



Utah Division of Consumer Protection vs. TikTok Inc.  
Unsealed Redaction Highlights

<i>Div. of Consumer Protection v. TikTok Inc., No. 240904292, Third District Court</i>	
Paragraph	Redaction (Highlighted)
9	In early 2022, TikTok’s internal investigation of LIVE, called “Project Meramec,” revealed shocking findings. Hundreds of thousands of children between 13 and 15 years old were bypassing TikTok’s minimum age restrictions, hosting LIVE sessions, and receiving concerning messages from adults. The project confirmed that LIVE “enable[d the] exploitation of live hosts” and that TikTok profited significantly from “transactional gifting” involving nudity and sexual activity, all facilitated by TikTok’s virtual currency system.
10	Worse yet, TikTok knows that its LIVE recommendation algorithm “prefers feeds with gifts,” which it admits “incentivizes sexual content.” This means TikTok knows that users are more likely to exchange Gifts for sexualized acts and content and is aware it is promoting sexual exploitation on its app. TikTok admits: “Transactional sexual content incorporates tons of signals that inform the algorithm as well as Live Ops metrics of success...” Despite this, TikTok looks the other way because sexually exploitative content boosts business: “[t]ransactional sexual content hits most of [TikTok’s] business’ metrics of success & is pushed to TopLives.”
14	In 2021, TikTok launched “Project Jupiter” to investigate suspicions that organized crime was using LIVE to launder money through TikTok’s gifting feature. TikTok discovered that criminals were selling drugs and running fraud operations on LIVE.
23	In October 2023, 3,171,209 registered accounts were associated with Utah users. TikTok also succeeds at capturing the time and attention of a substantial portion of Utah’s children. In 2023, 278,506 TikTok accounts were associated with Utah users under 18 years old, which likely significantly undercounts the number of minors using the app.

29	Third, Utah is a hub for “content creators,” or users who share and post content on the app. In Utah alone, there are as many as 1,540,957 content creators.
30	Collectively, Utah-based content creators have almost a billion (919,171,787) cumulative followers on TikTok. As of May 2023, these content creators have also netted [redacted] in profit from TikTok.
71	TikTok admits that it was not in compliance with U.S. money transmitter laws. In 2022, the company acknowledged that it was not authorized to be engaging in money transmission, writing, “[United States] payment compliance is faced with three major challenges: 1) anti-money laundering (highly risky!); 2) user-to-user transactions without license; 3) TikTok [does] not have the license to have balances (stored value).”
72	This admission was iterated by employees worried that TikTok’s “revenue features may be treated as user direct transfer, which requires a Money Transmittance License that we do not have.”
73	One year later, TikTok had still not registered with federal regulators and identified “reduc[ing] payments compliance risks of MTL [Money Transmitter License] + Store Value” as a goal for “ensuring a sustainable LIVE gifting business model.” It even recognized that it was “not legitimate to handle user-to-user transactions” under the U.S. regulatory framework.
76	So, instead of compliance, TikTok tries to hide that it is engaging in money transmissions. It focuses on “add[ing] some other factors other than the amount/value of gifts received when distributing income to host” to “reduce the risk of virtual gifts being recognized as user-to-user transaction.” In other words, TikTok conceals that it is an unregistered money transmitter from federal regulators.
81	TikTok’s failures are proving to be significant and pervasive. As recently as 2023, TikTok compliance teams reported, “we have identified major money laundering criminal patterns on TikTok live platform.” Nevertheless, TikTok refuses to establish accurate bookkeeping, real-time suspicious payment monitoring for fraud and money laundering, timely reporting processes to law enforcement of suspicious transaction reports, KYC verification for all users, or even processes to keep banned users off the platform.
82	For example, TikTok conducted no KYC verification for users before 2022, and when it did begin basic KYC verification, it was to identify only “high-risk users.” As recently as last year, TikTok’s staff admitted that KYC processes for U.S. users were “limited,” leaving customers exposed to over 144,000 “high-risk” users on LIVE, with 2,000 of those located in the United States. In fact, TikTok users can still avoid these processes altogether if they deposit less than \$5,000 or withdraw less than \$1,000 in Coins per day,

