_Daily_220418054643&lyt_id=498273. Based on a review of 200 complaints filed with the FTC, it does not appear that most parents are restricting their children’s accounts.



²⁵ As of December 31, 2020, there were more than 8 million active developers and creators on Roblox. See Roblox, YOUTUBE (Mar. 19, 2021), <https://www.youtube.com/watch?v=A1joSc0mRVg>.

²⁶ Roblox Corporation Form S-1 (Nov. 19, 2020), <https://www.sec.gov/Archives/edgar/data/1315098/000119312520298230/d87104ds1.htm> (“We generate substantially all of our revenue through the sales of our virtual currency, ‘Robux’...”).

²⁷ Buy Robux, <https://web.roblox.com/upgrades/robux>; Roblox Premium, <https://web.roblox.com/premium/membership>. Consumers can also purchase Robux gift cards at various stores (both in-person and online) using U.S. dollars. See e.g., Amazon listing for Robux gift card, https://www.amazon.com/Robux-Roblox-Online-Game-Code/dp/B07RZ74VLR/ref=sr_1_1?keywords=robux&qid=1649952281&sr=8-1.

²⁸ *Id.*

²⁹ Roblox: Developer Economics, <https://developer.roblox.com/en-us/articles/developer-economics>.

³⁰ Brendan Sinclair, *Roblox Criticized for Lack of Safeguards for Kids, Stock-Market-Like Collectibles*, GAMESINDUSTRY.BIZ (Dec. 13, 2021), <https://www.gamesindustry.biz/articles/2021-12-13-roblox-criticized-for-lack-of-safeguards-for-children-stock-market-like-collectibles>.

³¹ Roblox: Developer Economics, <https://developer.roblox.com/en-us/articles/developer-economics>. This amount is reportedly far less than the typical 70 percent developers earn on other platforms. See Cecilia D’Anastasio, *On Roblox, Kids Learn It’s Hard to Earn Money Making Games*, WIRED (Aug. 19, 2021), <https://www.wired.com/story/on-roblox-kids-learn-its-hard-to-earn-money-making-games/>.

³² Roblox: Developer Exchange Terms of Use, <https://en.help.roblox.com/hc/en-us/articles/115005718246-Developer-Exchange-Terms-of-Use>.

³³ For example, one consumer reported to the FTC:

After 7 years as a member, my son’s ... account was unfairly deleted by Roblox on Jan 29, wasting years of effort & hundreds of \$ (for in-app purchases, toys & coding classes). On Xmas morning the huge Santa paws he hatched in the pet simulator lottery purchase vanished, and after a lot of his tears, multiple support tickets were submitted to no avail. (We asked that either the item be reinstated, or the \$20 for the purchase be refunded, but neither occurred.) ...”

See Sampling of Consumer Complaints Against Roblox Submitted to the FTC (obtained by TINA.org through a Freedom of Information Act request), <https://truthinadvertising.org/wp-content/uploads/2022/04/Consumer-complaints-against-Roblox-submitted-to-the-FTC.pdf>. Of note, the FTC stated it has received 1,291 consumer complaints against Roblox but only provided TINA.org with a sampling of 200 complaints in response to its FOIA request.

³⁴ Ridhi Sharma, *Effect of Advergaming on Children: A Qualitative Analysis*, 9(1) INT’L J. OF BUS. ETHICS IN DEVELOPING ECONOMIES 24, 26 (2020) (“The success of an advergaming can be easily measured because the prospect’s data and the contact information are obtained from the registration; brands can easily record digital information such as the total hours of game play and

the number of times a game was suggested to someone. It can therefore be assumed that advergaming is a great marketing opportunity for companies that want to spread branded content exuberantly across a wide range of audiences.”)

³⁵ Roblox search for “world,” <https://www.roblox.com/discover/?Keyword=world>.

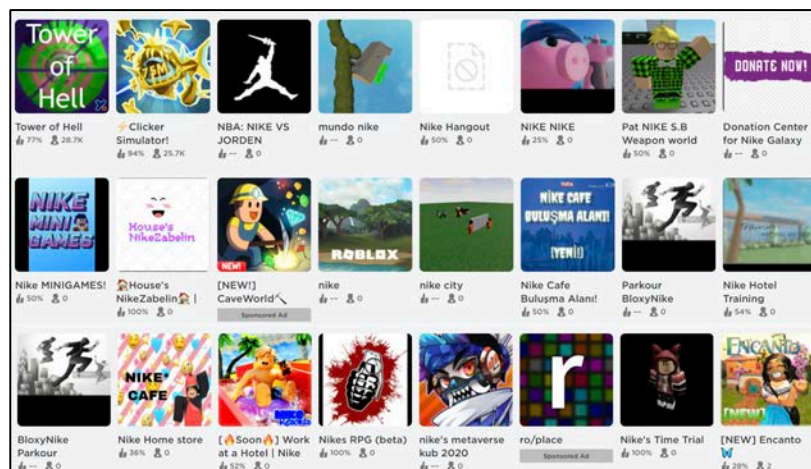
³⁶ *Stranger Things Branded World Launches in the Roblox Metaverse*, ROBLOX (June 22, 2021), <https://corp.roblox.com/2021/06/stranger-things-branded-world-launches-roblox-metaverse/>.

³⁷ Roblox search for “stranger things,” <https://web.roblox.com/discover/?Keyword=stranger%20things>.

³⁸ Roblox: Wonder Woman: The Themyscira Experience, <https://www.roblox.com/games/4927429832/Wonder-Woman-The-Themyscira-Experience>;
Roblox: Wonder Woman: The Themyscira Experience, <https://www.roblox.com/games/6526050089/Wonder-Woman-The-Themyscira-Experience>;
Roblox: Wonder Woman: The Themyscira Experience, <https://web.roblox.com/games/5233136960/Wonder-Woman-The-Themyscira-Experience>;
Roblox: Wonder Woman: The Themyscira Experience, <https://web.roblox.com/games/3774552788/Wonder-Woman-The-Themyscira-Experience>.

See also *DC’s Wonder Woman Comes to Roblox*, ROBLOX (June 25, 2020), <https://blog.roblox.com/2020/06/dc-wonder-woman-themyscira-experience/>.

³⁹ A search for “Nike” on Roblox brings up multiple games that reference Nike:



⁴⁰ Roblox: Nikeland, <https://www.roblox.com/games/7462526249/NIKELAND>. See also *Nike Creates NIKELAND on Roblox*, NIKE NEWS (Nov. 18, 2021), <https://news.nike.com/news/five-things-to-know-roblox>.

⁴¹ Reportedly, Nike’s free world may be a way to try new products and gauge consumers’ interest. See Jessica Golden, *Nike Teams Up With Roblox to Create a Virtual World Called Nikeland*, CNBC (Nov. 18, 2021), <https://www.cnn.com/2021/11/18/nike-teams-up-with-roblox-to-create-a-virtual-world-called-nikeland.html>.

