

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

November 13, 2023

<u>Via E-mail</u> Ms. Lindsay Pleskot

Dear Ms. Pleskot:

The Federal Trade Commission ("FTC") is an independent agency of the United States government whose mission is to protect consumers by enforcing laws and rules that promote truth in advertising and fair business practices, and by educating consumers and businesses about their rights and responsibilities. We are writing to express concerns that your marketing practices on Instagram may be deceptive or unfair in violation of the FTC Act.

In at least the two Instagram videos described below, you posted dietary advice endorsing the consumption of sugar-containing products. It appears that the Canadian Sugar Institute paid you to do so.

In one video posted to Instagram on March 17, 2023, you are shown cutting a doughnut, breaking a chocolate chip cookie, and biting a peanut butter cup, while superimposed captions read: "3 WAYS THIS REGISTERED DIETICIAN CUTS SUGAR," "WITH A KNIFE," "WITH MY HANDS," and "WITH MY TEETH." In the text description, you stated, "Despite what we've been led to believe, sugar is not toxic, and doesn't need to be avoided at all costs!"

In another video posted to Instagram on July 11, 2023, you scoop ice cream and eat an ice cream cone while superimposed captions read, "When you're craving that," and "eat this...." In the text description, you stated, "Give yourself *permission* to eat and enjoy exactly what it is that you're craving and stop when you're satisfied." Both videos are available as Instagram Videos and as Reels.

The FTC's Endorsement Guides state that if there is a "material connection" between an endorser and the marketer of a product – in other words, a connection that might affect the weight or credibility that consumers give the endorsement – that connection should be clearly and conspicuously disclosed, unless the connection is already clear from the context of the communication containing the endorsement. Material connections could consist of a business or

Ms. Lindsay Pleskot November 6, 2023 Page 2

family relationship, monetary payment, or the provision of free products to the endorser. "Clear and conspicuous" means that a disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers. Consumers should be able to notice the disclosure easily, and not have to look for it.

We have a number of concerns about the adequacy of your disclosures regarding your apparent connection to the Canadian Sugar Institute.

First, the videos did not include any disclosures in the videos themselves. Viewers can easily watch a video without reading disclosures in a post's text description. There should be clear and conspicuous disclosures in the videos themselves, for example, by superimposing much larger text over the videos. In your videos, you made endorsements visually, so the disclosures should be visual. (If the endorsements had been made through both visual and audible means, the disclosure should have been made both in the video's visual and audible portions).

Second, you relied upon the "Paid partnership" disclosure tool making your disclosures. The Commission has previously expressed concerns about the conspicuousness of such built-in disclosure tools alone. We think it is too easy for viewers to miss seeing the "Paid partnership" disclosure in your posts. (That does not mean that you should not use such tools in addition to other disclosures).

Third, the "AD" disclosure appears in the sixth or fifteenth lines of the posts' descriptions, making them insufficiently conspicuous. When people view Instagram posts, longer descriptions are generally truncated, with only the first two or three lines displayed unless viewers click on the text description. Any required disclosure should be presented without having to click. In addition, an Instagram Reel's text description is in small print, at the bottom of the screen, sometimes poorly contrasting, and doesn't stand out. Videos have many competing elements. We therefore do not think that a disclosure in an Instagram Reel post's text description is clear and conspicuous.

Finally, even if viewers of your posts read "Paid partnership" and "AD," they may be inadequate in the context of your posts because you may not have adequately identified the sponsor of your posts. Although you say that the post is by you and "cndnsugarnutr," consumers are unlikely to know that "cndnsugarnutr" means the Canadian Sugar Institute. Without knowing who the sponsor of the post is, viewers might not be able to adequately evaluate the weight and credibility to give your endorsement.

