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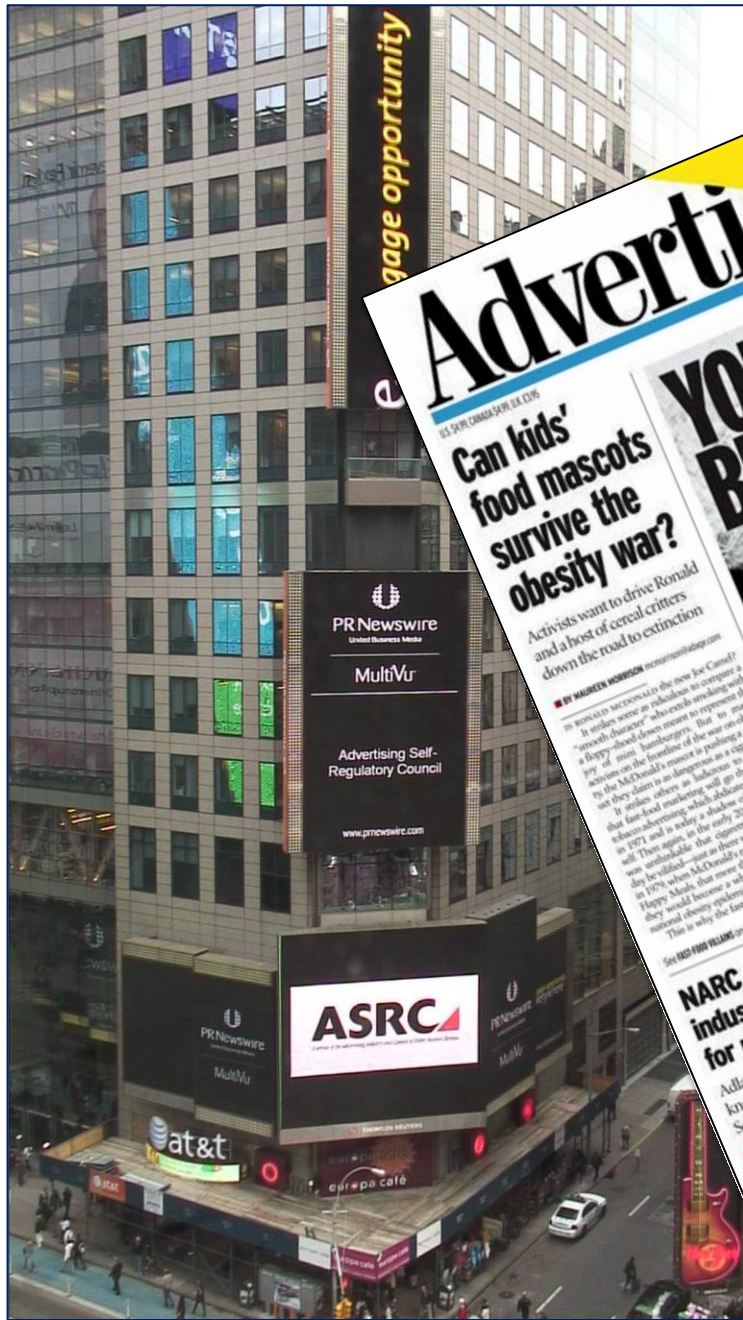
Association of National Advertisers  
Legal Affairs Committee

*May 10, 2012*

*C. Lee Peeler*

*EVP, National Advertising, CBBB*

*President and CEO, ASRC*



**NARC is  
now**

**ASRC**

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"We cannot just hide and hope the benefits of self-regulation are understood within the industry," said Bob Liodice, President and CEO of the Association of National Advertisers.

"The reality is that many in the marketing ecosystem" have not grasped it, he said.

*Ad Age, April 23, 2012*

# Self-Regulatory Units

- **NAD – 1971:** Developed in response to consumers' concerns about truth and accuracy in advertising.
- **CARU – 1974:** Chartered to assure that advertisers would take special care in addressing advertising messages to a vulnerable audience.
- **ERSP – 2004:** Developed at the request of ERA to promote truthful and substantiated direct-response marketing claims and monitor industry "outliers."
- **Children's Food and Beverage Advertising Initiative – 2006:** Formed to address broad public concern over advertising and childhood obesity.
- **NAD/CRN – 2007:** Created in cooperation with the Council for Responsible Nutrition to expand NAD's review of dietary-supplement advertising and rein in outrageous claims.
- **Online Interest-Based Advertising Accountability Program – 2011:** Developed in cooperation with the Digital Advertising Alliance to ensure industry compliance with the Self-Regulatory Principles for Online Behavioral Advertising (Principles).

# National Advertising Division

- Monitors national advertising in all media, enforcing high standards of claims substantiation.
- Examines advertising claims made for goods and services as diverse and critical as telecommunications, infant nutrition, over-the-counter medications and dietary supplements and “green” products.
- Accepts complaints from consumers, competing advertisers, local Better Business Bureaus.
- NAD’s decisions represent the single largest body of decisions related to truth and accuracy in the U.S.

# Children's Advertising Review Unit

- Holds advertisers to high standards of truth, appropriateness when advertising to young children.
- Examines advertising in all media, including electronic media.
- Monitors websites to assure that they are compliant with CARU's guidelines.

