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# Paddle's Payment Predicament: Unpacking FTC's Compliance Crackdown

## Payments Pros – The Payments Law Podcast

### SPEAKERS

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In this episode of *Payments Pros*, hosts Keith Barnett and Carlin McCrory examine the recent \$5 million settlement between the Federal Trade Commission (FTC) and Paddle.com, a UK-based payment processor. The discussion centers on the FTC's allegations against Paddle for violating the Restore Online Shoppers' Confidence Act (ROSCA) and the Telemarketing Sales Rule (TSR). Paddle's practice of aggregating merchant transactions under its own name led to significant compliance issues with card network rules and masked chargeback levels and disputes. The settlement imposes strict prohibitions on Paddle, including barring it from processing payments for tech support merchants and requiring enhanced client screening and monitoring.

Keith and Carlin highlight the critical need for businesses to comply with card network rules. The FTC held Paddle responsible as the merchant of record for the noncompliant negative option billing practices of the merchants whose transactions it processed. The hosts stress the FTC's ongoing vigilance in the payments industry and urge companies to ensure adherence to all regulatory standards.

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