

The Ad Standard: Monthly Update

July 2025

In late-breaking news this week, the Court of Appeals for the 8th Circuit struck down the FTC’s “click to cancel” rule just before its effective date of July 14, 2025 after finding flaws in the FTC’s rule-making process.

At the Federal Trade Commission, some recent press releases have gotten attention for shedding light on the current administration’s priorities, but the business community should have other FTC activity on the radar. The FTC recently settled with financial services companies in actions that sought to hold them responsible for the actions of scammers. A statement from the Chair, joined by both Commissioners, warned private industry to take steps to avoid facilitating scams. The settlements are consistent with the FTC’s continued focus on fraud in the financial services industry.

Another FTC priority is “Made in USA” claims. The FTC declared the month of July “Made in USA” month and sent warning letters to companies about their “Made in USA” claims as well as to online marketplaces asking the marketplaces to “monitor, identify, and take corrective action against third-party sellers who make false or misleading ‘Made in USA’ claims.” FTC Chairman Andrew N. Ferguson cautioned, “Companies that falsely claim their products are ‘Made in the USA’ can expect to hear from the FTC.”

“Made in USA” claims have also been the subject of at least thirteen proposed class actions this year, according to the consumer advocacy group Truth in Advertising (TINA) and reported in the *Wall Street Journal*. Claims that a product is “Made in USA” must be supported by evidence that the product and its components are “all or virtually all” made in the country under the FTC’s “Made in USA” Labeling Rule. [eCFR :: 16 CFR Part 323 – Made in USA Labeling](#). Companies can qualify their “Made in USA” claims with limitations in the claim itself like, for example, “Made in USA of U.S. and imported parts.” Some of the recent class actions, however, take issue with more limited “Made in USA” claims.

This month, the National Advertising Division of BBB National Programs (NAD) also recently closed a challenge to “Made in USA” claims after the company voluntarily discontinued the claims. More broadly, however, emerging technology has driven challenges from competitors as well as NAD’s own monitoring cases. In two cases competitors challenged claims about the features and availability of new technology, one related to streaming television and the other satellite telephone service. NAD closed two monitoring cases related to artificial intelligence (AI) and its capabilities, one related to an AI digital assistant, the other AI features in a home appliance.

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FTC Focused

Financial Fraud

1. Walmart will pay \$10 million to settle FTC charges that it turned a blind eye to scammers who used its in-store money transfer services to take hundreds of millions of dollars from U.S. consumers. The FTC alleged Walmart failed to implement effective anti-fraud policies and procedures, did not properly train its employees, and failed to warn customers about potential fraud related to money transfers. Among other things, the Stipulated Order prohibits Walmart from conduct that “consciously avoids” knowledge of fraud.

[Walmart to Pay \\$10 Million to Settle FTC Allegations it Allowed Scammers to Obtain Millions from Consumers Using Company’s Wire Transfer Services | Federal Trade Commission](#)

2. FTC settled with a payment processor noting that it was holding the payment processor responsible for facilitating the illegal activity of foreign companies. The Commission hailed the settlement as a warning to companies that they must take the steps the law requires to protect Americans from foreign scammers.

[Paddle Will Pay \\$5 Million to Settle FTC Allegations of Unfair Payment-Processing Practices and Facilitation of Deceptive Tech-Support Schemes | Federal Trade Commission](#)

3. FTC permanently banned debt collection operation Blackstone Legal from debt collection in a settlement of an investigation opened in February of this year. The action alleged that the company collected false debt by deceiving and harassing consumers with threats of lawsuits, damaged credit and wage garnishment if they refused to pay. According to the complaint, the scheme has operated under various names, including those of unaffiliated existing businesses, in violation of the FTC’s Rule on Impersonating Government and Businesses.

[Phantom Debt Collectors to Face Permanent Ban as a Result of FTC Lawsuit | Federal Trade Commission](#)

4. FTC permanently banned Robert Shemin from marketing any ecommerce or real estate coaching services, for being an operator of Ganadores IBR, Inc., which allegedly made false or unsubstantiated earnings claims in selling real estate and ecommerce business opportunities, costing consumers millions of dollars. Other defendants in the case reached a similar settlement with the FTC in early 2024.

[Operator of Ganadores Ecommerce and Real Estate Business Opportunity Scam Faces Lifetime Ban as a Result of FTC Action | Federal Trade Commission](#)

5. FTC banned Stephen Ehrlich, the former CEO of crypto platform company Voyager Digital, from marketing or selling retail products or services used to buy, sell, deposit, or trade cryptocurrency. Ehrlich and Voyager allegedly falsely promised consumers that their deposits were FDIC-insured and would be “as safe” as at a bank to convince them to hold and trade cryptocurrency on Voyager. In 2024, the FTC settled with Voyager and its affiliates.

