

PROTECTING YOUR COMPANY IN THE INTERNET AGE: THE ROLE OF SOCIAL MEDIA IN CREDIT AND COLLECTION

Presentation for:

BCCA/NMCP Media Credit Seminar

**Lowenstein Sandler LLP offices
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USE OF SOCIAL MEDIA OVERVIEW

■ Social Media Overview

Increasing use of social media for . . .

- . . . marketing
- . . . customer service
- . . . customer relationship management
- . . . ***credit investigation***
- . . . ***Collections***
- Businesses Might Utilize Any One or More of the Following Social Media Sites

■ Social Media Sites



www.Facebook.com

- Largest and most popular media site.
- Primary use: Origin was for college students to connect with their friends (originally at select colleges, gradually expanded to include most US colleges, now global and open to everyone). Users create profiles with biographical data and other personal information and can share photos and “status” updates – what they’re doing, what they’re thinking, now pretty much anything. Updates from friends and from followed pages show up in a news feed when users log in – used to be a chronological listing of posts, now it’s generated based on a computer algorithm and is not necessarily chronological.
- Business use: Businesses can create Facebook profiles to engage with and share information with customers and prospective customers. Business pages can post content just like individual users, and their posts show up in the news feeds of users that follow them or have “liked” them. Businesses can also pay to place ads that show up either as links on the side of the page or as posts in users’ news feeds, targeted by demographics, behavior, usage patterns, and other criteria.

■ Social Media Sites



www.google.com

- Most readily accessible site to locate people, businesses and other information.
- Google+ profiles are often integrated into search results via the Google search engine, the most popular starting point for many internet users



www.Linkedin.com

- LinkedIn is a professionally focused social media / networking site, where individuals create profiles describing their work experience, education, professional accomplishments, etc. Businesses can also create profiles, which are often used for employee recruiting and hiring purposes.

■ Social Media Sites



www.twitter.com

- Primary use: Sharing short (initially 140-characters, now 280) textual statuses – news, opinions, etc. Statuses can contain links to other web pages, which Instagram posts cannot.
- Business use: Customer engagement and marketing



www.instagram.com

- Primary use: Sharing photographs. Users post photos with short captions. No words-only status updates like Facebook. Users “follow” friends or other people/businesses/groups they’re interested in, and those users’ photos show up in a chronological news feed. Users can “like” and comment on other users’ photos.
- Business use: Customer engagement and marketing.

■ Social Media Sites



www.yelp.com

- Reviews about local businesses generally posted by users of that business. Reviews may be positive or negative. Small businesses often post information about their business.



www.youtube.com

- YouTube is the world's largest video-sharing social networking site that enables users to upload and share videos, view them, comment on them and like them. This social network is accessible across the globe. May provide information about where a person has been, which will lead to connections with community activities or clubs.
- Used by some businesses to market new products or services, build enthusiasm about existing products and services, and share customer support information through short video clips



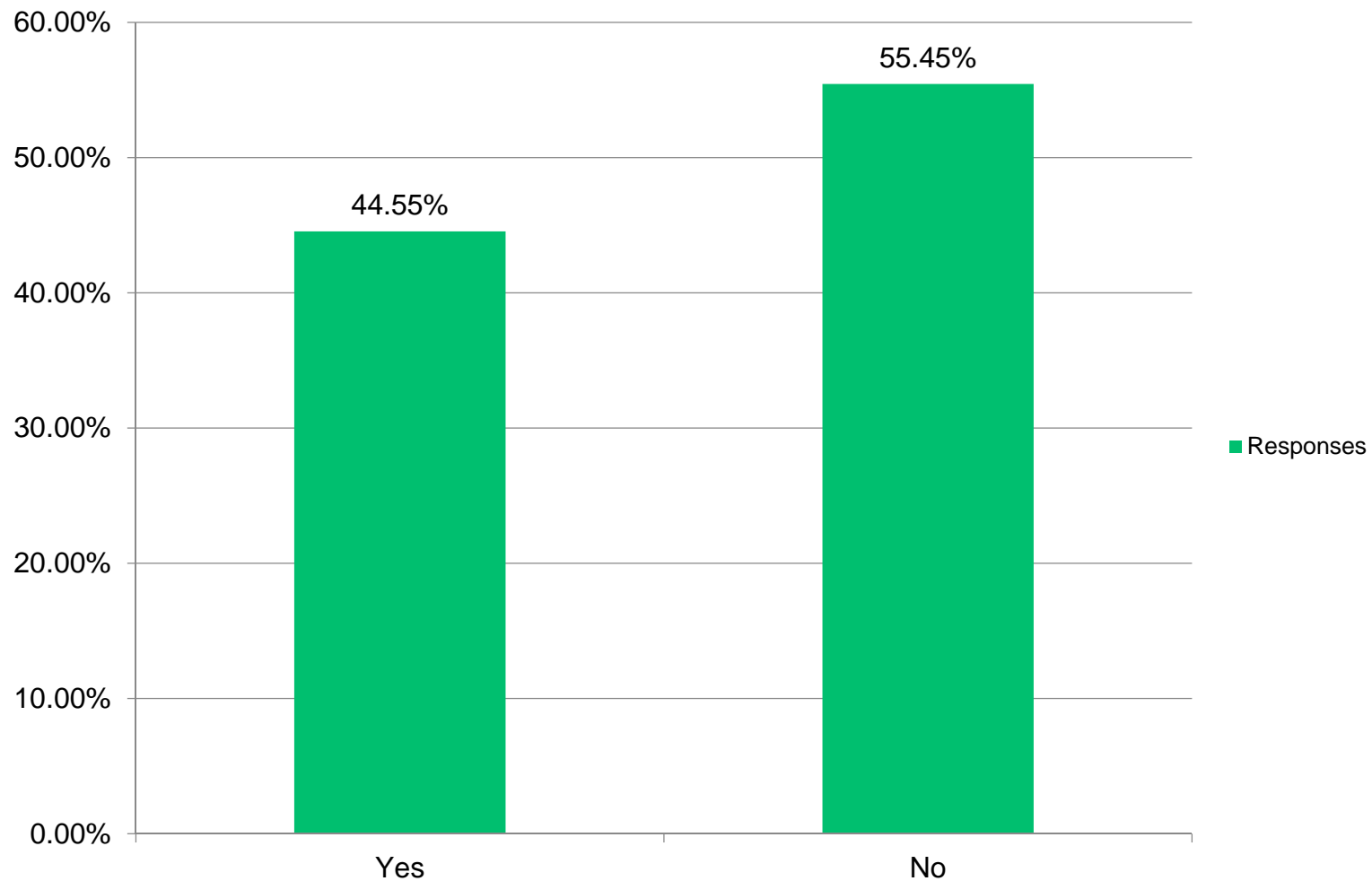
2018 CRF SURVEY ON CREDIT EXECUTIVES' USE OF SOCIAL MEDIA

■ 2018 CRF Survey on Credit Executives' Use of Social Media

Question 1

- During your credit evaluation process, both for new and existing customers, do you use Social Media as a tool in your evaluation?
 - Yes?
 - No?

■ During your credit evaluation process, both for new and existing customers, do you use Social Media as a tool in your evaluation?