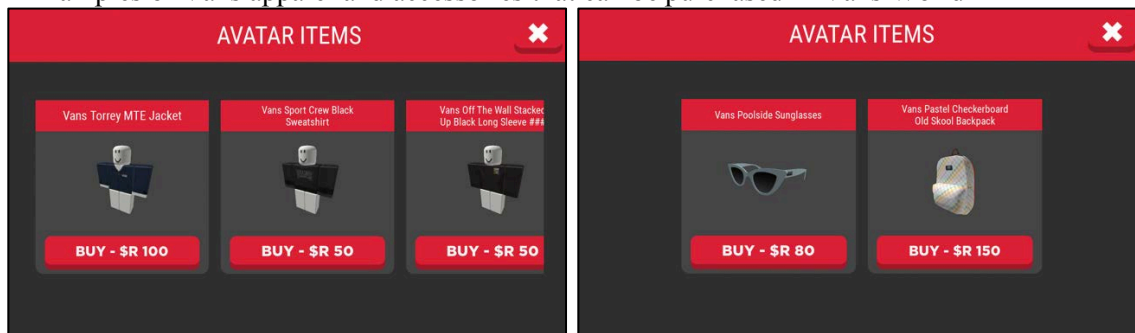
⁴² When an avatar wears the Nike Dunk Low Halloween sneakers, ghosts and other Halloween-themed special effects follow the avatar as it walks; with the AF 1 Skeleton sneakers, images of skulls hover over the avatar; and when the avatar wears the ACG Mountain shows, a snow cloud hovers over the avatar.

Of note, in October 2021, Nike filed applications with the U.S. Patent and Trademark Office for virtual goods, including footwear, clothing, and accessories. *See* Jessica Golden, *Nike is Quietly Preparing for the Metaverse*, CNBA (Nov. 2, 2021), <https://www.cnbc.com/2021/11/02/nike-is-quietly-preparing-for-the-metaverse-.html>.

⁴³ *See, e.g.*, Roblox: Vans World Park, <https://www.roblox.com/games/2453057039/Vans-World-Park>; Roblox: Vans World, <https://www.roblox.com/games/7425790208/Vans-World>; Roblox: Vans World, <https://www.roblox.com/games/7377508054/Vans-World>; Roblox: Vans World, <https://www.roblox.com/games/6732328094/Vans-World>; Roblox: Vans World, <https://www.roblox.com/games/7417329565/Vans-World>; Roblox: Vans World, <https://www.roblox.com/games/7408430426/Vans-World>; Roblox: Vans World, <https://www.roblox.com/games/7251209238/Vans-World>; Roblox: Vans World, <https://www.roblox.com/games/7411508501/Vans-World>; Roblox: Vans Worlds Uncopylocked, <https://www.roblox.com/games/7174601831/Vans-Worlds-Uncopylocked>; Roblox: VANS world, <https://www.roblox.com/games/7398575173/VANS-world>; Roblox: Vans World! But i created it! Definitive Edition, <https://www.roblox.com/games/8009278628/Vans-World-But-i-created-it>; Roblox: Vans World The Game, <https://www.roblox.com/games/7424120304/Vans-World-The-Game>.

⁴⁴ Roblox: Vans World, <https://web.roblox.com/games/6679274937/Vans-World>.

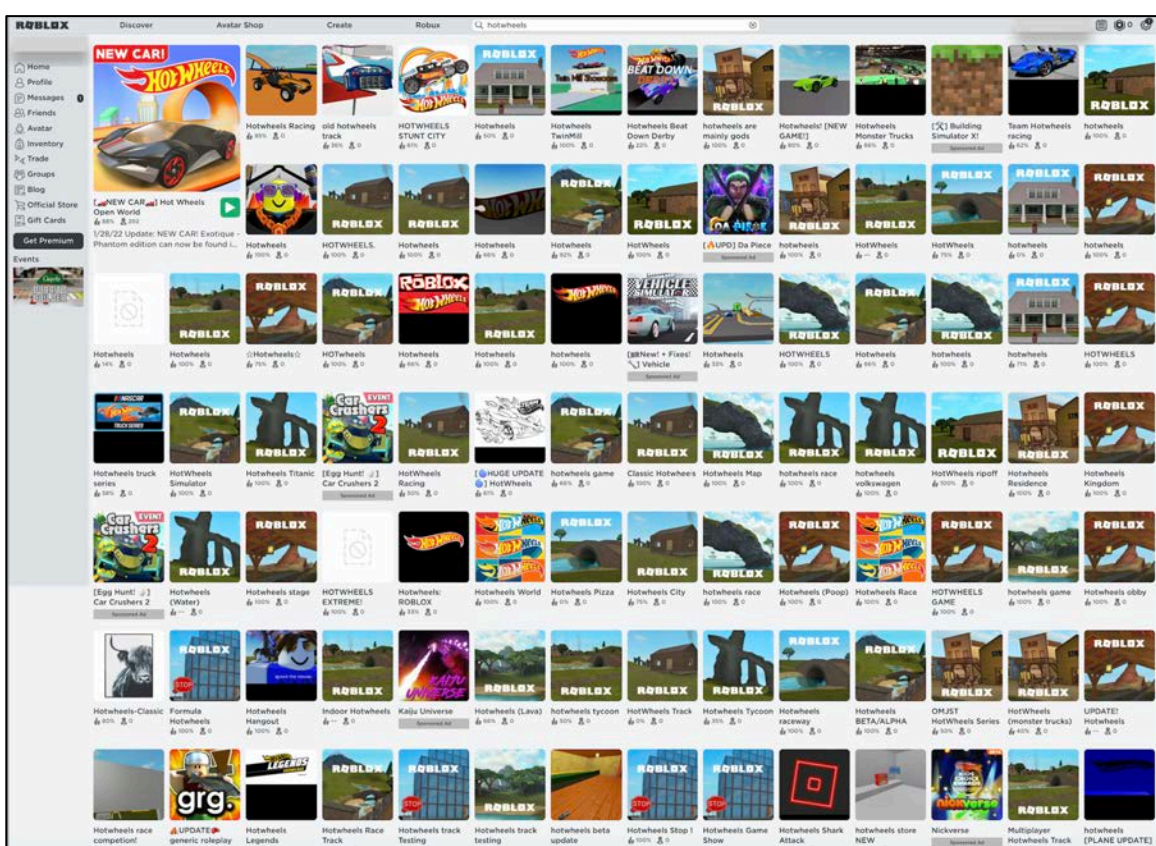
⁴⁵ Examples of Vans apparel and accessories that can be purchased in Vans World



⁴⁶ On occasion, Waffle coins can be obtained for free using certain codes. *See, e.g.*, *Vans World Codes – Free Waffle Coins and More*, POCKET TACTICS (Jan. 21, 2022), <https://www.pockettactics.com/vans-world/codes>.

⁴⁷ Mattel, <https://shop.mattel.com/collections/cars-vehicles>.