[Former CEO of Voyager Digital Agrees to Ban and \\$2.8 Million Payment to Resolve FTC Charges | Federal Trade Commission](#)

6. The operators of Ascend Ecom will be permanently banned from selling or marketing any business opportunity or business coaching products and services and required to turn over assets under the terms of a proposed court order. The FTC sued Ascend Ecom and its owners alleging that the operation falsely claimed its “cutting edge” AI-powered tools would help consumers quickly earn passive income, but instead defrauded consumers of at least \$25 million.

[FTC Case Leads to Order Banning Ascend Ecom and Its Owners from Business Opportunity Marketing | Federal Trade Commission](#)

Deceptive Search Ads

1. In a proposed settlement, the FTC banned Evoke Wellness, LLC and Evoke Health Care Management, LLC, the operators of a substance use disorder treatment clinic, from using their rivals’ names in search-engine ads. The FTC alleged that Evoke telemarketers typically posed as a centralized admissions office or addiction treatment hotline, rather than a call center associated with Evoke.

[Evoke Wellness to Pay \\$1.9 Million to Settle FTC Claims That They Misled Consumers Seeking Substance Use Disorder Treatment | Federal Trade Commission](#)

2. FTC has sued Mercury Marketing, LLC and others alleging that they impersonated substance use disorder treatment clinics in Google search ads to deceptively route consumers trying to call those clinics to defendant clinics. The complaint also alleged that defendant telemarketers would pose as representatives of consumers’ searched-for clinics and would falsely represent that clinical professionals were recommending a defendant clinic based on an objective assessment, while in fact working on behalf of those clinics.

[FTC Sues to Stop Mercury Marketing and Others from Deceptively Advertising Substance Use Disorder Treatment Clinics | Federal Trade Commission](#)

Guidance and Warning Letters

1. The FTC issued privacy guidance to auto dealers in updating its Frequently Asked Questions to the FTC’s Safeguards Rule, a rule which requires financial institutions to maintain safeguards to protect customer information. The Rule requires auto dealers who are financial institutions (by dint of financing or leasing autos) to develop, implement, and maintain a comprehensive written information security program.

[FTC Provides Guidance on Updated Safeguards Rule | Federal Trade Commission](#)

2. Staff of the FTC sent warning letters to contact lens prescribers warning them of potential violations of the agency’s Contact Lens Rule, which requires prescribers to give patients a copy of their prescription at the end of a fitting. At the same time, the FTC closed its investigation of Spectrum Vision Partners, LLC, but warning Spectrum to remain in compliance with the rule.

[FTC Sends Warning Letters to Prescribers Regarding Possible Violations of the Contact Lens Rule | Federal Trade Commission](#)

Workshops

1. FTC and the Justice Department's Antitrust Division, along with the Department of Commerce and the Department of Health and Human Services, will jointly host three listening sessions to discuss ways to make prescription drugs more affordable for Americans by promoting competition by increasing generic and biosimilar availability. The first workshop was held on June 30. Upcoming workshops are scheduled to be held on July 24 and August 4.

[FTC and DOJ to Host Listening Sessions on Lowering Americans' Drug Prices Through Competition | Federal Trade Commission](#)

2. A workshop to help the FTC to understand whether consumers are being or have been exposed to false or unsupported claims about "gender-affirming care" and to gauge the harms consumers may be experiencing is being held on July 9, 2025.

[FTC Announces Workshop on Exploring Unfair or Deceptive Trade Practices in "Gender-Affirming Care" for Minors | Federal Trade Commission](#)

3. The FTC held a day-long workshop on June 4, 2025 on "The Attention Economy" that highlighted its interest in protecting children and teens online. Much of the discussion focused on whether technology platforms accurately describe apps and other content as appropriate for teens and children or provide parental controls that are effective and easy to use.

[FTC to Host June 4 Workshop on The Attention Economy: How Big Tech Firms Exploit Children and Hurt Families | Federal Trade Commission](#)

Class Actions

"Made in USA" claims have been the focus of class action attorneys for many years but this year there is a surge in filings and a twist in the kinds of claims that are the subject of litigation. The surge is largely due to one law firm, the Kazerouni Law Group, that has filed ten proposed consumer class actions this year alleging that products bearing the claim, "Made in USA," were not made in the USA.