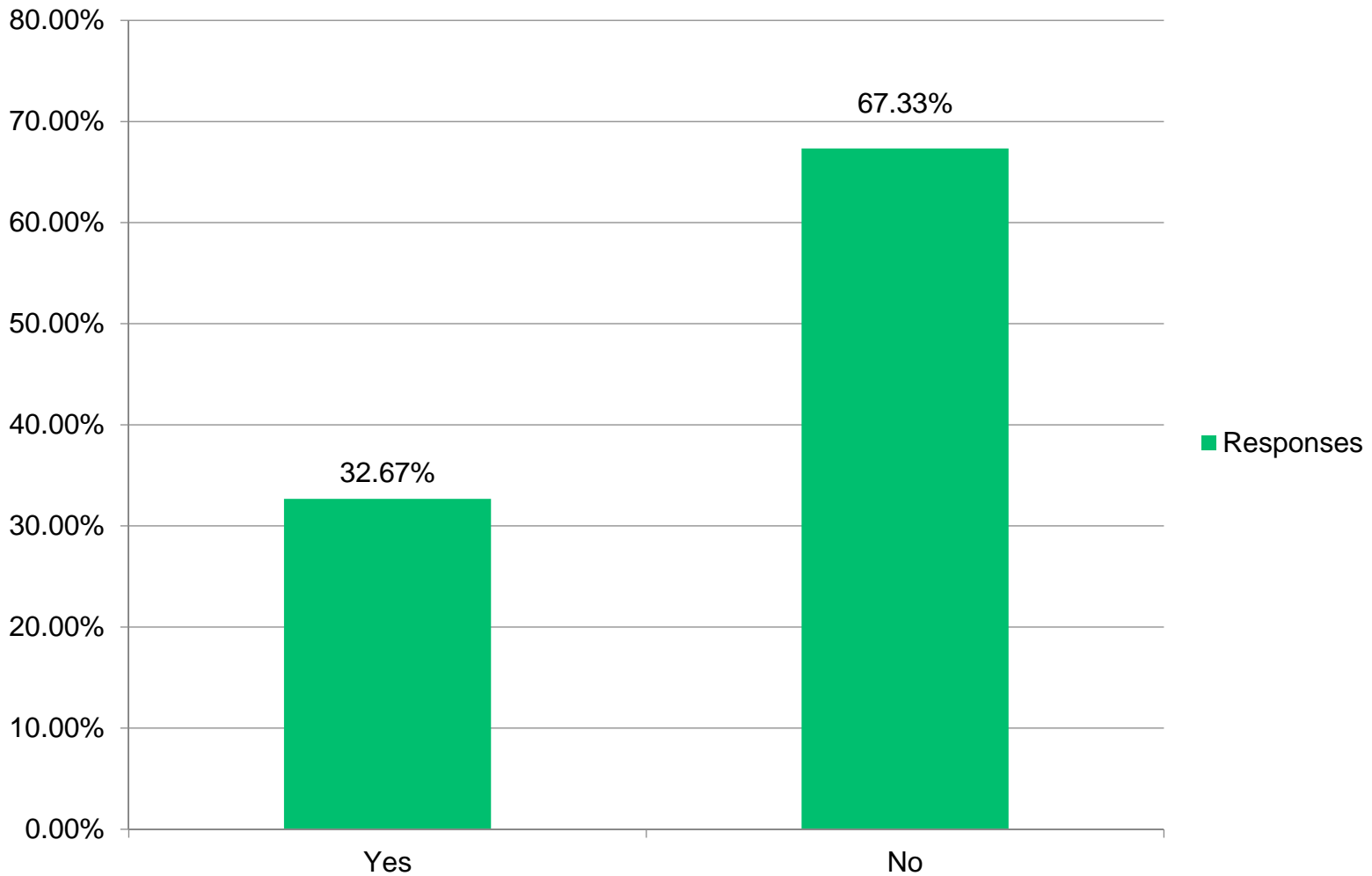


■ 2018 CRF Survey on Credit Executives' Use of Social Media

Question 2

- Do you use Social Media as a collection tool?
 - Yes?
 - No?

■ Do you use Social Media as a collection tool?

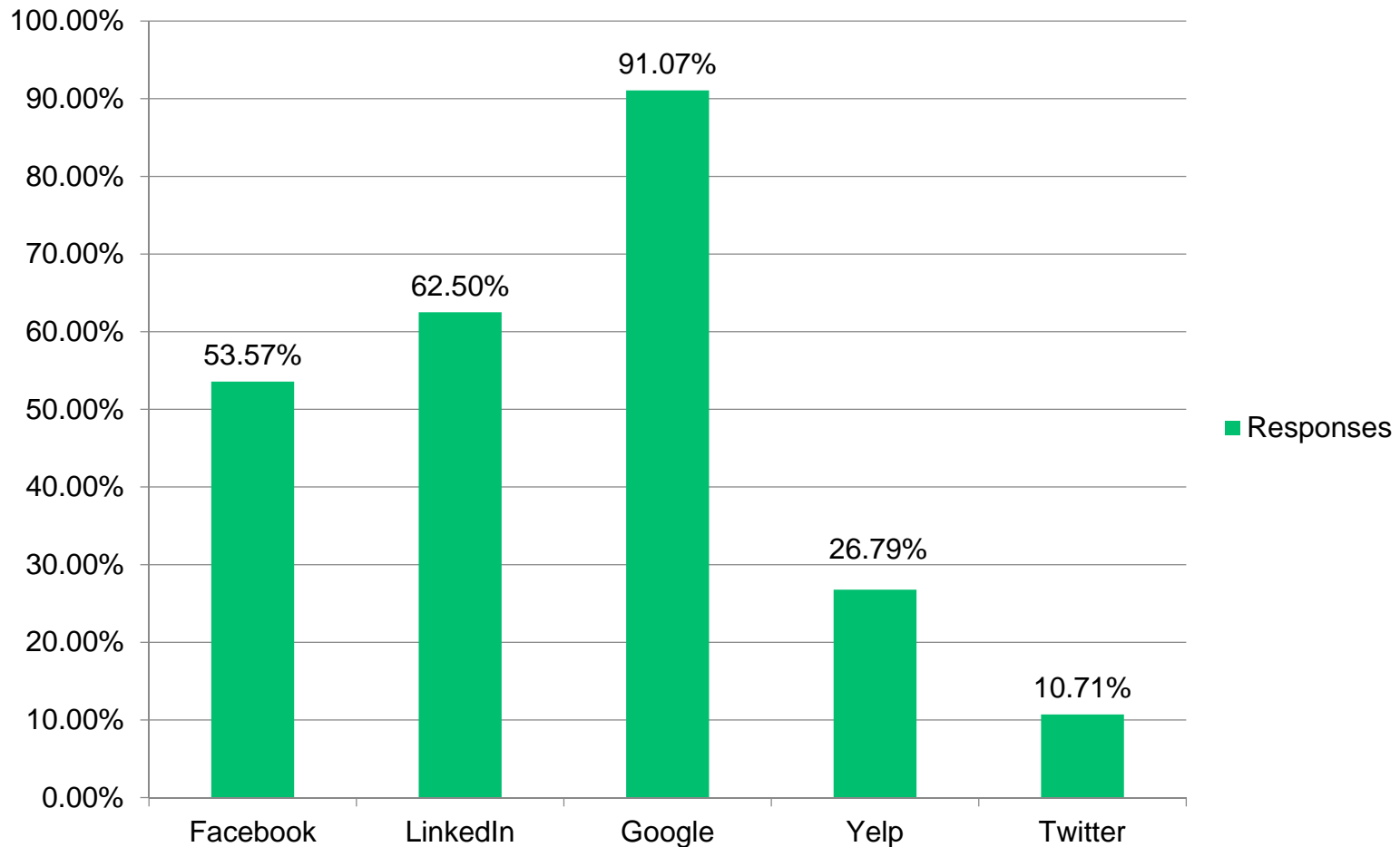


■ 2018 CRF Survey on Credit Executives' Use of Social Media

Question 3

- If yes to either question 1 or 2, what Social Media sites do you use? (You can indicate use of multiple sites by checking all that apply)
 - Facebook
 - LinkedIn
 - Google
 - Yelp
 - Twitter