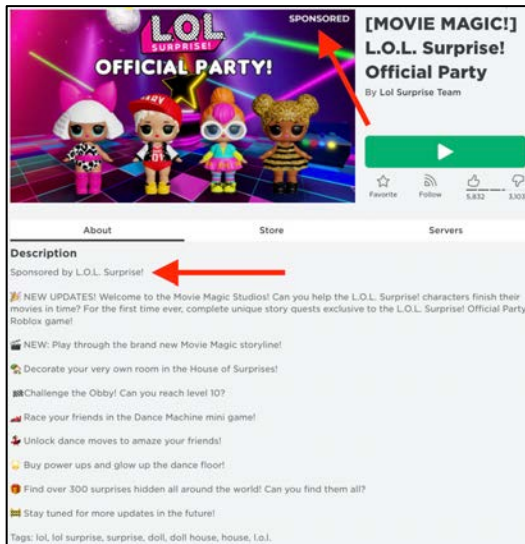
⁴⁸ Roblox: Hot Wheels Open World, <https://web.roblox.com/games/5652023420/NEW-CAR-Hot-Wheels-Open-World>. There are dozens of “hotwheels” experiences on Roblox as the screen shot of search results below shows.



⁴⁹ See, e.g., Chrisandthemike, YOUTUBE (Feb. 4, 2021), <https://www.youtube.com/watch?v=ok0gRKYPqX8>; LankyBox, YOUTUBE (Mar. 24, 2021), <https://www.youtube.com/watch?v=YctHnXAuqxU>.

⁵⁰ See Roblox: Froot Loops World, <https://web.roblox.com/games/8212312901/Froot-Loops-World>.

⁵¹ See Roblox: L.O.L. Surprise! Official Party, <https://web.roblox.com/games/6447455604/MOVIE-MAGIC-L-O-L-Surprise-Official-Party>.



⁵² Disclosures in such advergames, which are directed at children, are likely inadequate as they are not conspicuous, and even if they are noticed the disclosures would not be readily understood by the target audience. See Soontae An & Susannah Stern, *Mitigating the Effects of Advergames on Children*, 40 J. OF ADVERT. 43 (2011) (an experiment designed to test the effect of “ad breaks,” i.e., disclosing that an advergame is a commercial, on children aged eight to eleven, found that the inclusion of an ad break did not increase children’s understanding that the purpose of the advergame was to sell a product). See also Cereal Food Advertising to Children and Teens Score, https://www.cerealfacts.org/cereal_nutrition_scores.aspx?id=114 (“Kellogg, (Regular) Froot Loops, Target Market: Child”); Chavie Lieber, *How L.O.L. Dolls Became the Dopamine Hit of a Generation*, THE NEW YORK TIMES (Apr. 16, 2020), <https://www.nytimes.com/2020/04/16/parenting/lol-surprise-doll-isaac-larian.html> (“The dolls ... target the 4 to 14 age range.”).

⁵³ Nathaniel J. Evans & Mariea Grubbs Hoy, *Parents’ Presumed Persuasion Knowledge of Children’s Advergames: The Influence of Advertising Disclosure Modality and Cognitive Load*, 37 (2) J. OF CURRENT ISSUES & RSCH. IN ADVERT. 146 (2016), https://www.ftc.gov/system/files/attachments/putting-disclosures-test-materials/parents_presumed_persuasion_knowledge_of_children_s_advergames_the_influence_of_advertising.pdf (“Existing research has demonstrated that children have difficulty understanding the commercial nature of advergames. However, give the highly integrated commercial and entertainment content in advergames, Evans et al. (2013) state that ‘adults’ recognition of and defense against the persuasive intent in these immersive forms of advertising may also be hindered by the integrated and hidden nature therein.’ While parents may more closely supervise their child’s online time and overestimate their control over such activities online, ‘it is unclear how much oversight parents actually give to their children’s activities in commercial websites.’ ... As evidenced by parents’ inability to accurately identify advergames even when given examples and a definition, they too may not fully understand this more covert form of advertising.”)

⁵⁴ Roblox Shareholder Letter Q4 2021, FY 2021 (Feb. 15, 2022), https://s27.q4cdn.com/984876518/files/doc_financials/2021/q4/Q4-2021-SH-letter-formatted-02.15.22.pdf; Roblox Corporation Form S-1 (Nov. 19, 2020), <https://www.sec.gov/Archives/edgar/data/1315098/000119312520298230/d87104ds1.htm>.

⁵⁵ Matthew A. Lapierre et al., *The Effect of Advertising on Children and Adolescents*, 140(2) PEDIATRICS S152, S153 (2017), <https://doi.org/10.1542/peds.2016-1758V> (“For decades,

researchers have recognized children as a vulnerable consumer group because of their budding developmental abilities.”); Angela J. Campbell, *Rethinking Children’s Advertising Policies for the Digital Age*, 29 LOYOLA CONSUMER L. REV. 1, 40 (2017) (“Because they are just developing their cognitive capabilities, children are more trusting than adults and thus, more vulnerable to ‘commercial pitches’ by program hosts, a practice known as ‘host selling.’”); *Graham v. Florida*, 130 S. Ct. 2011, 2026 (2010) (the Supreme Court observing that “developments in psychology and brain science continue to show fundamental differences between juvenile and adult minds.”)

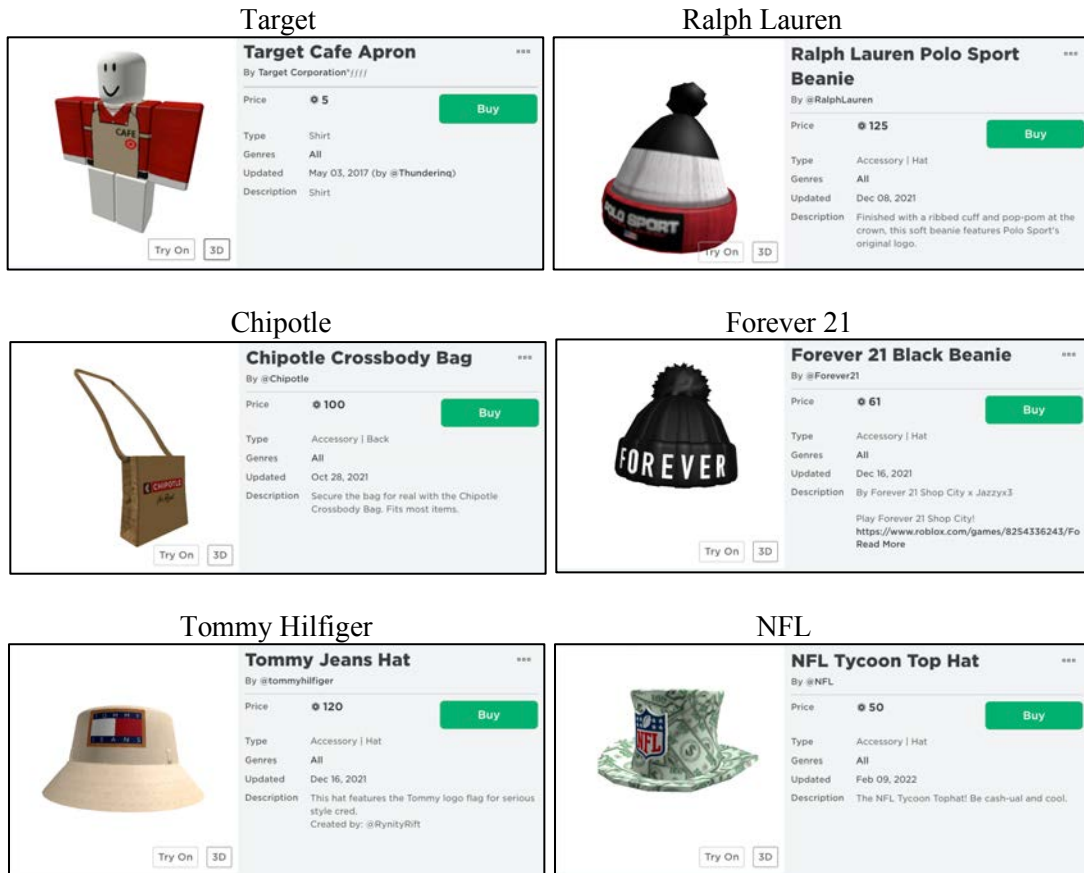
⁵⁶ See Soontae An & Susannah Stern, *Mitigating the Effects of Advergaming on Children*, 40 J. OF ADVERT. at 50; Rita-Marie Cain Reid, *Embedded Advertising to Children: A Tactic That Requires a New Regulatory Approach*, 51 AM. BUS. L. J. 721 (2014) (“By blurring the boundaries between advertising and entertainment, advertisers may simply overwhelm the defenses children are still in the process of building,” quoting Elizabeth Moore, *Children and the Changing World of Advertising*, 52 J. OF BUS. ETHICS 161 (2004)). See also Katarina Panic et al., *Comparing TV Ads and Advergaming Targeting Children: The Impact of Persuasion Knowledge on Behavioral Responses*, 42 J. OF ADVERT. 264, 266 (2013).

