

First FTC Complaint Against Social Media Influencers Settles

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When two celebrity gamers endorsed an online lotto service, they didn't gamble on the Federal Trade Commission (FTC) 's insistence they tell their fans they actually owned the business they were promoting. Now, Trevor Martin and Thomas Cassell, and their company, CSGO Lotto, Inc., have settled charges of deceptive advertising. This is the first case the FTC has brought against social media influencers individually.

Martin and Cassell are known to millions of online gamers on YouTube as "TmarTn" and "Syndicate Project." According to the [FTC complaint](#), from 2015, Martin and Cassell operated and advertised the csglotto.com website. The men uploaded videos to the social media site which showed them playing – and winning – on a gaming site called CSGO Lotto. When Martin and Cassell had major windfalls on CSGC Lotto, they would post new videos that promised to tell viewers how they, too, could also "win big" on the site. However, the gaming superstars neglected to tell their fans two important facts: 1) they jointly owned the company that ran the game, and 2) other celebrity endorsers on social media were also paid for to flack CSGC Lotto.

Under the [terms of the settlement](#), Martin and Cassell are required to "clearly and conspicuously disclose any material connections" with anyone promoting their products or services. They must also establish and maintain a system to monitor and review endorsers having material connections to their services and products, and are barred from misrepresenting their endorsers' impartiality.

It was just a matter of time before the FTC began to crack down on actual endorsers who fail to disclose that they get paid to promote products and services on social media. Earlier this year, [the FTC sent letters to 90 marketers and influencers](#) warning them to "clearly and conspicuously disclose their relationships ... when promoting or endorsing products through social media." FTC staff sent [additional warning letters to 21 social media influencers it contacted earlier this year](#) regarding their Instagram posts, reminding them of their obligations to transparency and demanding responses to specific questions about their relationships with companies whose products they are promoting.

FTC Acting Chairman Maureen Ohlhausen commented: "Consumers need to know when social media influencers are being paid or have any other material connection to the brands endorsed in their posts. This action, the FTC's first against individual influencers, should send a message that such connections must be clearly disclosed so consumers can make informed purchasing decisions."

In addition, the FTC issued updated [staff guidance](#) that includes “specific questions social media influencers and marketers may have about whether and how to disclose material connections in their posts,” including tagging, Instagram and Snapchat disclosures, and where such disclosures need to be made.

Many advertisers have social media policies in place to ensure they comply with material disclosure rules, but it can be challenging to police all influencers. The FTC has now let social media influencers know it’s game on: endorsers themselves may be targets of enforcement action if they fail to disclose their relationship with the brands they are promoting.

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