



*Dwight Zahringer:* Ted Murphy is the President and CEO of the IZEA Corporation. Largely recognized as being the leader or the forefather behind Sponsored Conversation. He's been starting companies since 1994. He's been through six, and now runs a social media powerhouse called IZEA. And you have an IZEA fest going on, you're speaking there I'm hoping as well as Mr. Gray is.

Michael Gray. A lot of people may know him as being involved in internet marketing for over ten years now. He started off in retail and doing webmaster and optimization – being a webmaster and doing optimization for a large retail site. He took a site from \$100K to over \$25 million in a year. Now he's doing his own thing, which is probably a very nice thing with Atlas Web Services. He's also a very frequent speaker I know with SMX and PubCon. Moderator of Webmaster World so you're tied with Brett, and you're over at Sphinn.

*Michael Gray:* Yeah, they just launched a new platform there so we're kind of working the bugs out.

*Dwight Zahringer:* Good deal. Good deal. And SES, you're not a proponent of SES anymore I suppose?

*Michael Gray:* No, I'm okay with SES. We have a little difficulty, but we work things out. You know, everything's good now.

*Dwight Zahringer:* Cool. So let's talk a little bit about some of these FTC regulations that have come about most recently, and there's probably a little bit of reasoning, too, why I wanted to get you two together. Unfortunately, Shoemaker couldn't be with us today. He's in a

plane right now traveling, but he wanted to get involved in this conversation as well, but let's go back to the whole entire thing of you guys come from a long history of being SEOs - optimizing and promoting products on people's sites, working for clients through main ways and always continuously fighting with the big G – Google.

Well, now we've got the FTC which seems to be a very happy thing that Matt Cutts has been taunting and talking about for quite a long time. And essentially the FTC talks about rules to ban deceptive and unfair business practices. The proposing guidelines for the first time specifically include bloggers. Bloggers are defined loosely as anyone writing a personal journal online. Basically they're saying that these guidelines are approved and there's really no timeline in regards to these. Anybody that blogs would have to back up their claims and disclose if they're being compensated. And they're not saying specifically how they're going to police this. They could order violators to stop, which I'm not sure how they're going to do that. And pay restitution to customers, and they could ask the Justice Department to sue for civil penalties, which I think is very interesting as well.

So I guess starting this off, let's start with Ted. What are your thoughts in regards to these based on your background and history?

*Ted Murphy:*

I actually think that the FTC, the proposed FTC guidelines are actually a great thing. And IZEA as a company is actually in full support of those guidelines. I think that that's going to probably surprise a lot of people - given the fact that I think a lot of people, when they think about this issue, really look at IZEA specifically as, you know, kind of the cash compensation going to, bloggers or other people in social media. But if you actually look at the examples inside the FTC guidelines, a lot of what they're speaking about is actually geared more towards soft money transactions. So if somebody is compensated with, a free video game system, or if they're provided with a free trip, or tickets to an experience, you know, that's something that's been going on in the P.R. world for a long time.

*Dwight Zahringer:* Yeah, as with radio.

*Ted Murphy:*

Yeah, and radio, if you look at other forms of media, you've got product placement and things like that. And, I think that what these guidelines do is they actually create more of a level playing field for people and for companies like us where, we got a lot of pushback on disclosure in 2006 when we first launched Pay-Per-

Post, and didn't really have any clear guidelines about disclosure. Since then we've come a long way.

We just launched a fully automated disclosure audit inside of Social Spark where all the platforms require disclosure, and in a lot of ways we see our competition as the P.R. firms and the brands that are providing people with stuff and aren't disclosing.

It's funny that someone like Google would come out and talk about this because these are the same guys that are providing people with free androids and, passes to special events without any sort of, guidelines or enforcement of disclosure.

So I'm actually in a little bit of a unique situation that I just got back from the FTC on Wednesday. I had written a letter to the FTC talking about the concept of a universal disclosure, and they invited me to come up and actually speak with the whole staff who's putting together the guidelines. So I spent a pretty extensive amount of time with them earlier this week and, I think that what they're trying to do is actually the right approach to this problem.

