

NY Attorney General Announces 4 Settlements Over False Endorsements

Gonzalo E. Mon

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Last year, we [posted](#) about a settlement between the FTC and Machinima over an influencer campaign. This week, the NY Attorney General announced a settlement with Machinima over the same campaign, along with settlements with three other companies that allegedly solicited false endorsements.

In 2013, Machinima paid gaming “influencers” to post videos endorsing Microsoft’s Xbox One system and several games. The influencers spoke favorably about the products and, according to the AG, gave the impression that their videos were independently produced and reflected their personal views. Nowhere in the videos did the influencers disclose that Machinima had offered them compensation in exchange for creating and uploading the videos. If you read our blog, you already know that’s a problem. As part of the new settlement, the company must pay \$50,000 and take steps to ensure that influencers make the proper disclosures.



The AG accused the other three companies of soliciting fake reviews from people who had never tried the services they reviewed. For example, the AG alleged that Premier Retail Group solicited reviewers on Craigslist to write reviews in exchange for free samples or other compensation, ESIOH solicited freelance writers on Craigslist and Fiverr to write over 200 fake reviews for money, and Rani Spa worked with a third party to solicit others to write reviews for money. The companies all agree to change their practices and to pay penalties of up to \$50,000 (parts of which were suspended, based on the companies’ financial conditions.)

This isn’t the first time the AG has taken action against fake reviews. As we [noted](#) a few years ago, the AG’s office conducted a year-long undercover investigation into the reputation management

industry and the practice of posting fake reviews online. This is a hot topic for both federal and state regulators. We assume that readers of our blog would never solicit fake reviews, but remember that if you incentive reviews, you need to take steps to ensure that the reviewers disclose those incentives.