■ **If yes to either question 1 or 2, what Social Media sites do you use? (You can indicate use of multiple sites by checking all that apply)**

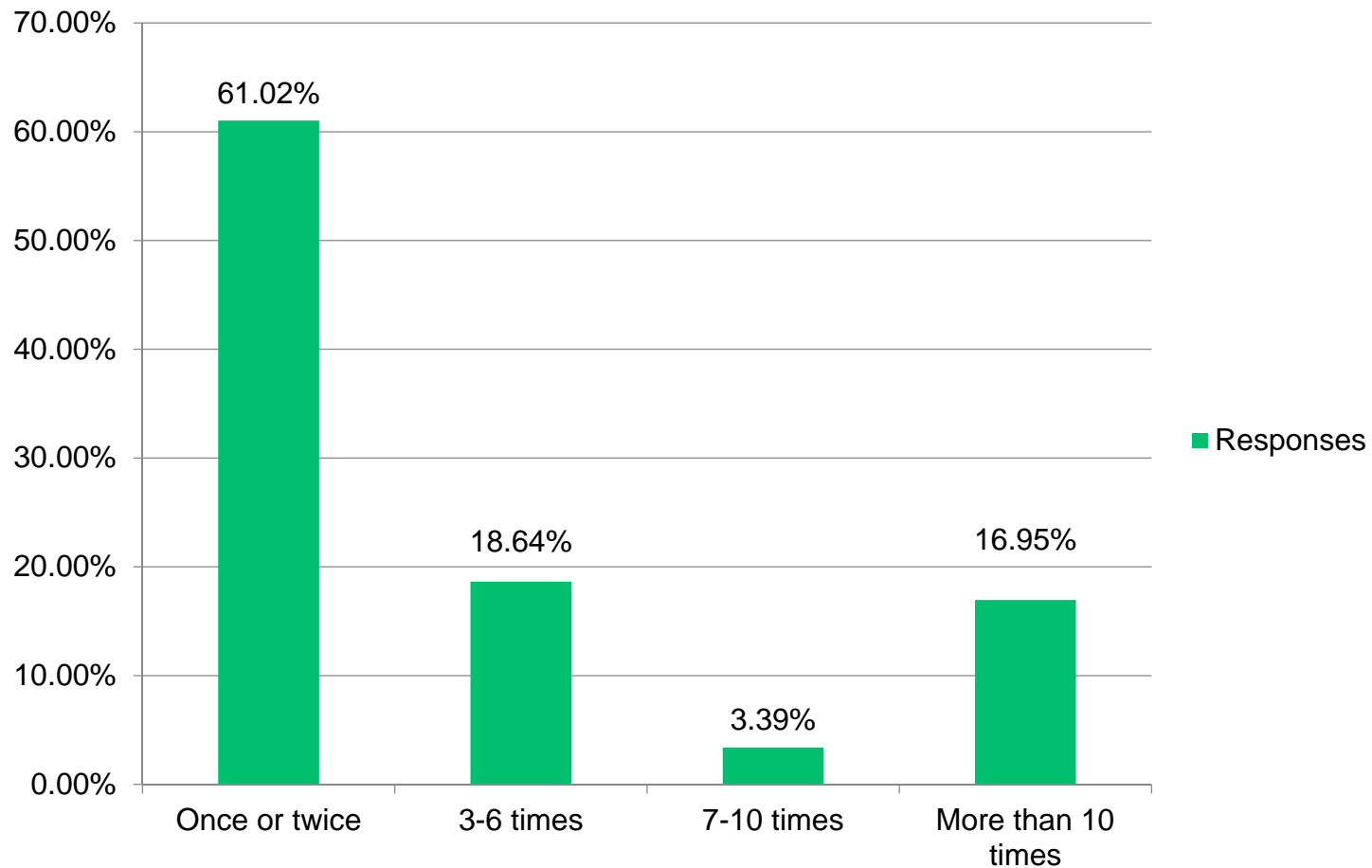


■ 2018 CRF Survey on Credit Executives' Use of Social Media

Question 4

- If yes to either 1 or 2, how many times per week do you access Social Media sites for credit and collection purposes?
 - Once or twice?
 - 3-6 times?
 - 7-10 times?
 - More than 10 times?

■ **If yes to either 1 or 2, how many times per week do you access Social Media sites for credit and collection purposes?**

