Self-Regulation and Enforcement

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Self-Reg

& Social Media

- Senny Boone
- October 22, 2013



Evolution:

From offline "do not mail" & environmental responsibility: 4 million consumers on DMAchoice.org

Now: do-not-track; opt-in or opt-out; Big Data; mobile cloud...

Scrutiny of privacy policies, online terms & conditions & new technologies prevail.



DMA has an active self-regulatory process—across all marketing channels.

-Committee-based. Volunteer practitioners meet to review ongoing ethics cases; volunteers shape DMA Guidelines.

-All DMA members must comply with Guidelines; nonmembers are reviewed as well.

-Goal is to be accountable and build consumer trust.



Consumer Tools:

DMAchoice.org

Aboutads.info

Consumer help-line

Consumer complaint process



Annual Compliance Report:

15,000 consumer contacts per year

300 complaints

50-60 cases

Referrals & resolution

Suspension

Publication—see www.thedma.org/compliance/



3 Areas of Concern:

- 1. General Privacy
- 2. FTC: Endorsements & Testimonials, dot com disclosures.
- 3. "Targeting" Social Profiles



Privacy v. Social – A Contradiction

Private = concealed

Social = public sharing

What is the consumer expectation—most posts, tweets, blogs are meant for public...

What is private, what should be protected?



Social is Not the Wild West

Common marketing best practices & rules apply:

- -Truthfulness, accuracy
- -Privacy policy on data collection & use
- -Terms of the offer
- -Marketing to children
- -Contests, sweepstakes
- -Health information
- -data collection, use & security...



Social is Unique

Best Opportunity to Build Your Reputation: good or bad Online word-of-mouth

#Tweets

Likes

Blog posts

FB friends

=Success



FTC is paying attention!

See .com Disclosures: 2013.

-General rules of advertising law apply online (not any particular medium) new issues concerning space-constrained screens and social media platforms.

-"Clear and conspicuous" disclosures are required.



FTC is paying attention to endorsements & testimonials:

Endorsement: an ad message that consumers believe reflect the actual opinion or belief of the endorser, even if is the same as that of the sponsor.

"Material connection" between the seller and endorser.



Celebrity Endorsers

-"generally expected results,"

Endorsers should disclose their connection to advertisers.

Mom-bloggers: Guides impose potential liability on advertisers; could be held liable for false or unsubstantiated statements made through a blogger's endorsement.



Likes, Tweets & FB Posts:

Genuine? Or Paid? Social consumers rely on peers and others to make their purchasing decisions. Exploitation of consumers can occur.

Compensation must be disclosed.



Social Media Complaints

DMA has seen some of this with "paid friends," complaints—companies who claim to sell 1,000 "friends" for a price.



Social Media & Regulators

NY Attorney General Schneiderman concluded a year-long investigation into "reputation management" companies.

"Astroturfing is 21st Century's False Advertising."

-Companies manipulated consumer-review websites, flooding them with fake consumer reviews on Google, Yelp, Citysearch.

-Paid freelance writers from Bangladesh, Eastern Europe \$1-10 per review.



Busted by a Yoghurt Shop!

AG posed as a yoghurt shop seeking help with its online reputation due to negative reviews.

Companies offered to write fake reviews and post them on consumer review websites like Yelp.

Companies used IP spoofing techniques to hide their identities and set up hundreds of fake online profiles to post fake reviews. (Yelp aided the investigation and has added filtering techniques.)



Examples:

Laser Cosmetica (a hair removal business) hired an SEO that posted fake reviews on consumer review websites, and instructed employees and friends to write fake reviews on consumer review websites. They offered discounts on services in exchange for online reviews without requiring the customer to disclose the gift in the review.

Remember that compensation is to be disclosed!



OAG entered into "Assurances of Discontinuance" with 19 companies, penalties from \$2500-\$100,000

OAG found the practice of preparing or disseminating a false review is a form of false advertising known as astroturfing, violates New York laws against false and deceptive advertising.