I am enclosing the Federal Trade Commission's Notice of Penalty Offenses Concerning Deceptive or Unfair Conduct around Endorsements and Testimonials. The notice of penalty offenses consists of Commission determinations in prior litigated cases that certain practices are deceptive or unfair and are unlawful under Section 5 of the Federal Trade Commission Act. As set forth in more detail in the notice, these acts and practices include failing to disclose a connection between an endorser and the seller of an advertised product or service, if such a connection might materially affect the weight or credibility of the endorsement and if the connection would not be reasonably expected by consumers. Copies of the case decisions Ms. Lindsay Pleskot November 6, 2023 Page 3

discussed in the notice are available on the Commission's website at <u>www.ftc.gov/endorsement-notice-penalty-offenses</u>. In addition, receipt of the enclosed notice puts you on notice that engaging in conduct described therein could subject you to civil penalties of up to \$50,120 per violation.¹

We strongly urge you to review your Instagram and other social media posts as to whether they contain sufficiently clear and conspicuous disclosures of any material connections. To help guide your review, please see the Endorsement Guides² and the staff publication *FTC's Endorsement Guides: What People Are Asking.*³ Violations of the FTC Act may result in legal action seeking a federal district court injunction or an administrative cease and desist order.

Please notify Cassandra Rasmussen via electronic mail at <u>crasmussen@ftc.gov</u> within fifteen working days of receipt of this letter of the specific actions you have taken or will be taking to address FTC staff's concerns. If you have any questions regarding compliance with the FTC Act, please contact Ms. Rasmussen by email or at 202-684-0175.

Very truly yours,

Seiena Viswanan

Serena Viswanathan Associate Director Division of Advertising Practices

Enclosure

¹ See 15 U.S.C. § 45(m)(1)(B).

² See 16 C.F.R. § 255 (Jul. 26, 2023), <u>https://www.ecfr.gov/current/title-16/chapter-I/subchapter-B/part-255</u>.

³ FTC's Endorsement Guides: What People Are Asking, <u>https://www.ftc.gov/business-guidance/resources/ftcs-endorsement-guides-what-people-are-asking</u>.

Notice of Penalty Offenses Concerning Deceptive or Unfair Conduct around Endorsements and Testimonials

The Federal Trade Commission has determined that the following acts or practices in the use of endorsements and testimonials are deceptive or unfair and are unlawful under Section 5 of the Federal Trade Commission Act.

- It is an unfair or deceptive trade practice to make claims which represent, expressly or by implication, that a third party has endorsed a product or its performance when such third party has not in fact endorsed such product or its performance.¹
- It is an unfair or deceptive trade practice for an advertiser to misrepresent that an endorsement represents the experience, views, or opinions of users or purported users of the product.²
- It is an unfair or deceptive trade practice to misrepresent an endorser as an actual user, a current user, or a recent user of a product or service.³
- It is an unfair or deceptive trade practice for an advertiser to continue to advertise an endorsement unless the advertiser has good reason to believe that the endorser continues to subscribe to the views presented in the endorsement.⁴
- It is an unfair or deceptive trade practice for an advertiser to use testimonials to make unsubstantiated or otherwise deceptive performance claims even if such testimonials are genuine.⁵
- It is an unfair or deceptive trade practice to fail to disclose a connection between an endorser and the seller of an advertised product or service, if such a connection might materially affect the weight or credibility of the endorsement and if the connection would not be reasonably expected by consumers.⁶
- It is an unfair or deceptive trade practice to misrepresent explicitly or implicitly through the use of testimonials that the experience described by endorsers of a product or service represents the typical or ordinary experience of users of the product or service.⁷

¹ Mytinger & Casselberry, Inc., 57 F.T.C. 717 (1960); Ar-Ex Cosms., Inc., 48 F.T.C. 800 (1952); A. P. W. Paper Co., Inc., 38 F.T.C. 1 (1944); Wilbert W. Haase Co., Inc., 33 F.T.C. 662 (1941).

² *R. J. Reynolds Tobacco Co.*, 46 F.T.C. 706 (1950).

³ Id.; Cliffdale Assocs., Inc., 103 F.T.C. 110 (1984).

⁴ Nat'l Dynamics Corp., 82 F.T.C. 488 (1973).

⁵ Cliffdale Assocs., Inc., 103 F.T.C. 110; Macmillan, Inc., 96 F.T.C. 208 (1980); Porter & Dietsch, Inc., 90 F.T.C. 770 (1977), aff'd, 605 F.2d 294 (7th Cir. 1979).

⁶ Cliffdale Assocs., Inc., 103 F.T.C. 110.

⁷ *Id.; Porter & Dietsch, Inc.*, 90 F.T.C. 770; *Nat'l Dynamics Corp.*, 82 F.T.C. 488 (1973), *modified at* 85 F.T.C. 1052 (1975).