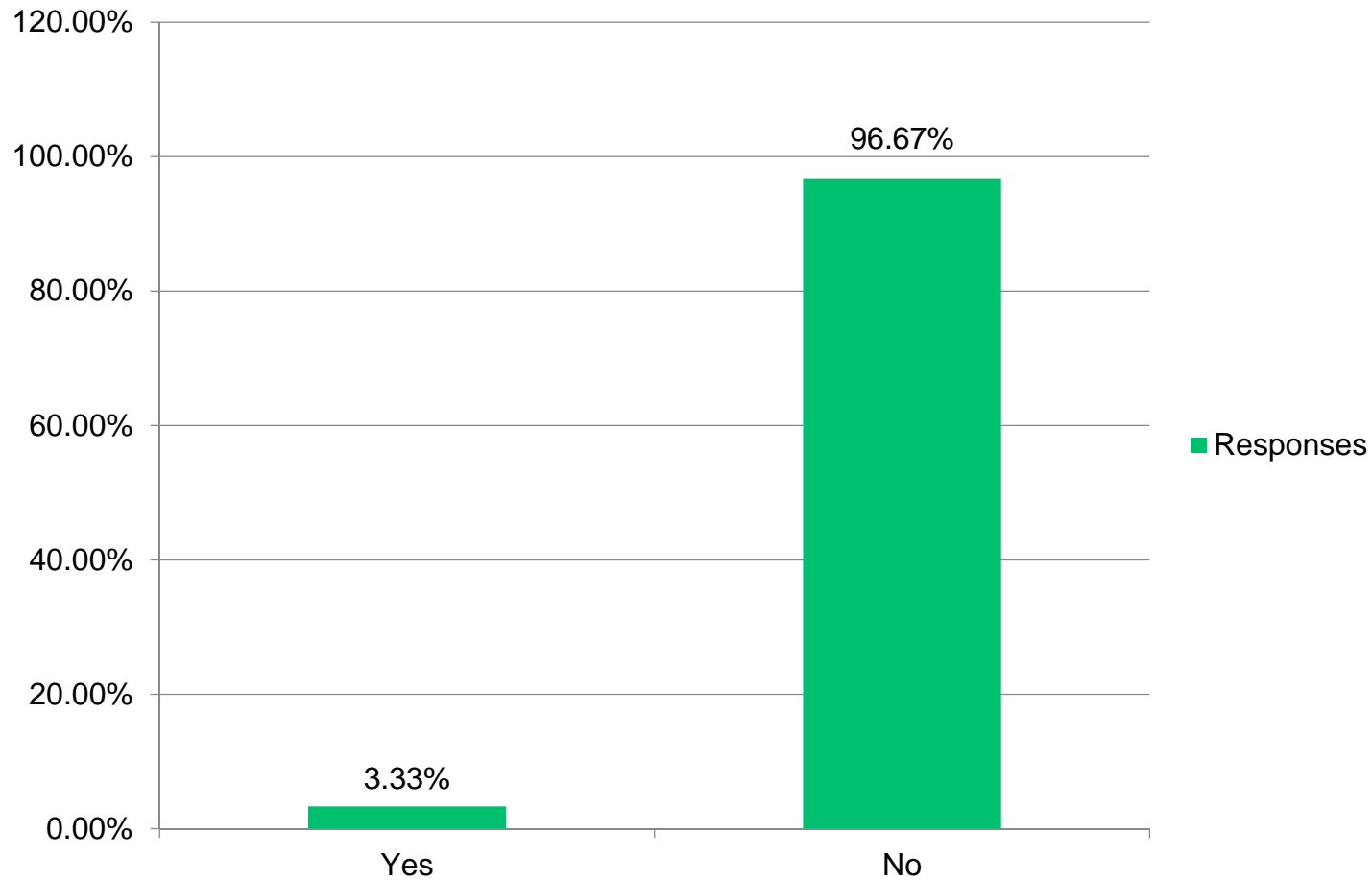


■ 2018 CRF Survey on Credit Executives' Use of Social Media

Question 5

- If you use scoring as part of your credit evaluation, do you incorporate Social Media in your scoring process?
 - Yes?
 - No?

■ If you use scoring as part of your credit evaluation, do you incorporate Social Media in your scoring process?

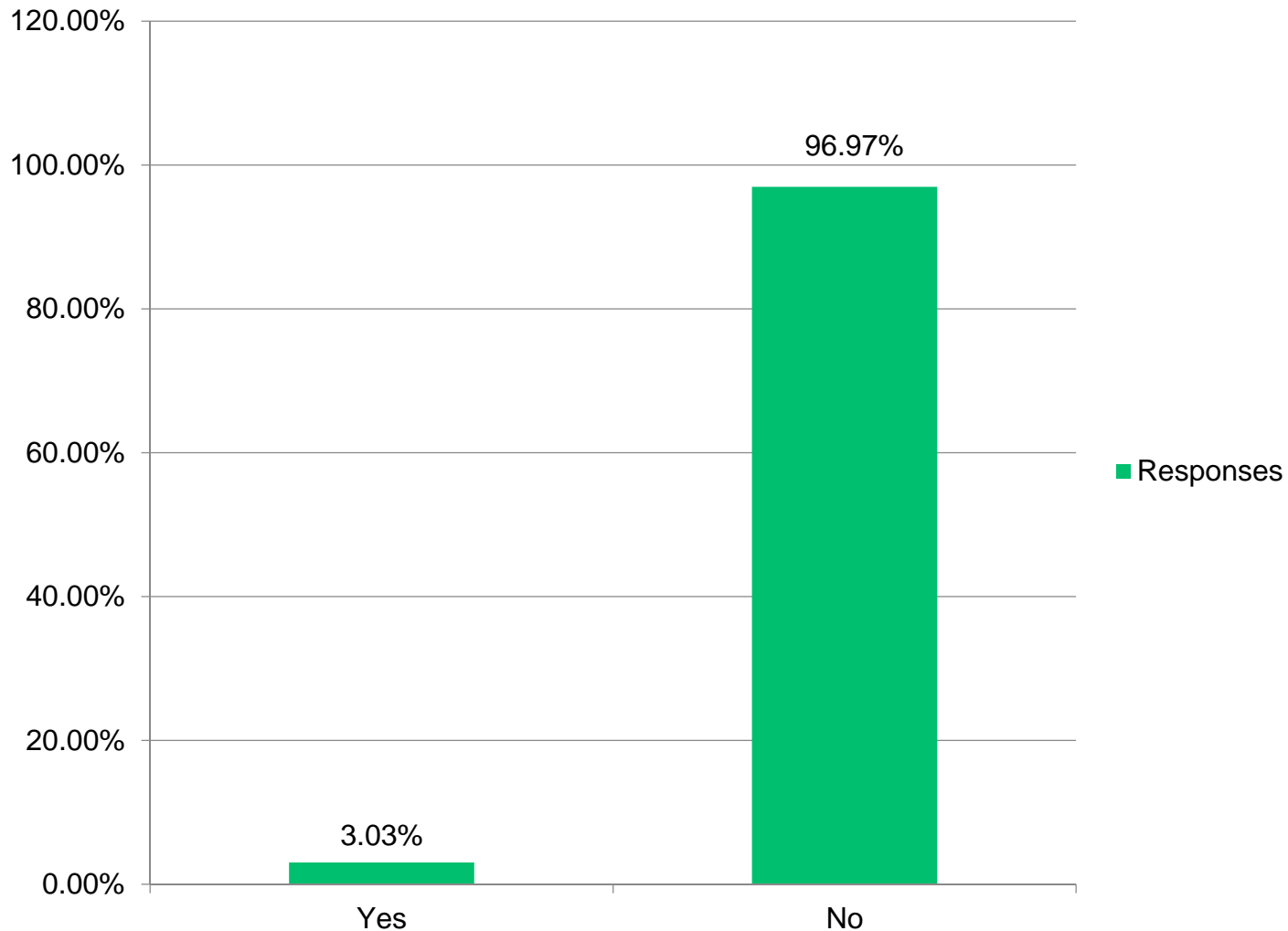


■ 2018 CRF Survey on Credit Executives' Use of Social Media

Question 6

- Do you have a credit policy that incorporates Social Media controls or a separate Social Media policy?
 - Yes?
 - No?

■ Do you have a credit policy that incorporates Social Media controls or a separate Social Media policy?

