



United States of America  
FEDERAL TRADE COMMISSION  
Washington, D.C. 20580

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February 18, 2014

Mr. Seth Shapiro, CEO  
Village Green Network, Inc.  
604 Arizona Avenue  
Santa Monica CA 90401

Re: Village Green Network, FTC File No. 132-3267

Dear Mr. Shapiro:

As you know, the staff of the Federal Trade Commission's Division of Advertising Practices has conducted an investigation into whether Village Green Network, Inc. ("VGN"), violated Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, in connection with the failure of bloggers in its advertising network to adequately disclose that they had received payments from marketers whose products they endorsed.

Specifically, VGN maintains an advertising network of bloggers, and it facilitates payments to those bloggers on behalf of marketers who wish to have bloggers endorse their products. We were concerned that VGN did not require that its network bloggers adequately disclose that they had received compensation from marketers, and, as a result, a number of bloggers in VGN's network endorsed products in their blogs without adequately disclosing such compensation.

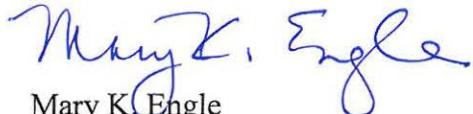
To avoid deception under Section 5 of the FTC Act, a material connection between a marketer and an endorser, such as a financial relationship or compensation, should be disclosed when that relationship is not otherwise apparent from the context of the communication that contains the endorsement. We believe that, as the agent of the companies paying for product endorsements, VGN is responsible for its bloggers' failures to adequately disclose such material connections.

Upon review of this matter, we have determined not to recommend enforcement action at this time. We considered a number of factors in reaching this decision. First, we have not previously publicly addressed the obligations of an intermediary, i.e., a party facilitating payments from a marketer to an endorser, for the failure of endorsers to disclose material connections with marketers. Second, a relatively small number of bloggers failed to adequately disclose their material connections, and most of those blogs contained some indication that may

have alerted some consumers to the connections. Third, VGN has revised its contractual agreements with its bloggers and committed to take reasonable steps to monitor its bloggers' compliance with the obligation to disclose compensation.

Our decision not to pursue enforcement action is not to be construed as a determination that a violation may not have occurred, just as the pendency of an investigation should not be construed as a determination that a violation has occurred. The Commission reserves the right to take such further action as the public interest may warrant.

Very truly yours,



Mary K. Engle  
Associate Director  
Division of Advertising Practices