⁵⁷ See Angela J. Campbell, *Rethinking Children’s Advertising Policies for the Digital Age*, 29 LOYOLA CONSUMER L. REV. at 38-39 (“Not only are young children unable to identify sponsored videos as commercials, but they lack the ability ‘to attribute persuasive intent to advertising and to adjust their interpretation of commercial messages consistent with that knowledge.’ Studies conducted since the 1980s have corroborated the finding that children develop an understanding of persuasive intent at about age eight. However, recent work suggests that merely understanding persuasive intent may be insufficient to moderate the effects of advertising. Rather, children also need to understand ‘source bias, that is, that ads tend to exaggerate. This capacity develops around age twelve.”)(internal citations omitted); Soontae An & Susannah Stern, *Mitigating the Effects of Advergaming on Children*, 40 J. OF ADVERT. at 50 (“[C]hildren between 7 and 11 years old often experience difficulty in recognizing and evaluating advertising information. . . . Combined with similar findings over the years, it has thus been concluded that children between ages 7 and 11 often do not instinctually use their persuasion knowledge [i.e., knowledge about marketers’ motives and tactics] and must be cued to do so.”)

It is for precisely this reason that the Federal Communications Commission has a longstanding policy that prohibits product placements in television programs produced and broadcast to children 12 years old and under. The FCC Order states, among other things: “Any material which constitutes advertising should be confined to identifiable commercial segments which are set off in some clear manner from the entertainment portion of the program.” See Angela J. Campbell, *Rethinking Children’s Advertising Policies for the Digital Age*, 29 LOYOLA CONSUMER L. REV. 1; Rita-Marie Cain Reid, *Embedded Advertising to Children: A Tactic That Requires a New Regulatory Approach*, 51 AM. BUS. L. J. 721.

⁵⁸ Soontae An & Susannah Stern, *Mitigating the Effects of Advergaming on Children*, 40 J. OF ADVERT. at 50; Roblox Community Standards, <https://en.help.roblox.com/hc/en-us/articles/203313410-Roblox-Community-Standards> (“Ads may not contain content intended for users under the age of 13.”)

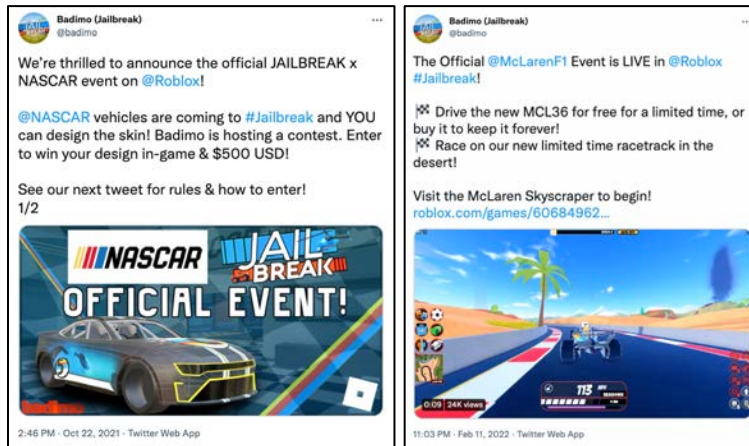
⁵⁹ Examples of sponsored items in the Roblox avatar shop are below:



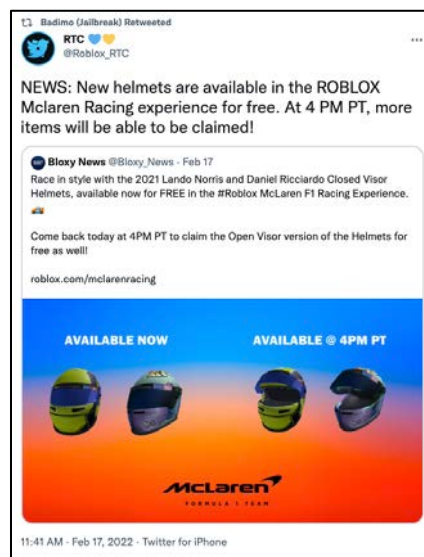
Roblox Target Cafe Apron, <https://web.roblox.com/catalog/766990367/Target-Cafe-Apron>;
Roblox Ralph Lauren Polo Sport Beanie, <https://web.roblox.com/catalog/8152417184/Ralph-Lauren-Polo-Sport-Beanie>;
Roblox Chipotle Crossbody Bag, <https://web.roblox.com/catalog/7844582540/Chipotle-Crossbody-Bag>;
Roblox Forever 21 Black Beanie, <https://web.roblox.com/catalog/8262626844/Forever-21-Black-Beanie>;
Roblox Tommy Jeans Hat, <https://web.roblox.com/catalog/8266433840/Tommy-Jeans-Hat>;
Roblox NFL Tycoon Top Hat, <https://web.roblox.com/catalog/8772899609/NFL-Tycoon-Top-Hat>.

⁶⁰ McLaren Racing Unveils MCL36 Formula 1 Race Car on Roblox, ROBLOX (Feb. 11, 2022), <https://corp.roblox.com/2022/02/mclaren-racing-unveils-mcl36-formula-1-race-car-roblox/>.

During this particular in-game promotion, users could “[d]rive the new MCL36 for FREE for a limited time, or buy the car to keep it FOREVER!” Roblox: Jailbreak, <https://web.roblox.com/games/606849621/Jailbreak>. See also Badimo (@badimo), TWITTER (Oct. 21, 2021), <https://twitter.com/badimo/status/1451621021316833280?lang=en>; Badimo (@badimo), TWITTER (Feb 11, 2022), <https://twitter.com/badimo/status/1492348708272238593?ext=HHwWgsCj2cnP8bUpAAAA>.



Virtual McLaren racing helmets were also promoted through the Roblox game. See RTC (@Roblox_RTC), TWITTER (Feb 17, 2022), https://twitter.com/Roblox_RTC/status/1494351205828599813?cxt=HHwWioC5kaOggL0pAAAA.