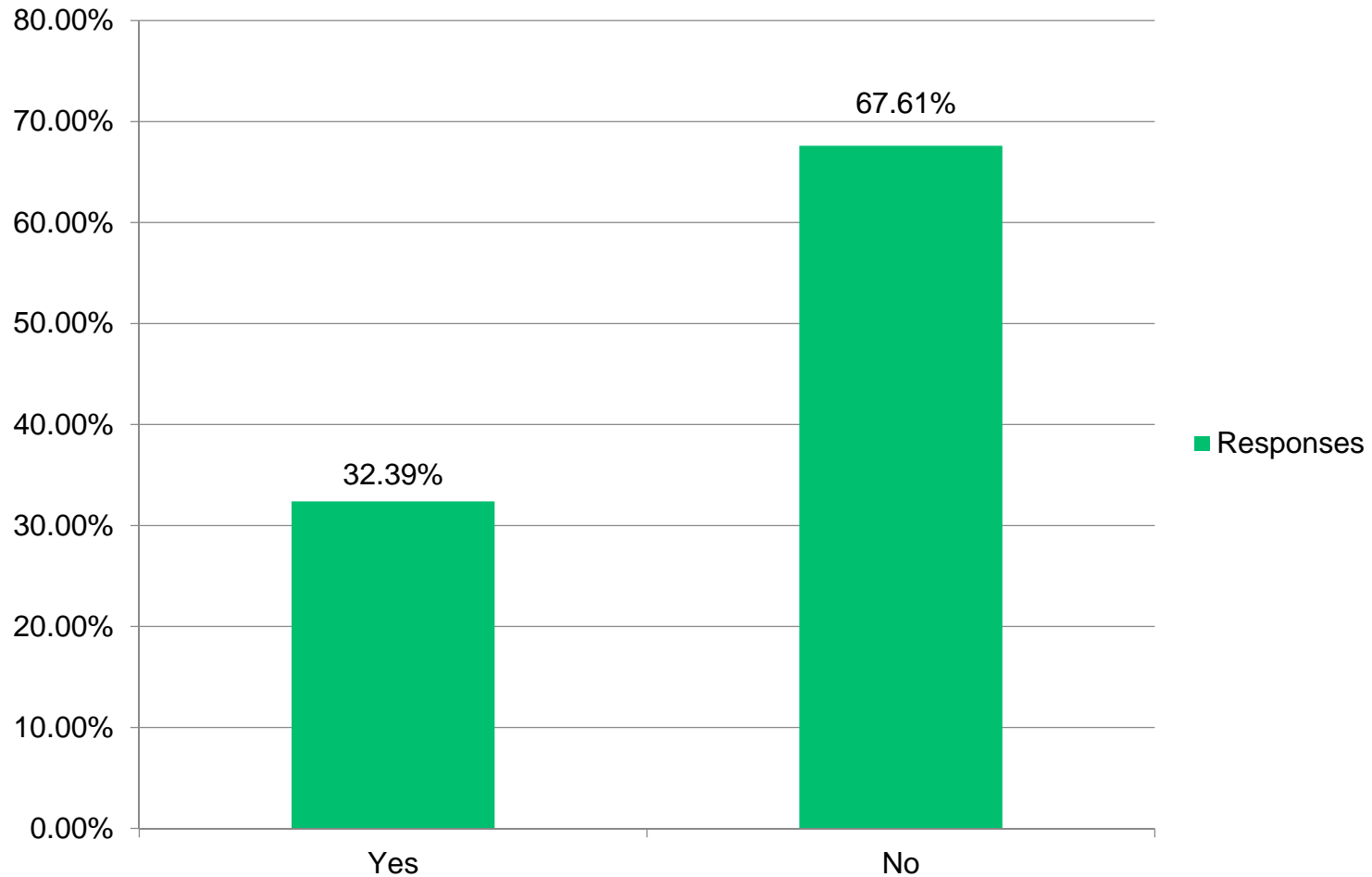


■ 2018 CRF Survey on Credit Executives' Use of Social Media

Question 7

- Has your legal department or outside counsel reviewed your policy?
 - Yes?
 - No?

■ Has your legal department or outside counsel reviewed your policy?

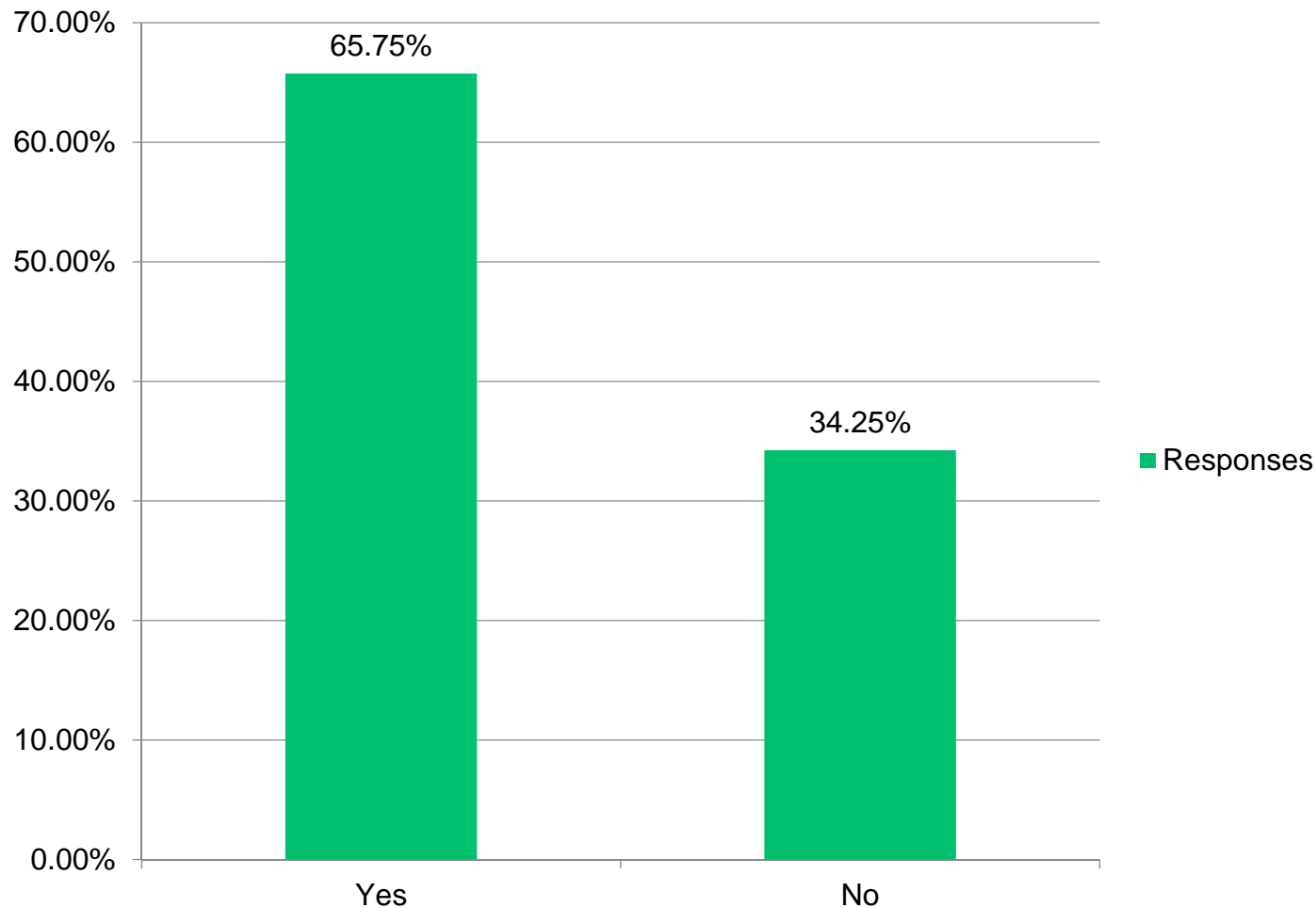


■ 2018 CRF Survey on Credit Executives' Use of Social Media

Question 8

- Have you found the application of Social Media data to be successful in either the credit evaluation or collection process?
 - Yes?
 - No?

■ Have you found the application of Social Media data to be successful in either the credit evaluation or collection process?





USING SOCIAL MEDIA FOR CREDIT INVESTIGATION AND UNDERWRITING

■ Using Social Media for Credit Investigation

Social Media Can Provide . . .