Gartner predicts that by 2014 between 10-15% of social media reviews will be fake.



Social media profile "targets"

DMA complaints:

- -dating ads
- -high income individuals seeing highly priced car ads
- -inappropriate or obscene ads



DMA Guidelines

www.dmaresponsibility.org/Guidelines/

Contacts:

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Thank you!





Social Media and Self-Regulation

Venable Seminar

Oct. 22, 2013

C. Lee Peeler President, National Advertising Review Council EVP, National Advertising, CBBB

How CBBB-Administered Self-Regulation Works

- Monitoring
- Inquiries
- Published decisions guidance, compliance, transparency



Applies to all industry members

Arguably, however, the most influential factor respecting national advertising over the last 30 or so years is self-regulation. Meaningful self-regulation provides a critical complement to the FTC's law enforcement efforts. It relieves the FTC from supervising some issues, and frees up resources that can be used in other areas. It allows the FTC to focus more efficiently on activities of those who don't comply with the self-regulatory regime.

 High level of voluntary compliance

> Strong government support

J. Thomas Rosch, FTC Commissioner, Advertising Law and Business Affairs Conference, Association of National Advertisers, March 11, 2009



Applies Same Principles as FTC

- Tell the truth support your claims
- Transparency be clear whether its content or promotion
- Disclose unexpected material connections

 Protect privacy/comply with self-regulatory guidelines







ERSP Case #129

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Weknow Diets o Weknow Diets.com. We have compiled emprehensive database of information for

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Most Popular Programs

Products





A service of the advertising industry and Council of Better Business Bureaus

filled with ho-hum diet choices, nulated and marketed by Urban ms to stand head and shoulders From its informative website e superior ingredients included in Miraclebum® blows away mor across MORE

This Week's Editors Chaice Award:

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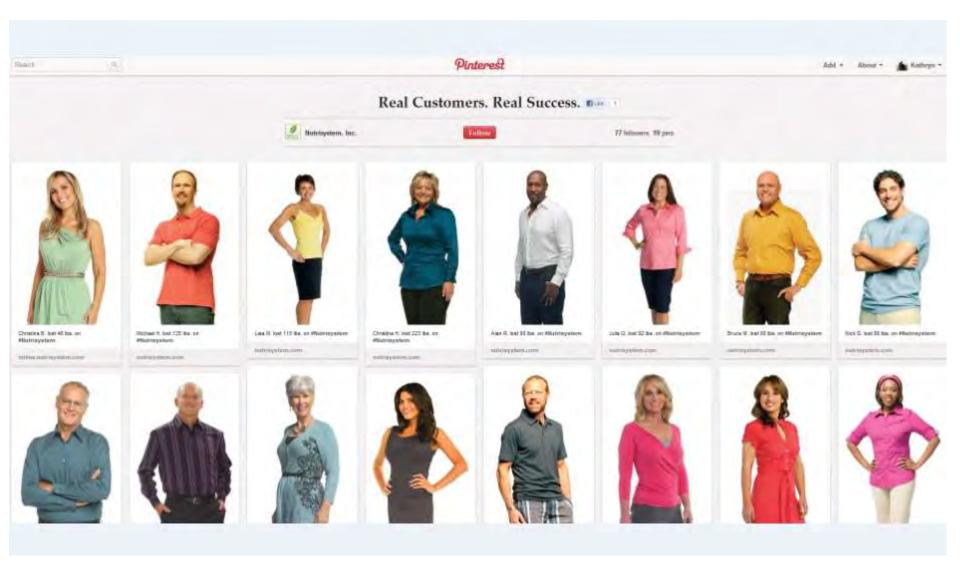




Of Video







Nutrisystem Case #5387 6.29.12





Progressing information and research in the treatment of Apraxia

Parental Feedback

HOME
UNDERSTANDING APRAXIA
STUDY GROUP
PARTICIPATION
CLINICAL RESEARCH
RESEARCH PUBLICATIONS
PARENTAL FEEDBACK
HELPFUL HINTS
CONTACT US

Syndrome of Allergy,
Apraxia and Malabsorption:
Characterization of a
neurodevelopmental phenotype
that responds to Omega 3 and

Vitamin E supplementation.