⁶¹ Barry Stevens, *Scooby Doo Makes a Limited Appearance as a Pet in Adopt Me on Roblox. Here's How to Get Him*, ENTERTAINMENT FOCUS (May 4, 2020), <https://entertainment-focus.com/2020/05/04/scooby-doo-makes-a-limited-appearance-as-a-pet-in-adopt-me-on-roblox-heres-how-to-get-him/>; PlayAdoptMe, YOUTUBE (May 3, 2020), <https://www.youtube.com/watch?v=DwuO60FZuVc>.

⁶² Roblox Video Stars Program, <https://en.help.roblox.com/hc/en-us/articles/360026092011-Roblox-Video-Stars-Program>; Roblox Video Stars, <https://web.roblox.com/groups/4199740/Roblox-Video-Stars#!/about>; Roblox Star Program, <https://developer.roblox.com/en-us/resources/Stars-About>.

⁶³ Duncan MacRae, *More Than Half of Social Media Influencers Participate in the Metaverse*, MARKETINGTECH (Jan. 17, 2022), <https://marketingtechnews.net/news/2022/jan/17/more-than-half-of-social-media-influencers-participate-in-the-metaverse/>.

⁶⁴ Typically, avatar influencers (i.e., those with a material connection to Roblox and/or a brand advertising on Roblox) are Roblox users who have large followings on YouTube and/or other social media platforms. Therefore, their avatars are frequently recognizable by their fans.

⁶⁵ LankyBox, YOUTUBE (Dec. 11, 2021), <https://www.youtube.com/watch?v=p0bRiqaWiAA>; LankyBoxGamesAdam Roblox Profile, <https://web.roblox.com/users/1214936771/profile>.

⁶⁶ TW Dessi Gaming, YOUTUBE (Nov. 20, 2021), <https://www.youtube.com/watch?v=68g7Ge8Z5FQ>; @TW_Dessi Roblox Profile, <https://web.roblox.com/users/298668030/profile/>.

⁶⁷ iamSanna, YOUTUBE (Dec. 3, 2021), <https://www.youtube.com/watch?v=1VZyrImVGzU>; @notiamsanna Roblox Profile, <https://web.roblox.com/users/270896527/profile/>.

⁶⁸ Chrisandthemike, YOUTUBE (Sep. 1, 2021), <https://www.youtube.com/watch?v=bY53FOM3ixY>; @chrisatm Roblox Profile, <https://web.roblox.com/users/136749026/profile>.

⁶⁹ Roblox Star Code, <https://en.help.roblox.com/hc/en-us/articles/360026181292>.

⁷⁰ Roblox Video Stars Program, <https://en.help.roblox.com/hc/en-us/articles/360026092011-Roblox-Video-Stars-Program>.

⁷¹ Roblox Video Stars, <https://www.roblox.com/groups/4199740/Roblox-Video-Stars#!/about>.

⁷² HelloItsVG, YOUTUBE (Nov. 5, 2021), <https://www.youtube.com/watch?v=R1Fx8R6IvNU>; @EZ_HelloItsVG Roblox Profile, <https://web.roblox.com/users/159606072/profile>.

⁷³ TwistedPandora, YOUTUBE (Feb. 10, 2022), <https://www.youtube.com/watch?v=bDAbAbFIHpM>; @TwistedPandora Roblox Profile, <https://web.roblox.com/users/146335948/profile>.

⁷⁴ Louis Rosenberg, *The metaverse will be filled with 'elves,'* TECHCRUNCH (Jan. 12, 2022), <https://techcrunch.com/2022/01/12/the-metaverse-will-be-filled-with-elves/>.

⁷⁵ Screenshot captured by TINA.org.

⁷⁶ Screenshot captured by TINA.org.

⁷⁷ Screenshot from SharkBlox, YOUTUBE (Dec. 20, 2021), <https://www.youtube.com/watch?v=sFmHLrYoej0>. See also Giannis Antetokounmpo (@Giannis_An34), TWITTER (Dec. 21, 2021), https://twitter.com/giannis_an34/status/1473386882226606091; Giannis Antetokounmpo (@giannis_an34), INSTAGRAM (Dec. 21, 2021), and <https://www.instagram.com/p/CXwhDijFCzv/?hl=en>.



⁷⁸ Screenshot from Conor3D, YOUTUBE (Feb. 18, 2022), <https://www.youtube.com/watch?v=e7-smwmAic0>. See also Elliot Santiago, *Nike Taps LeBron James for Its Latest NIKELAND Roblox Initiative*, HYPEBEAST (Feb. 17, 2022), <https://hypebeast.com/2022/2/lebron-james-nike-nikeland-roblox-lebron-19-chosen-1-info>; Grace Doyle, *How to Get the Nike LeBron James Crown in Roblox NIKELAND*, PRO GAMES GUIDE (Feb. 16, 2022), <https://progameguides.com/roblox/how-to-get-the-nike-lebron-james-crown-in-roblox-nikeland/>.

⁷⁹ HelloItsVG, YOUTUBE (Nov. 5, 2021), <https://www.youtube.com/watch?v=RIFx8R6IvNU>.

⁸⁰ LankyBox, YOUTUBE (Mar. 24, 2021), <https://www.youtube.com/watch?v=YctHnXAuqxU>.

⁸¹ Roblox: Froot Loops World, <https://web.roblox.com/games/8212312901/Froot-Loops-World>.

⁸² See Soontae An & Susannah Stern, *Mitigating the Effects of Advergaming on Children*, 40 J. OF ADVERT. at 50.

⁸³ FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising, <https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-publishes-final-guides-governing-endorsements-testimonials/091005revisedendorsementguides.pdf> (“When there exists a connection between the endorser and the seller of the advertised product that might materially affect the weight or credibility of the endorsement (i.e., the connection is not reasonably expected by the audience), such connection must be fully disclosed.”); FTC .com Disclosures: How to Make Effective Disclosures in Digital Advertising, <https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-staff-revises-online-advertising-disclosure-guidelines/130312dotcomdisclosures.pdf> (Disclosures must be “understandable to the intended audience.”); FTC Policy Statement on Deception, https://www.ftc.gov/system/files/documents/public_statements/410531/831014deceptionstmt.pdf (“When representations or sales practices are targeted to a specific audience, such as children, the elderly, or the terminally ill, the Commission determines the effect of the practice on a reasonable member of that group.”).

⁸⁴ FTC: Notice of Penalty Offenses Concerning Deceptive or Unfair Conduct around Endorsements and Testimonials, https://www.ftc.gov/system/files/attachments/penalty-offenses-concerning-endorsements/notice-penalty_offenses-endorsements.pdf; List of October 2021 Recipients of the FTC’s Notice of Penalty Offenses Concerning Deceptive or Unfair Conduct around Endorsements and Testimonials, <https://www.ftc.gov/system/files/attachments/penalty-offenses-concerning-endorsements/list-recipients-endorsement-notice.pdf>.