- Unique Insight Into the Brand Presence of a Customer Or Prospective Customer
- Visibility into How a Business Interacts with Its Customers
- Ability to Compare a Business to Its Peers, Both Locally and Nationally
- Real-Time News – Many Businesses Release Important News Via Social Media Simultaneously With or Before Other Channels
- Ability to See – Independent of the Business’s Own Presence – What the Public Thinks About the Business
 - United Airlines

■ Using Social Media for Credit Investigation

Benefits From Incorporating Social Media

- Quick Inexpensive Means of Obtaining Additional Information About Customer
 - What company does
 - Financial status
 - Corporate Structure
 - Exposure to networks and backgrounds of principals and other key representatives
 - Status of company's R&D efforts
 - Information about company's suppliers and customers
 - Additional contact information
 - Company reputation
 - Reference and complaint information
 - Feedback from customers' customers

■ Using Social Media for Credit Investigation

Benefits From Incorporating Social Media

- Verification of Customer Credit Application Information
 - Contact information
 - Company size, location
- **Using Social Media When Something Doesn't Add Up or Doesn't Seem Quite Right**
- Using Social Media to Facilitate Later Collection Efforts
 - Business contacts not listed on credit application
 - Asset searches
 - Information about customer's/principals' assets

■ Using Social Media for Credit Investigation

Benefits From Incorporating Social Media

- Typing Customer's Name in Search Engines and Social Media Sites Can Quickly Provide Current News, Articles, Press Releases, Other Information
- Google Alerts – Free Tool For Getting Up to Date Information on Troubled Customers
 - Loan default/forbearance disclosure – Standard Register story

■ Using Social Media for Credit Investigation

Pitfalls to Using Social Media

- Mistrust About Accuracy of Information on Social Media Sites
 - Verify
- Some Companies Block Use of Facebook
- Using Social Media Is Time Consuming and You May Not Find Anything

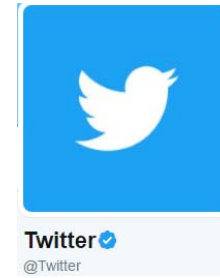
■ Using Social Media for Credit Investigation

The Facebook logo, consisting of the word "facebook" in white lowercase letters on a blue rectangular background.

- How many “likes” does the company’s page have?
- How many “likes” do its posts receive?
- How many comments? Favorable / Unfavorable?
- Frequency of postings?
- Credit underwriting/investigation uses: Due diligence on business legitimacy / longevity / interaction and engagement with customers; due diligence on principals (e.g., the hypothetical of the principal posting pictures of his new Bentley while the business is ostensibly doing poorly). The number of “likes” a business has is a potentially useful data point re: its reach and engagement with customers.
 - **Verifying contractors and addresses re: new construction projects**

■ Using Social Media for Credit Investigation

- How many followers does the business have?
Has there been a significant increase or decrease?
- How extensively do its customers interact?
- How does the business interact with customers?
- Positive or negative tone?
- Credit underwriting / investigation uses: Same as Facebook and Instagram – exploring the extent and nature of a business’s interaction with its customer base.
- Like Facebook and Instagram, provides the ability to (a) comment on users’ / business’s posts, (b) tag other users in public posts, and (c) send direct messages to users / businesses. Crucial to distinguish between the two, because comments are public and direct messages are not. Sending a collection message via a comment or public post, or writing a negative statement about a customer, could be viewed as trade disparagement and should be avoided entirely.



(Twitter)

■ Using Social Media for Credit Investigation



- How many employees?
- How many followers?
- Frequency of content posting?
- Utility of content
- From a credit and collections standpoint, LinkedIn can be (but isn't always) a source of confirmatory information - for instance, if a business purports to have 400 employees and a lengthy operating history, but is completely absent from LinkedIn, something could be amiss.
 - **Using LinkedIn to verify individual that signed credit application is employee of applicant and title (when not otherwise available)**

■ Using Social Media for Credit Investigation



- How many reviews has the business received?
- Are reviews generally favorable or unfavorable?



(Instagram)

- Credit underwriting/investigation uses: Same as Facebook. User engagement (# of followers, frequency of posts, # of likes / comments on posts) can be a useful indicator of a business' level of customer interest, especially if the business is a consumer-oriented retail business.

■ Using Social Media for Credit Investigation

Evaluating a Customer's Brand Presence Via Social Media

Should You Take a Prospective Customer's Social Media Presence at Face Value?

- Beware of **Fake Followers, Fabricated Likes, “Shelf” Facebook Pages,** and **Bogus Positive Reviews**
- Bolstering Social Media Followership is a Big Business
- Entire Facebook Pages Are Bought and Sold Every Day with Hundreds of Thousands Of “Pre-made” Likes and Followers
- If the Business is Active on YouTube, Consider the Frequency and Professionalism Of Its Content in Addition to the Number of Subscribers and Comments

Using Social Media for Credit Investigation

Evaluating a Customer's Brand Presence Via Social Media

How Much Does a Twitter Follower Cost?

The Most Reliable Place to Buy Twitter Followers
Live Customer Service to Help You 24 Hours a Day, 7 Days a Week.

Select a payment option: Single Payment Monthly Subscription **SAVE 10%** 3 Months Prepaid **SAVE 20%** 6 Months Prepaid **SAVE 40%**

500 Followers	1,000 Followers	2,000 Followers BEST SELLER	5,000 Followers	50,000 Followers
\$9 \$7	\$17 \$12	\$39 \$21	\$71 \$51	\$647 \$493
★ Make me Famous Delivered within 3 to 4 days	★ Make me Famous Delivered within 5 to 6 days	Limited Time Offer ★ Make me Famous Delivered within 7 to 9 days	★ Make me Famous Delivered within 10 to 11 days	★ Make me Famous Delivered within 21 to 23 days

... not very much. Never automatically take a company's social media presence at face value!

■ Using Social Media for Credit Investigation

Evaluating a Customer's Brand Presence Via Social Media

What About a U.S. Based Twitter Follower?

The Value of Buying Targeted USA Twitter Followers

Buying Twitter followers can give you that **instant credibility** that you desire and need. When you have an army of followers then people cannot help but go with the crowd, therefore cementing your name in the Twitter stratosphere. You do not have to spend time building or begging for followers! Getting traction and thrusting your name into the Twitter-verse has never been this easy.

A Twitter account is essential for building a solid social presence either for personal or business purposes. However, many people forget the importance of a high number of targeted twitter followers to meet audience requirements. We have come up with a service that will help you buy targeted twitter followers at a similar cost as that of buying normal followers.

The Most Reliable Place to Buy Twitter USA Followers

Live Customer Service to Help You 24 Hours a Day, 7 Days a Week.

Select a payment option: Single Payment Monthly Subscription **SAVE 10%** 3 Months Prepaid **SAVE 20%** 6 Months Prepaid **SAVE 40%**

Quantity	Price	Delivery Time	Special Offer
500 USA Followers	\$9 \$22	Delivered within 7 to 8 days	★ Make me Famous
1,000 USA Followers	\$17 \$22	Delivered within 9 to 12 days	★ Make me Famous
2,000 USA Followers	\$29 \$47	Delivered within 13 to 17 days	Limited Time Offer ★ Make me Famous
5,000 USA Followers	\$69 \$97	Delivered within 17 to 22 days	★ Make me Famous
50,000 USA Followers	\$677 \$719	Delivered within 33 to 34 days	★ Make me Famous

Using Social Media for Credit Investigation

Evaluating a Customer's Brand Presence Via Social Media

Fabricated Social Media Activity Is Everywhere

The Most Reliable Place to Buy LinkedIn Page Followers

Live Customer Service to Help You 24 Hours a Day, 7 Days a Week.

Select a payment option

Single Payment

Monthly Subscription **SAVE 10%**

3 Months Prepaid **SAVE 20%**

6 Months Prepaid **SAVE 40%**



100

Page Followers

~~\$21~~
\$17

★ Not Available

Delivered within 3 to 4 days



250

Page Followers

~~\$47~~
\$31

★ Not Available

Delivered within 5 to 6 days



5,000

Followers

~~\$71~~
\$51

Limited Time Offer

★ Make me Famous

Delivered within 10 to 11 days



10,000

Likes

~~\$492~~
\$337

★ Make me Famous

Delivered within 17 to 19 days



5,000

Regular Views

~~\$27~~
\$27

★ Make me Famous

Delivered within 7 to 9 days

■ Using Social Media for Credit Investigation

Evaluating a Customer's Brand Presence Via Social Media

Fabricated Social Media Activity Is Everywhere

The Most Reliable Place to Buy LinkedIn Page Followers

Live Customer Service to Help You 24 Hours a Day, 7 Days a Week.

