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# United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

March 28, 2025

## VIA ELECTRONIC TRANSMISSION

Mark T. Uyeda  
 Acting Chairman  
 U.S. Securities and Exchange Commission

The Honorable Andrew N. Ferguson  
 Chairman  
 The Federal Trade Commission

Dear Acting Chairman Uyeda and Chairman Ferguson:

The U.S. Securities and Exchange Commission (SEC) and the Federal Trade Commission (FTC) serve important roles to ensure businesses in our country do not defraud customers. The SEC's three-part mission includes "Protecting Investors;" "Maintaining Fair, Orderly, and Efficient Markets;" and "Facilitating Capital Formation" and the FTC's mission is to "protect[ ] the public from deceptive or unfair business practices and from unfair methods of competition through law enforcement, advocacy, research and education."<sup>1</sup> To achieve these ends, both the SEC and FTC have the ability to conduct investigations.<sup>2</sup>

The Knot is a wedding planning business that offers planning tools and a wedding vendor marketplace.<sup>3</sup> It was owned by XO Group, Inc. (XO Group) alongside other businesses such as The Bump and The Nest.<sup>4</sup> In 2018, XO Group—The Knot's parent company—was acquired by Permira Funds and Spectrum Equity for \$933 million.<sup>5</sup> Then, it merged with WeddingWire and rebranded as The Knot WorldWide (The Knot).<sup>6</sup> The Knot is now a global company whose core

<sup>1</sup> U.S. Securities and Exchange Commission, *Mission*, (last accessed Mar. 28, 2025), <https://www.sec.gov/about/mission>; and Federal Trade Commission, *About the FTC*, (last accessed Mar. 28, 2025), <https://www.ftc.gov/about-ftc>.

<sup>2</sup> U.S. Securities and Exchange Commission, *Division of Enforcement*, (last accessed Mar. 28, 2025), <https://www.sec.gov/about/divisions-offices/division-enforcement>. The FTC Act provides that "unfair or deceptive acts or practices in or affecting commerce ...are...declared unlawful." 15 U.S.C. § 45(a)(1); Federal Trade Commission, *A Brief Overview of the Federal Trade Commission's Investigative, Law Enforcement, and Rulemaking Authority*, (last accessed Mar. 28, 2025), [https://www.ftc.gov/about-ftc/mission/enforcement-authority#:~:text=Under%20Section%205\(b\)%20of,by%20instituting%20an%20administrative%20adjudication](https://www.ftc.gov/about-ftc/mission/enforcement-authority#:~:text=Under%20Section%205(b)%20of,by%20instituting%20an%20administrative%20adjudication).

<sup>3</sup> The Knot Worldwide, *About Us/The Knot*, (last accessed Mar. 28, 2025), <https://www.theknotww.com/the-knot/>.

<sup>4</sup> Alexandra S. Levine, *How Wedding Giant The Knot Pulled The Veil Over Advertisers' Eyes*, FORBES (Aug. 3, 2023) <https://www.forbes.com/sites/alexandralevine/2023/08/03/the-knot-wedding-whistleblowers-advertisers-fraud/#:~:text=Former%20longtime%20employees%20of%20The%20Knot%20have%20accused,IPO%20looming%2C%20Forbes%20found%20some%20troubling%20practices%20remain>.

<sup>5</sup> PR NEWswire, *XO Group Inc. to Become Privately Held Company and Merge With WeddingWire, Accelerating Growth Within Global Wedding Industry*, (Sept. 25, 2018), <https://www.prnewswire.com/news-releases/xo-group-inc-to-become-privately-held-company-and-merge-with-weddingwire-accelerating-growth-within-global-wedding-industry-300718397.html>.

<sup>6</sup> Alexandra S. Levine, *supra* note 4.

business serves as an online “wedding Vendor Marketplace” hosting over 200,000 local wedding professionals.<sup>7</sup>

I have recently been alerted of alleged deceptive business practices by The Knot from several Iowa small businesses that suspect they have been defrauded. Namely, they separately told my staff that they entered into a contract with The Knot which assured the businesses it would advertise them on its website and then provide the businesses with a monthly supply of high-quality leads.<sup>8</sup> However, according to the businesses, The Knot defrauded them by providing leads that were either largely worthless or completely fake. Also, according to the businesses, they entered into contracts under pressure of special pricing that were for a limited time, which turned out to be allegedly false.<sup>9</sup> Further, they were promised exceptional customer service to help their businesses succeed.<sup>10</sup> However, they informed my staff they instead experienced the opposite on all accounts and were provided an unacceptable level of customer service.<sup>11</sup> One of these Iowans told my staff they were repeatedly ignored by The Knot.<sup>12</sup> When they had enough of this treatment, the businesses told my office they had great difficulty canceling their contracts to keep their credit cards from being charged, even going so far as to hire an attorney and threaten litigation.<sup>13</sup>

