

FTC Announces Settlement Involving Fake Amazon Reviews

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This week, the FTC announced its first case involving fake reviews on an independent website.

Cure Encapsulations sells a weight-loss product exclusively on Amazon. When the company wanted to boost its sales, its owner turned to Amazon Verified Reviews (or “AVR,” for short), a website that offers Amazon sellers services designed to “push your product towards the top” using “verified” product reviews that will “help your product rank better in the internal search engine.”



In an e-mail exchange, the owner of the company told AVR that he needed “real positive reviews from real aged accounts” to boost the product’s ratings to a 4.3. AVR responded by posting a series of five-star reviews with weight loss claims. Although the reviews appeared to come from consumers, they were actually “fabricated by one or more third parties who were paid to generate reviews.”

The proposed order prohibits the defendants from misrepresenting that an endorsement is from an actual consumer, when it’s not. The order also addresses the substantiation required for various types of claims. Lastly, the order imposes a judgment of \$12.8 million, which will be suspended upon payment of \$50,000 and the payment of certain income tax obligations.

Although this is the first FTC case involving fake reviews on an independent site, this isn’t the first case dealing with this issue. For example, the New York Attorney General has entered settlements with companies in the “reputation management” industry who have used fake reviews to enhance their client’s sales. So both buyers and sellers of fake reviews can face scrutiny.

Update

After we published this post, an Amazon spokesperson contacted us with the following statement: “We welcome the FTC’s work in this area. Amazon invests significant resources to protect the integrity of reviews in our store because we know customers value the insights and experiences shared by fellow shoppers. Even one inauthentic review is one too many. We have clear participation guidelines for both reviewers and selling partners and we suspend, ban, and take legal action on those who violate our policies.”