

From Gen AI to Gen Z (Influencers): New FTC Rule Bans All Fake Reviews

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In an era in which fake reviews run rampant and artificial intelligence (AI) can craft countless deceptively realistic product reviews with minimal effort, the Federal Trade Commission (FTC) has taken a bold step forward for truth in advertising.

The FTC recently issued a final rule aimed at squashing the spread of fake reviews and testimonials titled the Trade Regulation Rule on the Use of Consumer Reviews and Testimonials (CRT Rule). The [CRT Rule](#) is a stride towards safeguarding consumers and fostering fair competition, prohibiting the sale, creation, and dissemination of such deceptive reviews. This finalized rule parallels the FTC's ongoing efforts in response to the increasing challenges posed by the digital age and the use of AI in generating misleading content, including its [request for comments on new impersonation regulation to counter deepfake AI](#) earlier this year.

The CRT Rule, the culmination of a comprehensive process involving proposed rulemaking announcements, public hearings, and a careful consideration of public comments, is poised to be a vital tool in the FTC's arsenal against deceptive advertising, shielding consumers from fraud, and fostering a marketplace that's fair, honest, and competitive.

The CRT Rule Snapshot

Key provisions of the CRT Rule include:

1. **The End of Fake Reviews:** The CRT Rule prohibits reviews from non-existent customers or AI-generated fake reviews, as well as non-existent experiences with businesses, products, or services. Businesses are now banned from creating, buying, or spreading such false reviews when aware of their falsity.
2. **The Purge of Paid Reviews:** Businesses can no longer offer compensation for writing

reviews with a specific sentiment, be it positive or negative. The CRT Rule applies whether the offer of compensation is blatantly or subtly conveyed.

3. **The Revelation of Insider Reviews:** Reviews or testimonials from company insiders must now be transparent about their connection to the business.
4. **The Guarantee of Genuine Independence:** Businesses cannot falsely claim that a website they control provides independent reviews or opinions.
5. **Freedom from Fear:** Businesses can no longer use threats or false accusations to suppress or remove a negative review.
6. **Honesty in Social Media Influence:** The CRT Rule bans the sale or purchase of fake social media indicators, such as bot-generated followers or views, especially when the buyer knowingly misrepresents their influence for commercial gain.

The FTC acknowledges that isolated enforcement without civil penalties may not be enough to deter deceptive practices. The CRT Rule, therefore, specifically incorporates provisions aimed at deterrence and enhancing the FTC's enforcement actions.

The CRT Rule, unanimously approved by the FTC, will take effect 60 days after its publication in the Federal Register. This is an essential step towards a transparent and truthful marketplace, with important implications for both consumers and businesses. Don't be fooled; truth in advertising remains alive and well.

Key Takeaways

Review advertising activities and avoid shortcuts that involve deception such as fake reviews or any reviews that are not clearly identified to consumers along with their actual experiences. The bottom line is that fake reviews — whether AI generated or not — are never acceptable and their use creates significant risks for the advertiser.

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