⁸⁵ In California, the state in which Roblox is headquartered, it is unlawful to use a bot (an automated online account where all or substantially all of the actions or posts of that account are not the result of a person) to “communicate or interact with a person in California online, with the intent to mislead the other person about its artificial identity for the purpose of knowingly deceiving the person about the content of the communication in order to incentivize a purchase or sale of goods or services” without clearly and conspicuously disclosing that the communication is via a bot. Cal. Bus. & Prof. Code § 17941.

⁸⁶ Roblox Developer Forum, “Top-Rated Games should factor the amount of players who have played the game,” <https://devforum.roblox.com/t/top-rated-games-should-factor-the-amount-of-players-who-have-played-the-game/646315>; Roblox Developer Forum, “Game does not show up in game’s page or search?,” <https://devforum.roblox.com/t/game-does-not-show-up-in-games-page-or-search/690470>; Roblox Developer Forum, “New Games Do Not Show Up In Roblox Search,” <https://devforum.roblox.com/t/new-games-do-not-show-up-in-roblox-search/57876/9>.

⁸⁷ Roblox: Nikeland, <https://web.roblox.com/games/7462526249/NIKELAND-AIRTOPIA>

⁸⁸ Roblox: Hot Wheels Open World, <https://web.roblox.com/games/5652023420/NEW-CAR-Hot-Wheels-Open-World>.

⁸⁹ Roblox: NERF Strike, <https://web.roblox.com/games/6245984328/MEGA-UPDATE-NERF-Strike>

⁹⁰ Roblox: Hyundai Mobility Adventure, <https://www.roblox.com/games/7280776979/Hyundai-Mobility-Adventure>.

Additional examples of this issue can be found in Roblox’s Squid Game X, Super Power Fighting Simulator, and BALDI. *See* Roblox: Squid Game X, <https://www.roblox.com/games/7554888362/Squid-Game-X-2022>; Roblox: Super Power Fighting Simulator, <https://web.roblox.com/games/2619187362/Super-Power-Fighting-Simulator>; Roblox: BALDI [1000 LIKES!][READ DESC], <https://web.roblox.com/games/5037830275/BALDI-1000-LIKES-READ-DESC>.

⁹¹ Roblox Community Standards, <https://en.help.roblox.com/hc/en-us/articles/203313410-Roblox-Community-Standards>.

⁹² *FTC v. Devumi, LLC et al.* Oct. 18, 2019 Complaint, https://www.ftc.gov/system/files/documents/cases/devumi_complaint.pdf.

⁹³ Roblox Corporation Amendment No. 4 to Form S-1 (Feb. 22, 2021), <https://www.sec.gov/Archives/edgar/data/0001315098/000119312521049767/d87104ds1a.htm>.

⁹⁴ Because there are more than 40 million games on Roblox, only a small percentage of which are shown to players, it is extremely difficult for a game to garner attention, and thus earn a

developer cash. In order to increase a game’s visibility, developers pay the company to place ads for the game on the Roblox platform through a bid system (the more a developer bids, the higher the likelihood their game will gain visibility through Roblox). *See* Roblox Developer, Promoting Your Experience, <https://developer.roblox.com/en-us/articles/Promoting-Your-Roblox-Game>.

Sponsored Experience Budget

The higher you set the **Daily Budget** amount, the more likely the sponsored experience will appear in sorts. The frequency is based on the bid amount relative to other developers’ bids. For example, imagine that three developers are the only developers bidding in a single day and their bids are as follows:

| Developer | Daily Budget | Result |
|-------------|--------------|--|
| Developer A | Ⓔ 50 | This promotion is least likely to appear. |
| Developer B | Ⓔ 100 | This promotion will appear twice as often as Developer A’s. |
| Developer C | Ⓔ 300 | This promotion will run three times as often as Developer B’s and six times as often as Developer A’s. |

Advertising on Roblox

Although many experiences on Roblox grow organically, advertising on the Roblox website can help increase popularity. Roblox lets you upload image advertisements for experiences, catalog items, *groups*, etc. When the ad is clicked, it goes to the page of whatever you’re advertising.

Bidding System

Ad space is not directly purchased – instead, space is **bid** for in an auction format. There’s a limited amount of ad space available, so ads with higher bids get more impressions (displays).

Imagine there are 3 ads in the system (there will often be hundreds):

| Ad | Bid Amount | Result |
|----|------------|---|
| A | Ⓔ 300 | The ad will appear three times as often as B and six times as often as C. |
| B | Ⓔ 100 | The ad will appear twice as often as C. |
| C | Ⓔ 50 | – |

Such typical expenses should be taken into account when assessing Roblox earnings claims. *See, e.g.,* Comm’r Noah Phillips, Multilevel Marketing: The Consumer Protection Challenge, Keynote Address to College of N.J. School of Bus., 3-4 (Apr. 30, 2021), https://www.ftc.gov/system/files/documents/public_statements/1589560/phillips-mlm-keynote-tenj.pdf.

⁹⁵ Roblox Corporation Form S-1 (Nov. 19, 2020), <https://www.sec.gov/Archives/edgar/data/1315098/000119312520298230/d87104ds1.htm> (“For the twelve months ended September 30, 2020, over 960,000 developers and creators earned Robux on the Roblox Platform, of which there were over 1,050 developers and creators that earned \$10,000 or more and nearly 250 developers and creators that earned \$100,000 or more in Robux.”)

Roblox Corporation Amendment No. 4 to Form S-1 (Feb. 22, 2021), <https://www.sec.gov/Archives/edgar/data/0001315098/000119312521049767/d87104ds1a.htm> (“For the year ended December 31, 2020, over 1,250,000 developers and creators earned Robux on the Roblox Platform, of which over 4,300 developers and creators qualified for and were registered in our Developer Exchange Program and therefore met certain conditions, such as having earned at least 100,000 Robux, having a verified developer account, and having an account in good standing, and were therefore eligible to exchange their earned Robux for real-world currency. Of such developers and creators, for the year ended December 31, 2020, over 3,300 actually exchanged their earned Robux for real-world currency through our Developer Exchange Program. For the same period, there were over 1,250 developers and creators that earned \$10,000 or more and over 300 developers and creators that earned \$100,000 or more in Robux.”)

Roblox, YOUTUBE (Nov. 17, 2021), <https://www.youtube.com/watch?v=iJpd5dqUVkE>.



0.01 percent making more than \$30k as of Sept. 30, 2021.

⁹⁶ Web Archive, Roblox.com/create, <https://web.archive.org/web/20210802073311/https://www.roblox.com/create>.

After August 2021, Roblox removed the “Earn Serious Cash” claim, as well as others, from its website. See Roblox: Create, <https://web.roblox.com/create>.