"I started using a patented omega-3 / vitamin E speech supplement three weeks ago for my 5 yr old son, adopted by me at 2 yrs of age, who had always talked in a mumbled, muffled voice. He'd been in speech therapy for over 3 yrs. On his seventh day, taking 2 capsules a day, Robbie began talking more clearly and in full sentences. On his 8th day I began giving him 3 capsules a day. On his 14th day I met with his school teacher as well as his speech teacher. Both wanted to know what we had done to improve Robbie's speech so quickly and so dramatically. I explained to them about the supplement and gave them some literature to review.

Also, Robbie's speech teacher from his preschool days is now working with Rebecca, Robbie's sister. When she was here last week she kept saying over and over how she couldn't believe the change in Robbie's speaking ability. With Rebecca, she is now on three capsules a day. Although she is nonverbal I have noticed an increase in her swallowing ability. This we hope will inevitably lead to her trach being removed. A blessing in itself. Her complexion and appearance look so good. We are also noticing an improvement in her muscle tone and spasticity. In fact, Rebecca's chiropractor commented that she was showing great improvement in her whole body since she has started the patented omega-3 / vitamin E supplement. He was impressed.

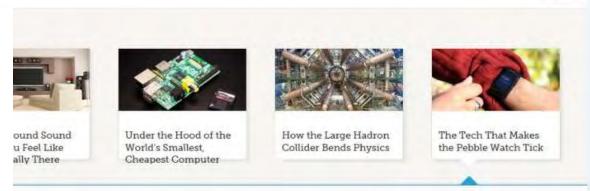
A friend of mine, whom I gave some of the supplements to 5 days ago, now has had her 5 yr old grandson on 2 capsules a day. This morning she reported that Brahan was moving his mouth muscles attempting to speak and that his spasticity had beauti in proved She was thinked. She will move him up to 3 capsules once a day starting Sunday.

We have seen remarkable results in a very short period of a sehi# 5.6a2@sing. In fact, Rebecca's Neurologist at Vanderbilt Children's Hospital inquired about the patented omega-3 / vitamin E. formulation and we gave him a brochure. The subject explanation in a short period of time greatly exceeded our expectations. Thank you so much. I will keep you informed.

Tech FOLLOW MASHABLE

Qualcom/ Snapdragon

Case#5633 9.20.13







SPIL Games

Case #5533 12.12.12

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Home | ADRC Press Releases | CARU Recommends SPIL Games Modify Website to Better Protect Children's Privacy, Company Agrees to Do So

CARU Recommends SPIL Games Modify Websit Children's Privacy, Company Agrees to

New York, NY - Jan. 10, 2013 - The Children's Advertising Review Unit recommended that SPIL Games, BV, operator of the website "GirlsGoGames.com," modify the site to better protect the privacy of child visitors. The company has agreed to do so.

CARU is an investigative unit of the advertising industry's self-regulatory system and it is administered by the Council of Better Business Bureaus.

The website, directed to children and teens, allows members to create profiles and individualized avatars, play and rate games, make friends and view profiles of others.

Upon its initial review of the site, CARU was concerned that the website did not employ a tracking mechanism as part of its age screening system. Further, CARU was concerned that the site allowed children to disclose personally identifiable information on member profile pages without first providing proper parental notice or obtaining verifiable parental consent and allowed children to register for the site using social media tools – including Facebook and Twitter – that do not permit participation by children under the age of 13.

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A Tale of Two Markets

Infomercial Industry

V.

Word of Mouth Marketing





Thank you.

For more information, please visit us on the Web @ www.asrcreviews.org www.bbb.org