	undermining the accuracy of the true count of high-risk individuals altogether.
94	TikTok lets its users, many of whom are children, freely interact with, and fall victim to, known criminals without warning because TikTok prioritizes preserving its cut of money transactions—which it perversely intends to be the main deterrent to money laundering. This strategy is not enough. Some employees noted that “previous investigations” show that even TikTok taking a large percentage of every transaction is not a “disincentive if the original money is coming from stolen credit cards, i.e., the criminals are not taking a financial ‘loss’ as it was not their money in the first place.” Other employees posited that taking 50% was not enough, but was adequate for limiting terrorism financing, writing, “I agree that 50% rev share isn’t enough to completely stop ML . . . right now 50% rev share is just a way to stop the bleeding, at least in the case where someone can freely move the money from a blacklisted country to the US via a long gifting path . . . without losing a penny.”
95	Despite disagreement over the deterrence value of its ongoing profiteering, what has been made clear is that TikTok continues to reap extraordinary financial gains from illegal transactions, while also routinely denying refunds to customers who have fallen victim to fraud as a result of its refusals to set up real-time transaction monitoring.
109	An internal study from December 2023, following the Forbes article, documented what TikTok admits is “the cruelty” of maintaining LIVE with its current risks for minors on the app. The study showed its LIVE feature had the following characteristics: a. “[H]igher proportion[s] of minor users”; b. “Minor users are more likely to access high severity risk LIVE content than adult users”; c. For violating content like “[a]dult nudity and sexual activities (ANSA) . . . and minor-hosted LIVE rooms, minor views are likely 2 times higher than other LIVE rooms”; and d. “Minor users lack self-protection awareness and interact more with risky LIVE content.”
115	In response to the Forbes article, TikTok also conducted a formal investigation into issues on LIVE called “Project Meramec.” TikTok shared the results of the investigation internally during a May 2022 “Safety Summit”: [Figure 14]  <i>The Division did not include Figure 14 in the Appendix, but instead referred to “[Figure 14].” TTI is including Figure 14 in the TTI Appendix for the Court’s reference.</i>

116	Project Meramec confirmed that young users well under the minimum age requirement could host LIVE sessions on TikTok. The study confirmed that in just the month of January 2022 alone, 112,000 “L1” users (i.e., a metric TikTok uses to categorize users between 13 and 15 years old) hosted LIVE sessions.
117	These underage users also received a significant number of direct messages from adult users, raising red flags to TikTok that these minors were likely being groomed by adults. Project Meramec revealed that TikTok received not only “significant revenue” from “transactional gifting”—to the tune of one million Gifts in January 2022 alone—but also that this revenue was in large part generated through transactions for sexual content.
118	Project Meramec also confirmed that LIVE was profitable in part because TikTok’s algorithm was working as intended by amplifying popular content to prioritize engagement on its app: “[t]ransactional sexual content hits most of business’ metrics of success and is pushed to TopLives...”
121	In May 2022, after the Forbes article came out, TikTok took steps to evaluate how “valuable” its underage LIVE hosts were before it would decide to make safety changes to the feature, like increasing the minimum age requirement from 16 to 18. It found 384,833 hosts were 16 to 17—as far as TikTok was aware—and they spent over seven million minutes streaming themselves on LIVE.
141	These failures have held true since the early days of LIVE. In June 2021, a senior TikTok employee admitted that: [a]t this point we have very limited options to protect minors from live content... Currently we are NOT able to age gate livestreams because we do not have the functional capability to do so. We also do not have the ability to show warning screens... Until we establish reliable content filtering strategies, we need to consider BLOCKING all L1s [13–15 year olds] from viewing (or interacting in any capacity) with Live.
142	On information and belief, formed through the Division’s investigation and public statements from TikTok, this blocking was never implemented, despite the company recognizing that these failures left TikTok “vulnerable.”
150	As TikTok employees recognized, the company “created an environment that encourages sexual content... [The] Live Recommendation algorithm prefers feeds with gifts, so [it] incentivizes sexual content.”