

1543 Wazee St., Ste. 460 Denver, CO 80202 (303) 801-0582 www.uspirgedfund.org center@uspirg.org

September 29, 2023

Federal Trade Commission Office of the Secretary 600 Pennsylvania Avenue NW Washington, DC 20580

## Submitted electronically via <u>https://www.regulations.gov</u>

## RE: "Consumer Reviews and Testimonials" (Fake Reviews) NPRM, R311003

We at U.S. Public Interest Research Group Education Fund are writing regarding the Federal Trade Commission's proposed rulemaking to combat fake reviews. This is a welcomed protection for consumers who conduct so much of their personal business online and trust what they read.

It's been nearly two years since the <u>FTC put hundreds of companies on notice</u> that if they used fake reviews to deceive potential customers, they could be fined up to nearly \$44,000 per violation. Clearly, that threat hasn't scared off enough retailers.

A few months later, the FTC filed its first case involving a company's alleged efforts to conceal negative customer reviews, <u>Fashion Nova, LCC</u>, was required to pay \$4.2 million as part of a settlement. This followed the FTC's allegation that the retailer blocked negative reviews of its products from being posted on its website. According to the <u>FTC</u>, Fashion Nova allowed only four-star and five-star reviews to be posted automatically and held lower rating reviews to be looked at before being posted to the site. The FTC said that over a four-year period, Fashion Nova didn't approve or post "hundreds of thousands of lower-starred, more negative reviews."

Online shopping started surging long before the pandemic. Online shoppers need to be protected just like shoppers in brick and mortar stores. Clearly, there's a troubling pattern of way too many merchants trying to trick consumers into buying their products through some type of fake review:

1. An actual fake or fabricated review, which can be used to trick a consumer into purchasing a product. A <u>fake review</u> could be done by the company itself, by posting a fabricated positive review on its own site.

2. A positive review that occurs after a company sends a product to a consumer at no charge and the writer didn't mention how they received the product. There may be an unwritten understanding that it was a quid pro quo.

3. A negative review on a company's site left by friends or employees of a competitor.

4. The suppression of a negative review on its own site. This is like a child showing her parents only the tests that earned an A or B and throwing the rest in the trash.

There are other types of fake reviews as well. If the proposed rule targeting these types of fake reviews takes effect, violations will carry a fine of up to \$50,120 per violation for businesses and individuals. The proposed rule will go a long way toward protecting consumers from clearly unfair or deceptive acts or practices involving consumer reviews and testimonials.

The Commission absolutely should finalize the proposed rule to better protect shoppers and hold businesses accountable.

Businesses will soon have 50,000 reasons to keep fake reviews off their websites.

U.S. PIRG Education Fund is an independent, non-partisan group that works for consumers and the public interest. Through research, public education and outreach, we serve as counterweights to the influence of powerful special interests that threaten our health, safety or well-being. U.S. PIRG Education Fund is part of The Public Interest Network, which operates and supports organizations committed to a shared vision of a better world and a strategic approach to social change.

Respectfully submitted, Teresa Murray Consumer Watchdog Director U.S. PIRG Education Fund <u>tmurray@pirg.org</u>