



LEARNING CENTER

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Lead Generation Industry Under Scrutiny

The FTC is cracking down on those who sell as well as those who buy leads.

Presented by Adam Steele, Esq.



Thursday, October 24, 2019 * 9:00am – 12:00pm

GCADA Classroom * 2315 Crowne Point Dr. * Cincinnati, OH 45241

NO CHARGE for GCADA Members

Please contact Sandy Moeller at GCADA at 513-326-7100 to register
or register at www.gcada.net/learning-center-lead-gen.

*Intended Audience – Dealer Principals; General Managers; General Sales Managers;
Compliance and Program Coordinators; Marketing Managers*

Does your business use lead generation to meet consumer demand? Mac Murray & Shuster LLP(M&S) is presenting a workshop in conjunction with the GCADA that will update attendees on the latest in lead generation regulation, the key elements to look for in an automotive lead generation provider, and how to reduce the risk that your dealership will be next on the FTC's list.

Background on the Crackdown

Is your dealership next on the FTC's list?

Today's expansive online marketplace has made lead generation more popular than ever. That's because, when done right, lead generation can have tremendously positive results for businesses by driving sales and meeting consumer demand.

Despite its positive effect, the industry has come under serious scrutiny by regulators due to bad actors using deceptive techniques to mislead and manipulate consumers into giving up personal information without their consent. Examples of such deceptive practices include sweepstakes aimed at distracting consumers from consent disclosures; consumer facing websites mimicking well-known companies; or bait and switch tactics marketing unwanted products to consumers.



The Federal Trade Commission (FTC) has recently cracked down, on companies that collect and resell non-compliant leads and even those that unwittingly purchase them without doing their due diligence. For example, in August, the FTC reached a \$30 Million settlement with an operator of post-secondary schools that used sales leads from lead generators that falsely told consumers they were affiliated with the U.S. military. The school operator didn't do its due diligence and it cost them significantly.

Andrew Smith, Chief of the FTC's Consumer Protection Bureau, has stated that his agency is "not just looking at the people who generate bad traffic but looking at the people who purchase that bad traffic." These comments highlight that everyone involved in the lead generation ecosystem can potentially be liable if lead sources are not vetted for proper compliance.

Avoiding the crosshairs of regulators

Although a common practice, purchasing leads from third parties that many automobile dealerships use can create serious regulatory pitfalls. That's because some of the less obvious and more technical requirements of lead generation start at the early stages of consumer contact.

Lead generators must provide consumers with clear and conspicuous written disclosures before they can collect, share, or sell their data. Most importantly, consumers must give their written consent before they can be solicited via telephone or text message. A noncompliant lead that results in unwanted telemarketing calls could easily cost dealerships hefty fines and heavy substantial costs. Keep in mind that under the Telephone Consumer Protection Act (TCPA), consumers can recover up to \$1,500 per violation. But under the Telemarketing Sales Rule (TSR), that number shoots up to \$42,530 per violation.

For this reason, self-regulation and regular monitoring for non-compliant leads is crucial to avoid the crosshairs of regulators. Dealerships must closely examine what lead generators are doing on their behalf by auditing lead sources and verifying all materials used in acquiring consumer data.

About our Presenter:



Adam Steel, Esq. works primarily with M&S clients in the automotive and teleservices industries, helping them understand and comply with a wide range of consumer protection and privacy laws. With particular focus on helping businesses proactively build compliance efforts into their operations, Adam has conducted numerous audits for clients and their vendors, enabling them to identify and address compliance gaps before they cause problems with regulators or consumers. He has created an automated auditing tool designed to help clarify and simplify Ohio Consumer Sales & Practices Act (CSPA) requirements for automotive dealerships.

While in law school, Adam received the Moritz Leadership Scholarship, and served as Staff Editor of the Business Law Review. His article, *The Resurrection of the De Minimis Exception*, was published in the Ohio State Business Law Journal. Adam has a long record of serving his community, both as a recipient of the prestigious Eagle Scout award from the Boy Scouts of America, and in his humanitarian efforts aiding Haitian refugees in the aftermath of the country's 2010 earthquake.

Education

- Juris Doctorate, The Ohio State University Moritz College of Law, 2018
- Bachelor of Arts in English Literature, Brigham Young University Idaho, 2015, *magna cum laude*