Make Anything

Roblox Studio lets you create anything and release with one click to smartphones, tablets, desktops, consoles, and virtual reality devices

Reach Millions of Players

Connect with a massive audience by tapping into an incredibly enthusiastic and international community of over 50 million monthly players

Earn Serious Cash

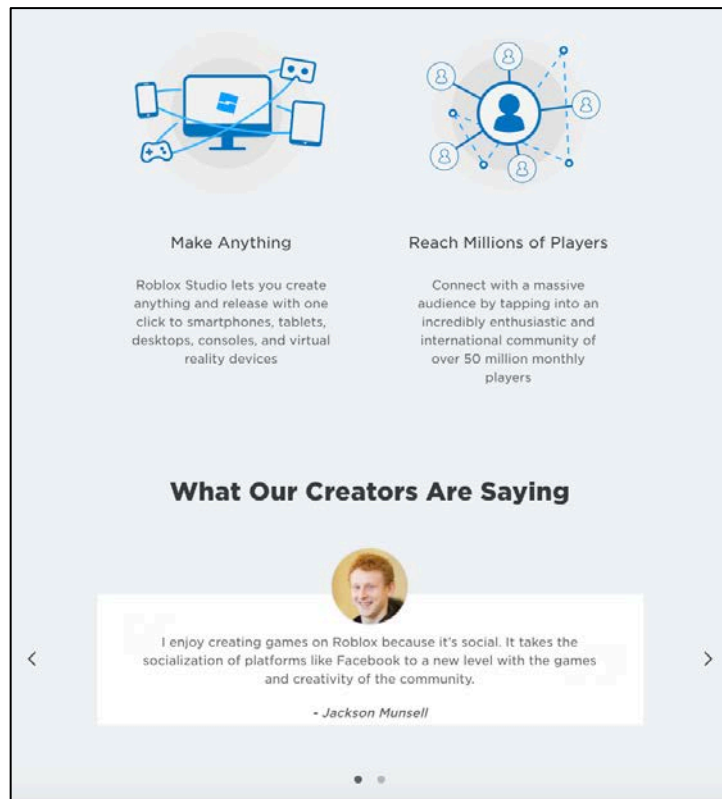
Creators like you are getting paid for what they love to do. Our top developers are earning over \$2M a year by providing in-experience purchases

What Our Creators Are Saying

Roblox allows me to focus on my game development and potential future career without having to worry about the financial hardships of being a college student.

- Andrew Bereza

August 2021



April 2022

⁹⁷ Simon Parkin, *The Trouble with Roblox, The Video Game Empire Built on Child Labour*, THE GUARDIAN (Jan. 9, 2022), <https://www.theguardian.com/games/2022/jan/09/the-trouble-with-roblox-the-video-game-empire-built-on-child-labour>.

⁹⁸ Roblox (@Roblox), TWITTER (Jul. 16, 2021), <https://twitter.com/Roblox/status/1416074429927362560>. See also Roblox (roblox), INSTAGRAM (Jul. 16, 2021), <https://www.instagram.com/p/CRZ28A5L6iC/>.

⁹⁹ Roblox, YOUTUBE (Mar. 19, 2021), <https://www.youtube.com/watch?v=A1joSc0mRVg>. In this video, Roblox CFO Mike Guthrie also states: “For the year ending December 31, 2020, over 1.25 million developers and creators earned Robux, and the community as a whole earned approximately \$329 million. Over 1,250 developers and creators earned more than \$10,000 and over 300 earned \$100,000 or more...” While it may be argued that this language serves as a disclaimer regarding the likelihood of any developer earning money, it is buried in the midst of a two-plus hour video and surrounded by outstanding earnings claims and therefore is a far cry from an appropriate, clear and conspicuous disclosure, as is required by FTC law.

¹⁰⁰ Roblox, YOUTUBE (Nov. 20, 2020), <https://www.youtube.com/watch?v=GqleMaqFhPE>.

¹⁰¹ TheDevKing, YOUTUBE (Apr. 14, 2020), <https://www.youtube.com/watch?v=SUqUmpnTcXU>.

¹⁰² Roblox, YOUTUBE (Jul. 24, 2018), <https://www.youtube.com/watch?v=DWUfL8azgIk&t=703s>.

¹⁰³ In addition to income claims made by Roblox and its influencers, income claims made by other Roblox users litter the internet as well. While such claims do not amount to Roblox commercial speech, there is nothing in Roblox’s terms that dissuades creators and developers from making such claims or insisting that they disclose what a typical Roblox creator makes. See Roblox Terms of Use, <https://en.help.roblox.com/hc/en-us/articles/115004647846-Roblox-Terms-of-Use>.

¹⁰⁴ Roblox Developer Exchange (DevEx) FAQs, <https://en.help.roblox.com/hc/en-us/articles/203314100-Developer-Exchange-DevEx-FAQs>; Roblox Developer Forum, “Developer Exchange Program Requirement Changes,” <https://devforum.roblox.com/t/developer-exchange-program-requirements-changes/1651282>; Earning Robux, <https://education.roblox.com/en-us/resources/earning-robux>.

In addition, developers who earn money are not allowed to withdraw cash more than once a month. Roblox Developer Exchange Terms of Use, <https://en.help.roblox.com/hc/en-us/articles/115005718246-Developer-Exchange-Terms-of-Use>.

¹⁰⁵ The inability to cash out earnings until and unless they meet an arbitrary threshold disincentivizes developers from withdrawing Robux altogether and encourages them to opt instead to reinvest their earned Robux on the platform or spend them on other Roblox games. See, e.g., Cecilia D’Anastasio, *On Roblox, Kids Learn It’s Hard to Earn Money Making Games*, WIRED (Aug. 19, 2021), <https://www.wired.com/story/on-roblox-kids-learn-its-hard-to-earn-money-making-games/>.

¹⁰⁶ Roblox Developer Forum, “Developer Exchange Program Requirement Changes,” <https://devforum.roblox.com/t/developer-exchange-program-requirements-changes/1651282>; Web Archive, Developer Exchange (DevEx) FAQs, <https://web.archive.org/web/20211218204225/https://en.help.roblox.com/hc/en-us/articles/203314100-Developer-Exchange-DevEx-FAQs>.

¹⁰⁷ Roblox Corporation Amendment No. 4 to Form S-1 (Feb. 22, 2021), <https://www.sec.gov/Archives/edgar/data/0001315098/000119312521049767/d87104ds1a.htm> (“For the year ended December 31, 2020, [out of more than 8 million active developers] over 1,250,000 developers and creators earned Robux on the Roblox Platform, of which over 4,300 developers and creators qualified for and were registered in our Developer Exchange Program and therefore met certain conditions, such as having earned at least 100,000 Robux, having a verified developer account, and having an account in good standing, and were therefore eligible to exchange their earned Robux for real-world currency. Of such developers and creators, for the year ended December 31, 2020, over 3,300 actually exchanged their earned Robux for real-world currency through our Developer Exchange Program. For the same period, there were over 1,250 developers and creators that earned \$10,000 or more and over 300 developers and creators that earned \$100,000 or more in Robux.”)

¹⁰⁸ See Press Release, Roblox Reports Fourth Quarter and Full Year 2021 Financial Results (Feb. 15, 2022), <https://ir.roblox.com/news/news-details/2022/Roblox-Reports-Fourth-Quarter-and-Full-Year-2021-Financial-Results/default.aspx> (Roblox users collectively spent 10.8 billion hours on the platform in the fourth quarter of 2021, and 41.4 billion hours in 2021).