# Electronic Retailing Self-Regulation Program

- Launched in cooperation with Electronic Retailing Association
- Examines truth and accuracy of core claims made in electronic direct-response advertising.
- Monitors \$170 billion direct-response marketplace and provides strong self-regulatory presence on the frontier of electronic commerce.

# Online Interest-Based Advertising Accountability Program

- Created by ASRC/CBBB at request of Digital Advertising Alliance (DAA) to provide an independent, third-party enforcement mechanism for OBA Principles developed in 2009
- Enforces 2009 OBA Principles, focusing primarily on compliance with two key pillars:
  - Transparency, which requires that companies ensure that consumers have clear and meaningful notice of data collection and use for OBA purposes
  - Consumer Control, which requires companies to provide consumers with easy-to-use mechanism to exercise choice regarding the collection and use of data
- Monitors compliance through an accountability technology platform, research, and complaints, institutes inquiries into cases of potential non-compliance
- Works with companies to expeditiously resolve instances of non-compliance.
- Decisions are public, cases of non-participation or uncorrected non-compliance are referred to FTC.

# **Children's Food and Beverage Advertising Initiative**

- Responds to concerns regarding food advertising to young children.
- Publishes regular reports on compliance, findings publicly available.
- Comprised of 19 leading food and beverage companies.
- Promoted the advertising of healthier products in children's media.



# Self-Regulation at Work

**“The industry’s uniform standards are a significant advance and exactly the type of initiative the commission had in mind when we started pushing for self-regulation more than five years ago.”**

*FTC Chair Jon Leibowitz  
New York Times*

# Good for the Industry

“Today we are proud to report that a powerful group of leaders has come together to respond to our call...the online advertising industry has been working to develop an icon that consumers could click to opt out of receiving targeted ads. Today, although it is still a work in progress, the ad industry has obtained buy-in from companies that deliver 90 percent of online behavioral advertisements; and, with the Better Business Bureau, it has established a mechanism with teeth to address non-compliance, backed up with FTC enforcement.”

FTC Chair Jon Leibowitz  
New York Times

# Good for consumers

**“I find it surprisingly reassuring that someone out there is making sure this stuff is on the level.”**

*Seth Stevenson, Slate Magazine  
“Ad Report Card,” July 13, 2009*



**For Release:** 05/01/2012

## FTC Wins Court Judgment Against Massive Get-Rich-Quick Infomercial Scam

### Agency Alleges that Nearly One Million Consumers Lost More Than \$450 Million

The Federal Trade Commission won a court judgment against the marketers of three get-rich-quick systems who deceived nearly a million consumers. As part of its [ongoing efforts to stop scams that prey upon financially distressed consumers](#), the FTC is seeking more than \$450 million in monetary relief.

On April 20, 2012, Federal District Judge Jacqueline H. Nguyen, of the U.S. District Court for the Central District of California, granted the FTC's request for summary judgment and asked the agency and defendants to submit arguments on the appropriate remedy for the violations. The marketers are behind the [infomercials for "John Beck's Free & Clear Real Estate System," "John Alexander's Real Estate Riches in 14 Days," and "Jeff Paul's Shortcuts to Internet Millions."](#) The court found that the infomercials misled consumers in violation of the FTC Act, and that despite the marketers' easy-money claims for the systems, which cost \$39.95 each, nearly all the consumers who bought them lost money.

Regarding the John Beck system, the court found that the defendants falsely represented that consumers could purchase homes at tax sales in their own area for pennies on the dollar and that they could make money easily with little financial investment. The court found that the earnings claims in the John Alexander infomercial were false, and that the Jeff Paul infomercial misled consumers by creating an overall impression that "a typical consumer can easily, quickly, and 'magically' earn thousands of dollars per week simply by purchasing and using" the system. In contrast to the infomercials' easy-money claims, the court found that less than one percent of consumers who purchased the systems made any profit whatsoever.

Consumers who purchased the systems were automatically enrolled in continuity programs that charged recurring fees and cost an extra \$39.95 per month. The court found that the defendants failed to adequately disclose that consumers who purchased the systems would be enrolled in the continuity plans and submitted consumers' payment information without their express informed consent, in violation of the FTC Act and the Telemarketing Sales Rule (TSR).

#### E-mail this News Release

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#### Related Items:

**Federal Trade Commission v. John Beck Amazing Profits, LLC, a California limited liability company, John Alexander, LLC, a California limited liability company, Jeff Paul, LLC, a California limited liability company, also d/b/a Shortcuts to Millions, LLC, Mentoring of America, LLC, a California limited liability company, Family Products, LLC, a California limited liability company, Douglas Gravink, an individual, Gary Hewitt, an individual, John Beck, an individual, John Alexander, an individual, and Jeff Paul, an individual** (United States District Court for the Central District of California) Civil Action No. 09-CV-4719  
FTC File No. 072 3138

#### For Consumers:

- [Money Matters – Scam Watch](#)
- [FTC Credit & Loan Real Estate](#)



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MAY 14, 2012

# Newsweek

**When I  
Grow  
Up, I'm  
Going  
to Weigh  
300 Lbs.  
Help!**

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**SMALL SUVs  
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