Select a payment option Single Payment Monthly Subscription **SAVE 10%** 3 Months Prepaid **SAVE 20%** 6 Months Prepaid **SAVE 40%**

Platform	Quantity	Price	Original Price	Availability	Delivery
LinkedIn	100 Page Followers	\$17	\$21	★ Not Available	
LinkedIn	250 Page Followers	\$31	\$47	★ Not Available	
Twitter	5,000 Followers	\$51	\$71	★ Make me Famous	Limited Time Offer Delivered within 10 to 11 days
Facebook	10,000 Likes	\$337	\$492	★ Make me Famous	Delivered within 17 to 19 days
YouTube	5,000 Regular Views	\$27	\$37	★ Make me Famous	Delivered within 7 to 9 days

...almost everywhere.

■ Using Social Media for Credit Investigation

How Can You Protect Yourself Against Misleading Social Media Façades?

Reality Check! If a prospective customer has been in business for six months and has half a million Twitter followers, dig a little deeper

Red flags:

- Lots of foreign followers for a U.S. business
- Massive volume of followers in a short period of time
- Facebook pages that have been “live” for a long period of time but only have recent content (shelf pages)
- Newly registered domain names
- *Take everything with a grain of salt*
- Validate source and content

■ Using Social Media for Credit Investigation

What If My Customer Isn't Active On Social Media?

- Even in 2018, this isn't *always* out of the ordinary
- Certain types of businesses may not benefit from social media presence
 - Social media might even be inappropriate in certain industries
- Interact with sales force to determine what market the customer serves and ***use your judgment***
 - Inquire why customer is not using social media as a marketing tool



EXAMPLES OF USE OF SOCIAL MEDIA FOR CREDIT INVESTIGATION



[Redacted Name]
5 reviews [Details](#)
Roofing [Edit](#)

★☆☆☆☆ 6/28/2017

Disappointing outcome. I called [Redacted] roofing yesterday to have someone come out and look at my roof and provide a bid for the work. After being told that I needed to provide my inspection report before an appointment would be scheduled I explained that the roofing report I had wouldn't be very helpful because they were not able to get on my roof because of the type of tile. With that said I did send a picture of my roof and they scheduled the appointment with the owner to come look at my roof today from 8-10. No show no call. I finally called the office at 10:10 and was told that I didn't send my inspection report in. How do people not understand the impact this can have on someone. A simple email last night canceling or even first thing this morning if they insisted on having the report would have prevented me from missing a half of a day of work. Or better yet not scheduling the appointment at all like I was told. It was a logic assumption that they were OK coming out to look at the roof because they scheduled the appointment. Unreal and a huge pain missing work this morning.



[Redacted]

★ ★ ★ ★ ★ 5 reviews [Details](#)

Roofing [Edit](#)

★ ★ ★ ★ ★ 7/19/2014 • Previous review

I'm sorry to update this negatively. My next door neighbor's bedroom ceiling was damaged by a leak left unsealed by the crew. Still no reimbursement for two AC technician visits we incurred due to the error of the crew. We're all disappointed in our section and want a roof inspection. Especially since the contractor who is working at my neighbor's house was on our roofs taking photos yesterday. We have no idea why. Unnerving. [Read less](#)

★ ★ ★ ★ ★ 7/8/2014 • Previous review

I am in agreement with [Redacted] review. This has been a terrible experience. We have many of the same issues as [Redacted] described. Additionally, we've had our AC repairman out three times due to the roofing crew hooking the wiring up incorrectly.

Apparently our HOA contracted with them...an "open contract" with no end date. Our roof has been in progress since May 20, 2014 and as of today, July 8, 2014 it does not look promising to be completed any time soon.

This company leaves trash all over the place. We've had a cooler on our front planter for four weeks. The asphalt truck has been parked in our driveway for four weeks. Monsoons have begun, so one can imagine the mess after one of those rolls through.

This is the most unprofessional contractor I've ever encountered. [Read less](#)



[Redacted Name]

★ ★ ★ ★ ☆ 5 reviews [Details](#)

Roofing [Edit](#)

★ ★ ★ ☆ ☆ 4/9/2014

First, let me say I am unsure if the repair is leak proof or not - we have not had rain since the work has been done.

I can say that the appearance is not up to the quality I expected. The side (edge, quarter curved tiles) do not sit flat and have a wavy appearance.

The main frustration has been scheduling. * * *

* * *

If you can handle a company that does not keep appointments and time well , this may be a great company for you. But I view it as appointments as a commitment. And a company that will not keep such simple commitments is a concern.

UPDATE: After some rains, their work does seem to have fixed the leak, so I upped this to a three star company....



Find



Near

New York, NY

USA

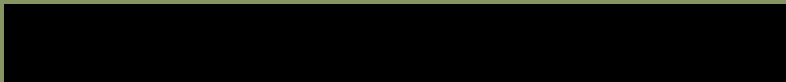


Search

Home > Arizona > Glendale > Roofing Contractors > [Redacted]

Select Language

BBB ACCREDITED BUSINESS PROFILE



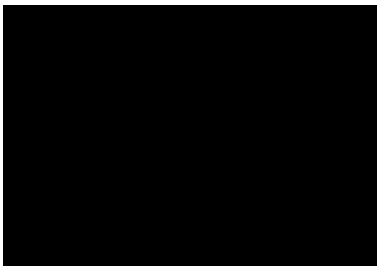
Request a Quote

Overview

Reviews & Complaints

Request a Quote

BBB Accreditation



7/19/2016

G. G.

■ Negative

EMAIL

WEBSITE

[See More Contact Options](#)

BBB File Opened: 08/16/2005
Business Started: 07/01/2005
Business Started Locally: 07/01/2005
Business Incorporated: 05/17/2006 in AZ

Review

Roof replacement done on both sides of duplex. Work was started on a Tuesday and completed on the following Tuesday. It was very hot and the 4th of July weekend fell at the end of the work, so I understand that it took a little longer. My problem was lack of communication and clean up from the company. We were told it would be finished on Saturday but no one showed up and no phone call from the company until Sunday when they wanted the rest of their money. I told them they would get the rest when job was done, they then finished on Tuesday. I also was told when I signed the contract that the cleanup would involve using a magnets to make sure all nails were picked up. They did a cleanup but they left tar on my patio tiles, shingles in the plants, awning and eaves troughs had nails, staples, and debris in them. I called the company to let them know this and if someone could come out and look at my awning that is attached to the roof because I wasn't sure if it had been sealed. I was assured someone would stop by that day, they never did, so I called the crew supervisor and he indicated that he would stop by the next day- that never happened. My husband I have since cleaned up both sides of the duplex and removed the tar from our patio tiles.



facebook

Email or Phone

Password

Log In

[Forgot account?](#)

██████████ reviewed ██████████ — 1★

April 26 · 🌐

In all my years as a homeowner, this has to be the worst experience with a roofing company ever. They have reluctantly repaired their poor quality roofing and we've lost thousands on ruined computers, business work and other equipment from a failed flat roofing area, more losses from leakage into a closet with several thousand dollars of linens and clothnig. The owner won't take calls and had been back many times blaming others for the leaks, like the air conditioning, plumbing. Their repairs failed and when we finally got through, the warranty for workmanship had just run out even though we called in ample time and left messages.