The twist is that some of the actions take issue with qualified claims like, for example, the claim that PepsiCo's Pure Leaf Tea is "brewed in USA." The complaint alleges the claim is misleading because ingredients are sourced outside the U.S. Another case related to McCormick's mustard products, labeled as "Crafted and Bottled in Springfield, MO, USA," alleges the claim is misleading because ingredients like mustard seeds and turmeric come from foreign sources. Other class actions have been brought against brands including Mielle Organics, Paul Mitchell, Goya Foods, Unilever, McCormick & Co, and Reynolds Consumer Products.

NAD Focus

Influencer Marketing and Endorsements

In a challenge to advertising for Coterie Baby Inc., “The Diaper” product brought by The Procter & Gamble Company (P&G), the National Advertising Division (NAD) reviewed comparative performance claims. Coterie conducted studies suggesting that its diapers were up to 4 times faster in absorbency and 3 times drier compared to leading brands like Huggies. However, NAD determined that extending these claims to include Pampers was misleading, as the studies did not consistently demonstrate superiority over all leading brands, including Pampers. Issues with Coterie’s testing methodology were also identified, including manual positioning errors that led to puddling and the use of filter paper instead of collagen for rewet testing, which was considered less relevant to real-world consumer conditions.

Additionally, NAD examined Coterie’s endorsement practices on social media and blogs. NAD concluded that the company did not disclose its material connection with endorsers in their initial posts, although full disclosure was provided upon clicking through to linked pages. Coterie contended that the initial post did not endorse the product by name, so disclosure was not required. NAD noted that the initial posts appeared to link to an objective review, but instead it was a review by a paid endorser. NAD recommended that the initial post disclose the material connection between the endorser and the product being endorsed.

Coterie Baby Inc. (The Diaper), Report #7380, *NAD/CARU Case Reports* (June 2025)

Technology Claims

In a Fast-Track SWIFT case, DIRECTV, LLC challenged Sling TV LLC’s advertising claims, specifically focusing on Sling’s ability to allow customers to customize their channel lineup and pay for only the channels they choose. The primary concern was whether Sling’s advertisements accurately represented the service’s offerings related to channel customization. NAD determined that Sling’s video advertisements could mislead consumers into believing they could select channels à la carte without any package limitations, but customers must subscribe to one of Sling’s base packages before adding custom channels. As a result, NAD recommended that Sling either discontinue or modify these claims to clearly disclose the requirement of subscribing to a base package. However, NAD found that the claim “Unparalleled flexibility. Control what channels you pay for and customize your channel lineup so that it’s unique to you,” when presented on Sling’s website alongside detailed descriptions of its base packages and additional options, conveyed a supported message.

Sling TV LLC (Sling Streaming TV), Report #7462, *NAD/CARU Case Reports* (June 2025)

T-Mobile US, Inc. challenged Verizon Communications, Inc.’s advertising claims related to its Satellite Texting service. Specifically, T-Mobile contested the accuracy of statements such as “VERIZON Satellite Powered” and “Verizon is conquering dead zones with satellite.” NAD reviewed these claims and determined that Verizon had a reasonable basis for them through partnerships with satellite service providers like Globalstar and Skylo, which enable certain devices to access satellite texting. However, NAD recommended that Verizon improve the clarity and prominence of disclosures that access to the service requires newer phone models with updated software.

Additionally, T-Mobile challenged Verizon’s claims “America’s largest network” and “America’s largest network just got better.” NAD acknowledged that the term “largest network” can be ambiguous and may be interpreted differently by consumers and concluded that the “largest network” was supported if accompanied by a disclosure that clarified the basis of the claim, as the current disclosure, “postpaid phone connections,” was not adequate to describe the basis of the claim.

Verizon Communications, Inc. (Satellite Texting), Report #7441, *NAD/CARU Case Reports* (May 2025)

NAD reviewed claims made by Microsoft Corporation regarding its Microsoft 365 Copilot product. The NAD found that Microsoft had provided a reasonable basis for claims about Copilot’s ability to summarize and draft new content. However, NAD recommended modifications to claims suggesting seamless integration and significant productivity improvements. Specifically, NAD advised Microsoft to clarify that Copilot has limitations on file size and type, and that Business Chat, although similar in name, requires manual steps to achieve the same results as Copilot in certain Microsoft Office applications.

MICROSOFT CORPORATION (Microsoft 365 Copilot), Report #7390, *NAD/CARU Case Reports* (May 2025)

NAD reviewed claims Samsung Electronics North America made about certain features in its Bespoke line of refrigerator products including its AI Vision Inside feature, which uses an overhead camera to allow consumers to view and track the refrigerator’s contents on an app. Claims for AI Vision Inside include that consumers are able to “always” know what food products are inside the refrigerator and that the “smart” system “automatically” recognizes what is inside. NAD found that the “always knows” claim conveys that there are no limitations on the number, type, or location of products recognized. Samsung explained that the camera can identify 37 food items but that items must be in clear, transparent, or no packaging to be recognized. Samsung voluntarily agreed to permanently modify its express claims about AI Vision Inside to discontinue claims that AI Vision Inside can “always” and “automatically” recognize all food items inside the refrigerator.

