



UTAH DEPARTMENT OF COMMERCE

Division of Consumer Protection

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Utah Sues TikTok for Raking in Millions from Virtual Strip Clubs Involving Minors

The Utah Department of Commerce's Division of Consumer Protection and Utah Attorney General allege TikTok has knowingly built a revenue stream fueled by illegal activity against young users.

Salt Lake City – Utah Governor Spencer Cox and Attorney General Sean Reyes announced a lawsuit today that alleges TikTok Inc. has consciously allowed young people to be sexually exploited on the TikTok platform in exchange for money. The suit contends that a live streaming feature on the TikTok app, called TikTok LIVE, lets adult users give TikTok currency to young users in exchange for sexual solicitation and exploitation while the company takes a cut of each payment.

This filing marks the second lawsuit against the company by Utah's Division of Consumer Protection (Division) through the Utah Attorney General's Office. In October 2023, the State filed a consumer protection case against TikTok for intentionally designing and deploying addictive features to hook young users into endless use of its app. During the course of the Division's ongoing investigation of these practices, it became clear that the dangers TikTok poses to children are not limited to its addictive algorithm but also include an open-door policy for criminals to prey on users, particularly minors, through its TikTok LIVE feature.

This new Complaint alleges that TikTok coupled its livestream feature with monetization to create an environment built on exchanging TikTok's currency for illegal acts. TikTok's own internal studies and the admissions of its employees document how TikTok LIVE has allowed adults to pay young users to strip, pose, and dance provocatively for currency that can be cashed out for real money. As these young users are sexually exploited, the Complaint alleges that TikTok takes as much as a fifty percent commission on every transaction on LIVE, allowing TikTok to reap exorbitant profits, which amount to millions of dollars in Utah alone.

Furthermore, TikTok's alleged profiteering does not stop at child sexual exploitation. The Complaint claims that TikTok's livestream feature, along with its virtual currency, has allowed criminals to freely launder money, host illegal gambling rings, sell drugs, and fund terrorism.



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"I find the new allegations against TikTok Live not merely concerning but incredibly disturbing. Such disregard for the safety of young users on the platform, much less profiting off their exploitation, cannot and will not be tolerated," said Utah Governor Spencer Cox. "We will take all necessary actions to protect them from TikTok's egregious behavior."

The Complaint alleges that TikTok has skillfully avoided regulatory requirements to sidestep processes that would identify criminal behavior and keep users safe when spending their money. Instead, the company has prioritized profits over user safety, and the Complaint alleges that TikTok failed to institute even basic financial controls, leading to a heightened risk of fraud and criminal activity on the app. As a result, the Complaint contends that TikTok has allowed young users—who do not fully understand the value of TikTok's virtual currency—to be continuously exploited while TikTok pads its pockets.

The Division also is currently in an ongoing subpoena enforcement action with TikTok, who has tried to stonewall productions of important information, including documents cited in the Complaint filed today. The State intends to ask the Court to unseal the current Complaint as soon as possible to shine the full light of public accountability on TikTok's conduct.

"TikTok has created a virtual strip club allowing minors to be exploited across America by connecting innocent victims to predators in real time. Adding insult to injury, Live facilitates money laundering while TikTok quietly charges fifty percent on every transaction to profit in the billions from the entire enterprise," said Utah Attorney General Sean Reyes. "Our investigation confirmed TikTok knows of the damage to young victims but feels it makes far too much money to stop. There are so many layers of harm in its practices, we cannot wait a day longer to act. The State of Utah is front and center in the fight against child exploitation. This suit is just one of many ways we are fighting for child safety online."

With this lawsuit, the Division and the Attorney General are seeking to stop TikTok's illegal practices and to require TikTok to forfeit monies it wrongfully obtained by profiting from illegal activity on its platform. The Division of Consumer Protection's investigation into TikTok's practices otherwise continues.

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The Utah Division of Consumer Protection is one of ten agencies within the Utah Department of Commerce. Its mission is to strengthen trust in Utah's commercial activities by protecting consumers through education and impartial enforcement. The Division administers more than 25 Utah state laws designed to protect consumers, including those related to telephone solicitations. Additional information about the Division and complaints can be filed at <https://dcp.utah.gov/>.