Whistleblowers have also alleged deceptive business practices before XO Group was sold to the private equity firms forming The Knot WorldWide.<sup>14</sup> For example, following a relaunch in 2015, The Knot allegedly “violated” its contracts with local and national media partners who paid to advertise on The Knot’s website.<sup>15</sup> Whistleblowers alleged that roughly 25,000 partners ranging from mom-and-pop shops to retailers such as Macy’s, Walmart, and Crate & Barrel paid to have their advertisements shown on The Knot’s website in 2015.<sup>16</sup> However, whistleblowers have alleged that these advertisements did not appear where they were contractually supposed to—if the ads ran at all.<sup>17</sup> When the whistleblowers brought the problem to management, they reportedly found it was a part of an intentional “scheme.”<sup>18</sup> The scheme allegedly involved executives instructing the sales support team to bypass The Knot’s compliance system to reprogram advertisements to appear on lower-value areas of the website than where the customer paid for.<sup>19</sup> Whistleblowers reported, “[t]he company was generating revenue under false

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<sup>7</sup> The Knot Worldwide, *About Us/The Knot*, (last accessed Mar. 28, 2025), <https://www.theknotww.com/the-knot/>.

<sup>8</sup> On file with Comm. staff. “Leads” refers to prospective business information.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> See Thomas Barrabi, *‘The Knot’ wedding site swindles advertisers, fosters ‘culture of fear,’ ex-workers claim*, NEW YORK POST, (July 19, 2023), <https://nypost.com/2023/07/19/the-knot-swindles-wedding-clients-fosters-culture-of-fear-ex-workers/>; Alexandra S. Levine, *supra* note 4; Jennifer Davidson, Rachel LaFera, & Cindy Elley, *Behind its pretty façade, wedding site The Knot hides a dark side*, LIONESS, (last accessed Mar. 28, 2025), <https://www.lioness.co/post/behind-its-pretty-facade-wedding-site-the-knot-hides-a-dark-side>.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> Jennifer Davidson, et al., *supra* note 14.

pretenses. And executives were instructing support staff to conceal this scheme from the sales team—presumably so we would keep selling.”<sup>20</sup> In fact, several former employees said that The Knot, at that time, had “been committing financial fraud for years and that executives ‘accelerated revenue’ and orchestrated ‘a textbook pump and dump’ to drive up the company’s stock price before it was sold for almost \$1 billion and merged with rival WeddingWire in 2018.”<sup>21</sup> These are very serious allegations that ought to be investigated.

Further, additional former employees have alleged that former top executives “aggressively silence[d] those who tried to raise alarms,” and that executives pushed to wash their hands of the issues and silence employees by pressuring them to sign non-disclosure agreements, holding employees in rooms until their stories changed, forcing people out of the company, and even withholding bonuses and other forms of payment.<sup>22</sup>

Small businesses from across the nation, and corporate retailers, have raised these issues in recent years. For example, 700 people from across the nation have signed a petition asking congressional leaders to investigate The Knot for fraudulent business practices.<sup>23</sup> Moreover, it was reported last year that The Knot has been accused of “systematically swindling clients for years...” including major corporate retailers such as Macy’s and David’s Bridal.<sup>24</sup> Consistent with the information Iowan businesses provided me, one FTC complaint against The Knot reportedly claimed “about 70%-80% of the leads are scams.”<sup>25</sup> In fact, several news outlets, including *Forbes*, the *New York Post*, and *Business Insider*, reported The Knot’s rampant issues and alleged damaging business practices in recent years.<sup>26</sup> For example, one Ohio DJ told *Forbes* The Knot would not let him cancel his contract when he was getting “zero ROI” and only scam leads despite spending thousands on advertising.<sup>27</sup>

Whistleblowers have reportedly gone to you with allegations of “ongoing violations of federal laws by both former and ongoing company management.”<sup>28</sup> Sean McKessy, the first chief of the SEC Office of the Whistleblower, told *Forbes* that these whistleblower claims would be of interest to the agency.<sup>29</sup> However, it is now unclear what, if anything, is being done to investigate these allegations.

Accordingly, what steps have you taken to investigate the allegations? I would like to know, and I’m sure all these small businesses would as well, whether the allegations raised in the

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<sup>20</sup> *Id.*

<sup>21</sup> Alexandra S. Levine, *supra* note 4.

<sup>22</sup> Thomas Barrabi, *supra* note 14; Alexandra S. Levine, *supra* note 4.

<sup>23</sup> iPetitions, *The Knot Advertisers, make your voice heard*, (last accessed Mar. 28, 2025), <https://www.ipetitions.com/petition/the-knot-advertisers>.

<sup>24</sup> Thomas Barrabi, *supra* note 14.

<sup>25</sup> Jennifer Ortakales Dawkins, *The Knot is losing its shine as the best place for wedding vendors to advertise*, BUSINESS INSIDER, (Sept. 12, 2022), <https://www.businessinsider.com/the-knot-vendors-worth-price-busy-wedding-year-weddingwire-2022-9>.

<sup>26</sup> *Id.*; Barrabi, *supra* note 14; Alexandra S. Levine, *supra* note 4.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

news reporting are true and accurate. If they are, these matters ought to be reviewed so that this type of conduct stops, violators are held accountable, and consumers are protected.

Thank you for your prompt review and responses. If you have any questions, please contact Jace Pimentel on my Committee staff at (202) 224-5225.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Grassley". The signature is written in a cursive, flowing style.

Charles E. Grassley  
Chairman  
Committee on the Judiciary