As to Samsung’s claim that it has “The industry’s smartest fridge,” NAD found that the use of the word “smartest” in close proximity to claims about AI conveys the message that “smartest” includes AI features. Samsung voluntarily agreed to modify its advertising to avoid conveying the message that refrigerators with “smart” features are the same as those with AI features. NAD also found that Samsung’s “smartest” fridge claims were supported.

Samsung Electronics North America (Bespoke Refrigerators), Report #7369, *NAD/CARU Case Reports* (June 2025)

Health Claims

In three cases, claims related to pharmacy-compounded weight loss products were challenged. Eli Lilly and Company challenged claims for two products containing compounded Tirzepatide + B12, and Novo Nordisk, Inc. challenged claims for a product containing Semaglutide. The claims challenged related to the efficacy and benefits of compounded weight loss medications as compared to prescription products. In all three cases, the challenged claims were voluntarily discontinued.

- Begin Anew MedSpa (Compounded Tirzepatide + B12 Weight Loss Treatment), Report #7404, *NAD/CARU Case Reports* (May 2025)
- Striker Pharmacy, LLC (Compounded Tirzepatide + B12 Weight Loss Treatment), Report #7446, *NAD/CARU Case Reports* (May 2025)

- Bayview Pharmacy Inc. (Compounded Semaglutide), Report #7454, *NAD/CARU Case Reports* (May 2025)

NAD upheld the advertising claims made by P&G for its Crest Pro-Health Gum Detoxify toothpaste. GuruNanda, LLC, a competitor in the oral care industry, had challenged the product name, Gum Detoxify, the claims that the toothpaste “neutralizes plaque bacteria, even around the gumline, for 24 hours (with twice a day brushing)” and the use of the American Dental Association (ADA) Accepted seal.

As to the product name, NAD concluded the name was qualified by the adjacent claim, “neutralizes plaque bacteria, even around the gumline, for 24 hours” and concluded that P&G’s evidence provided a reasonable basis for the claim that Crest Gum Detoxify neutralizes plaque acid, binds toxins to make them ineffective and kills plaque bacteria. NAD further concluded that the term “neutralizes” does not imply an absolute claim unless the context suggests otherwise. P&G provided substantial evidence, including clinical studies and in vitro analyses, demonstrating that the active ingredient, stannous fluoride, effectively reduces bacterial toxins and plaque bacteria, thus supporting the “Gum Detoxify” name and the 24-hour neutralization claim.

NAD also confirmed that the ADA Seal was appropriately displayed on the Crest Gum Detoxify packaging, adhering to ADA’s standards and not misleading consumers into believing the ADA approved broader detoxification benefits beyond those clinically proven.

The Procter & Gamble Company (Crest Pro-Health Gum Detoxify Toothpaste), Report #7436, *NAD/CARU Case Reports* (June 2025)

Environmental Claims

The International Bottled Water Association challenged environmental claims made by Boxed Water is Better®. The Advertiser successfully substantiated claims that its cartons are “recyclable” and “100% recyclable,” as 62% of U.S. households and communities have access to recycling facilities that accept cartons, and all materials in the cartons are recyclable. However, NAD recommended modifying claims such as “92% plant-based carton” and “our carton is made from 92% renewable materials” to explain how it calculates renewable materials. NAD recommended that the Advertiser modify the claim “Explore our renewable packaged option” by disclosing the amount of renewable materials in the cartons. The claim “For those times when reusable bottles aren’t an option, our paper-based cartons are the most renewable option in the water aisle” was recommended to be discontinued as it lacked sufficient substantiation.

NAD concluded that certain challenged general environmental benefit claims were supported because the context of the claims qualifies and limits the message reasonably conveyed. NAD recommended that the Advertiser qualify the claim, “sustainably sourced,” to limit it to the benefit provided. Regarding comparative environmental claims, NAD concluded that Boxed Water’s assertions about having a lower environmental impact than plastic bottles and aluminum cans were supported by a life cycle analysis (LCA) conducted in 2019 but recommended that the claims be modified to limit the comparison to aluminum or premium plastic bottles. Additionally, the claim “1.5 million trees planted in forests and cities” was deemed adequately supported by the Advertiser’s evidence.

Boxed Water is Better® (Boxed Water), Report #7385, *NAD/CARU Case Reports* (May 2025)

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** In April 2025, Simpson Thacher announced plans to expand its Bay Area presence with an office in San Francisco.*

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