USING SOCIAL MEDIA AS A COLLECTION TOOL

■ Social Media as a Collection Tool

Gathering Collection Data From Social Media

- Browsing a Customer's or Guarantor's Public Social Media Pages for Information Regarding Financial Condition
 - Identifying sources of recovery
- Browsing the Customer's *Principal's* Public Social Media Pages for Information Regarding Their (Or the Company's) Financial Condition
 - Guarantor's personal social media presence might disclose valuable assets (or excessive spending!)
- Using Yelp to Link a Customer to Another Account in Collection

Social Media as a Collection Tool

Gathering Collection Data From Social Media

- Be cognizant of sites' terms and conditions
- Example: Browsing **publicly available** information on Facebook appears to be permissible



This agreement was written in English (US). To the extent any translated version of this agreement conflicts with the English version, the English version controls. Please note that Section 16 contains certain changes to the general terms for users outside the United States.

Date of Last Revision: January 30, 2015

Statement of Rights and Responsibilities

This Statement of Rights and Responsibilities ("Statement," "Terms," or "SRR") derives from the Facebook Principles, and is our terms of service that governs our relationship with users and others who interact with Facebook, as well as Facebook brands, products and services, which we call the "Facebook Services" or "Services". **By using or accessing the Facebook Services, you agree to this Statement, as updated from time to time in accordance with Section 13 below.** Additionally, you will find resources at the end of this document that help you understand how Facebook works.

Because Facebook provides a wide range of Services, we may ask you to review and accept supplemental terms that apply to your interaction with a specific app, product, or service. To the extent those supplemental terms conflict with this SRR, the supplemental terms associated with the app, product, or service govern with respect to your use of such app, product or service to the extent of the conflict.

What is public information?

[Desktop Help](#) [Feature Phone Help](#) [Other Help Centers](#)

[Share Article](#)

Something that's public can be seen by anyone. That includes people who aren't your friends, people off of Facebook and people who use different media such as print, broadcast (ex: television) and other sites on the Internet. For example, if you use our services to provide a real-time public comment to a television show, that may appear on the show or elsewhere on Facebook.

■ **Social Media as a Collection Tool**

Gathering Collection Data From Social Media - “Friending”

- **You Need to Identify Yourself When Sending a Friend Request**
- **Do Not Lie!**

■ Social Media as a Collection Tool

Posting Publicly on Social Media for Collection Purposes

- Publicly visible social media isn't really any different from other public medium from a defamation standpoint
- Posting derogatory information on a public site raises risk of slander or libel litigation
- One key rule of thumb to remember:

If you wouldn't print it on the front page of tomorrow's newspaper, don't post it publicly on a customer's Twitter / Yelp / Google+ / Facebook / LinkedIn Pages

■ Social Media As a Collection Tool

Posting on Social Media for Collection Purposes

- Also likely a violation of sites' terms of use

5. Protecting Other People's Rights

We respect other people's rights, and expect you to do the same.

1. You will not post content or take any action on Facebook that infringes or violates someone else's rights or otherwise violates the law.
2. We can remove any content or information you post on Facebook if we believe that it violates this Statement or our policies.
3. We provide you with tools to help you protect your intellectual property rights. To learn more, visit our How to Report Claims of Intellectual Property Infringement page.
4. If we remove your content for infringing someone else's copyright and you believe we removed it by mistake, we will provide you with an opportunity to appeal.
5. If you repeatedly infringe other people's intellectual property rights, we will disable your account when appropriate.
6. You will not use our copyrights or Trademarks or any confusingly similar marks, except as expressly permitted by our Brand Usage Guidelines or with our prior written permission.
7. If you collect information from users, you will: obtain their consent, make it clear you (and not Facebook) are the one collecting their information, and post a privacy policy explaining what information you collect and how you will use it.
8. You will not post anyone's identification documents or sensitive financial information on Facebook.
9. You will not tag users or send email invitations to non-users without their consent. Facebook offers social reporting tools to enable users to provide feedback about tagging.



SOCIAL MEDIA: POTENTIALLY APPLICABLE LAWS

■ Social Media in Credit and Collections

Potentially Applicable Laws

- **ECOA** – Equal Credit Opportunity Act
 - Unlawful for creditors to discriminate in **any aspect** of a credit transaction on the basis of sex, marital status, race, color, religion, age, or receipt of public assistance
 - Have to notify applicant of adverse credit action (deny/restrict/terminate)
 - What if decision is based on social media information?

■ Social Media in Credit and Collections

Potentially Applicable Laws

- **FCRA – Fair Credit Reporting Act**
 - Regulates the use of **personal credit information** in making credit decisions
 - Written/oral/other communications of information by consumer reporting agencies that may bear on the creditworthiness, standing/capacity, character, general reputation, personal characteristics, lifestyle of a consumer

■ Social Media as a Collection Tool

Potentially Applicable Laws

- Defamation – Oral (Slander) or Written (Libel) Statement About a Person That Is
 - False
 - Published (communicated to other third parties)
 - E-mail
 - Informal comments at lunch, over drinks or over phone
 - Diminishes person's reputation
- Antitrust
- Fair Debt Collection Practices Act (FDCPA)
- Privacy

SOCIAL MEDIA POLICIES TO PROTECT YOUR BUSINESS

■ **Social Media Policies: Protecting Your Business**

Risks of Social Media

- Use of social media for any business purpose carries unique risks and must be carefully managed
- This is especially true when using social media for credit and collections purposes
- Businesses must implement social media policies governing employees' use of social media

■ Social Media Policies: Protecting Your Business

Risks of Social Media

Public nature of social media creates . . .

- Risk of **defamation** liability
 - Employees posting derogatory information about customers, prospective customers, competitors, and others can create serious legal problems
- Risk of other liability – ECOA, FCRA, FDCPA, Antitrust, Privacy
- **Public relations** risks
 - Even an employee's *personal* social media presence can create a PR nightmare if his or her profile mentions the company

■ Social Media Policies: Protecting Your Business

Risks of Social Media

- Does your company have a **social media policy**?
- Has your company implemented appropriate **procedures, training, and oversight** to ensure compliance with its social media policy, social media sites' terms of use, and applicable laws?

■ Social Media Policies: Protecting Your Business

Policy Checklist

- Should Be Easy to Read and Approachable and Still Cover All Legal Issues – Minimize Use of Legalese
- Get Input From Multiple Departments
- Create Definition of “Social Media”
 - Identify sites that can be used for business purposes and the purposes for which they may (and may not) be used

■ Social Media Policies: Protecting Your Business

Policy Checklist

- Protect Confidential and Proprietary Company and Customer Information
 - Can company name be used?
 - Prohibit public posting of any derogatory information
- Coverage – Senior Credit Executives or All Credit Professionals?
- Limits on Use of Social Media
 - Can social media be used for credit evaluation and/or collections?
 - Limit use of company name / relationship in personal profiles

■ **Social Media Policies: Protecting Your Business**

Policy Checklist

- **Be Authentic and Transparent**
- **Comply with State and Federal Laws**
 - **Copyright limitations**
- **Refer to Code of Conduct and Ethics Policy**

■ Social Media Policies: Protecting Your Business

Policy Checklist

- Adhere to Social Etiquette; Be Responsible, Use Common Sense
 - *Do not post negative comments*
 - Avoid controversial topics
 - No bullying or harassment
- Educate Employees Regarding Policy
- Enforcement
 - Consequences re: breach of social media policy

■ QUESTIONS

■ Stay Connected



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