¹⁰⁹ See Roblox Privacy and Cookie Policy, <https://en.help.roblox.com/hc/en-us/articles/115004630823-Roblox-Privacy-and-Cookie-Policy->. In addition, “[t]he metaverse is also a wealth of data, offering valuable insights into the perception of a product, even if it doesn't

yet exist in the real world.” Thomas Urbain, *Brands from Ferrari to Nike Rush Toward ‘Metaverse’ Future*, TECHXPLORE (Dec. 16, 2021), https://techxplore.com/news/2021-12-brands-ferrari-nike-metaverse-future.html?utm_source=TrendMD&utm_medium=cpc&utm_campaign=TechXplore.com_TrendMD_1&tid=+/kHl7gezYXlyB2ikaO6uZ5BjxWPrBTu5W47B8eVsVe4oDhgKXUTwge+Sr9p7OUQn0U9rQ==.

¹¹⁰ Simon Parkin, *The Trouble with Roblox, The Video Game Empire Built on Child Labour*, THE GUARDIAN (Jan. 9, 2022), <https://www.theguardian.com/games/2022/jan/09/the-trouble-with-roblox-the-video-game-empire-built-on-child-labour>.

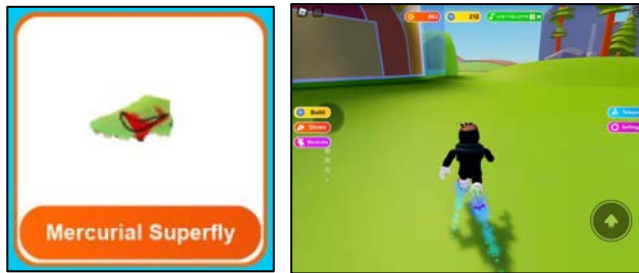
¹¹¹ Heidi Mitchell, *Are Virtual Worlds Safe for Children?*, THE WALL STREET JOURNAL (Feb. 26, 2022), <https://www.wsj.com/articles/are-virtual-worlds-safe-for-children-11645880401>. See also Amy Brill, *Is My Child Addicted to Roblox?*, THE WASHINGTON POST (May 24, 2021), <https://www.washingtonpost.com/lifestyle/2021/05/25/roblox-addiction-advice/>.

¹¹² Ridhi Sharma, *Effect of Advergaming on Children: A Qualitative Analysis*, 9(1) INT’L J. OF BUS. ETHICS IN DEVELOPING ECONOMIES at 27.

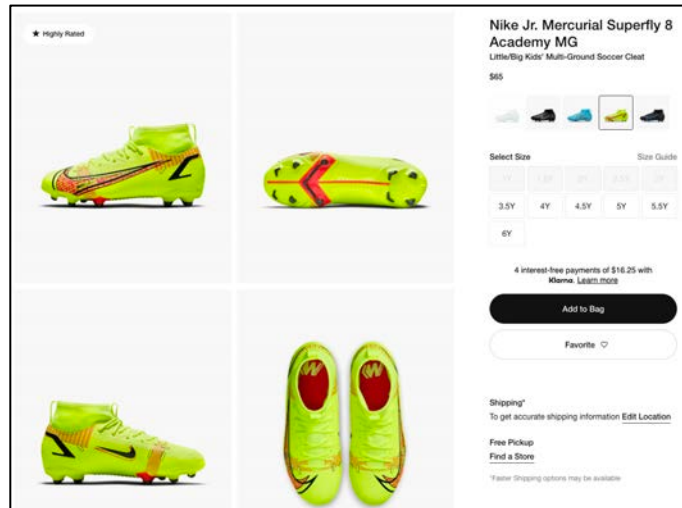
¹¹³ *Id.* at 26 (“Young children are prime targets for marketers nowadays. They represent an important demographic as they influence the purchasing decisions of their parents and are the adult consumers of the future.”) See also *Warning for Parents: Kids Spending Thousands of Dollars on “Free” Roblox Game*, PARENTSTOGETHER (June 21, 2021), <https://parents-together.org/warning-for-parents-kids-spending-thousands-of-dollars-on-free-roblox-game/>.

¹¹⁴ Ridhi Sharma, *Effect of Advergaming on Children: A Qualitative Analysis*, 9(1) INT’L J. OF BUS. ETHICS IN DEVELOPING ECONOMIES at 27 (“[M]any researchers and regulators have advocated that advergaming is also responsible for exploiting a child’s relationship with parents and peers. . . . [P]arental refusal to a child’s purchase demand can lead to family conflicts and cause tension in family relationships.”); Matthew A. Lapierre et al., *The Effect of Advertising on Children and Adolescents*, 140(2) PEDIATRICS S152, S153 (“Harm may also be caused by the overwhelming exposure to all types of marketing, and the images within this marketing, that children and adolescents experience. For example, a review of research found a consistent relationship between advertising exposure, materialism, and parent-child conflict. . . . Therefore, there is concern not only for the negative effects associated with the marketing of unhealthy products (ie, food, alcohol, and tobacco) but also for the negative effects associated with the way marketing exposure in general may influence how youth view material possessions and themselves.”)

It is also worth noting that the brands that advertise on Roblox are not only advertising virtual items, but real world products as well. For example, the very same Nike Mercurial Superfly cleats that are available in Nikeland, and which give avatars the ability to run faster, are available for purchase in “Jr.” styles and sizes on Nike.com.



Screenshots from Roblox's Nikeland



Screenshot from Nike.com

As Chipotle, the first restaurant to advertise within Roblox, said, it sees “opportunities to directly drive sales.” Thomas Urbain, *Brands from Ferrari to Nike Rush Toward ‘Metaverse’ Future*, TECHXPLORE (Dec. 16, 2021), https://techxplore.com/news/2021-12-brands-ferrari-nike-metaverse-future.html?utm_source=TrendMD&utm_medium=cpc&utm_campaign=TechXplore.com_TrendMD_1&tid=+/kHI7gezYXIyB2ikaO6uZ5BjxWPrBTu5W47B8eVsVe4oDhgKXUTwge+Sr9p7OUQn0U9rQ==.

¹¹⁵ The FTC has stated that it is “committed to protecting teens as they navigate digital technologies and applications.” Protecting Youths in an Online World: Hearing Before the Subcomm. on Consumer Protection, Product Safety, and Insurance of the S. Comm. on Commerce, Science, and Transportation, 111th Cong. (July 15, 2010) (prepared statement of the FTC), available at <http://www.ftc.gov/os/testimony/100715toopatestimony.pdf>.

See also Ridhi Sharma, *Effect of Advergaming on Children: A Qualitative Analysis*, 9(1) INT’L J. OF BUS. ETHICS IN DEVELOPING ECONOMIES at 29 (“The ethical concern that children are particularly prone to being exploited and victimized by marketers is widely accepted internationally. The review of marketing regulations in 2004 showed that a majority of countries had ethical rules that advertising should not ‘exploit the credulity of children’ or ‘harm them’. This widespread recognition that young people need special protection has been reflected in international texts ranging from the United Nations Convention on the Rights of the Child to the House of Commons Code of Practice on Advertising.”)

¹¹⁶ *See, e.g.*, Kids Internet Design and Safety (KIDS) Act, S. 2918, 117th Cong. (2021-2022); Kids Online Safety Act, S. 3663, 117th Cong. (2021-2022); Children and Teens' Online Privacy Protection Act, S. 1628, 117th Cong. (2021-2022); PROTECT Kids Act, H.R. 1781, 117th Cong. (2021-2022); KIDS ACT, H.R. 5439, 117th Cong. (2021-2022); CAMRA Act, H.R. 2161, 117th Cong. (2021-2022).