*Dwight Zahringer:* Okay. Michael, what do you think?

*Michael Gray:* I think a lot of this is an overreaction. A lot of people in the blogging world, and the blogging media, they write sensational posts. You know, like the FTC is cracking down on bloggers, but if you actually take the time to go through and read the PDF, it's not the easiest thing in the world to read. It's actually pretty horrible to read.

See, what they're really trying to do is get rid of the people who are making you know, outrageous claims. There's a whole big section on people who are making – on diet pills. You know, lose thirty pounds in thirty, in half an hour kind of deal. Things that real people, if you stopped and thought about it, would know this is not true, but people who are in desperate situations, they need money. They're trying to do those sorts of things. That's the kind of stuff they're trying to crack down on. They're not trying to get just say crack down on people who are doing the right thing. They're just trying to get rid of the people who are making unsubstantiated, completely made-up claims just so that they can turn a buck.

*Dwight Zahringer:* Gotcha. Well, I mean I guess part of the take on this too, is could this be evolving into the aspect of – I guess, Ted, when you had started Pay-Per-Post. Part of the aspect of that, too, was to have

nondisclosure. That wasn't really a concern at the point. Nondisclosure was actually better, because that was keeping under the radar of someone like Google as well with their algorithms. And also having the ability to bleed out page rank or provide juice for specific keyword phrases as well. What about that in response to this, or this collaborating together?

*Ted Murphy:*

I think that those are two kind of different subjects. The SEO subject and, how people are being compensated for links. I think that the whole concept of page rank is ridiculous, and I also think that the concept of nofollow is ridiculous.

Now you have so many commercial relationships between individuals and corporations, and to say that one commercial relationship requires nofollow, and another type of commercial relationship doesn't require nofollow, you know, it's all very confusing. And to the everyday person, and even to a lot of experienced bloggers, they don't know what the rule is. And so I think that Google is trying to take the weaknesses of their own algorithm and then kind of force everybody else to do things differently because their algorithm isn't smart enough to figure things out.

And so what we have is there – there is currency in ranking, and there is currency in page rank, but that's why their own doing.

*Dwight Zahringer:*

Sure. Yeah. They created the black market on that.

*Ted Murphy:*

Yeah. And if you look at Yahoo and Microsoft, they're not talking about, no follow. They've got other ways of determining what should be ranked or not ranked. And so I think the entire no follow discussion is really just kind of Google masking their own problems within their algorithm and how they've built up their search engine.

*Dwight Zahringer:*

Okay. Well I think maybe Michael, this – I'm going to direct this a little bit more towards you on this. I was kind of trying to create the bridge of a lot of current conversations and your heated debate with Cutts in regards to an individual like Robert Scoble or Guy Kawasaki. I think even as recently as this week you talked about your feelings about this as far as a red Ferrari, or Lamborghini.

*Michael Gray:*

Actually, just to give anybody who's not familiar, some of the people, Guy Kawasaki for instance, was loaned four cars over the past two years or so, and you know, some of them for a one-week period, but one of them was actually for a three-month period.

Now if you say that he's an expert car review and you're going to lend him a car to do this, that's fine. But the last time I checked Guy Kawasaki was a venture capitalist who liked to play hockey. He's really does not have expertise in the area of automotive reviews. He's just a regular guy. And again, he's a guy with a family, and that's fine. But you know, is he the right person to be reviewing sports cars? I necessarily don't think so, but the people who are doing it, they're doing it for public relations to try and get people aware of their cars.

And is he violating, Google's guidelines by doing this? He's definitely, in my opinion, walking that gray area, but Google chooses not to go after him because he's someone high profile.

*Dwight Zahringer:* Well then I guess that's where I'm trying to make the bridge here, too, since he is a blogger. He has openly come out and stated how he has numerous people running his Twitter accounts. I mean, he's a publicity hound. He's a great social marker from a lot of aspects, and then after a period of time, openly discloses how he does it. And I'm a bit of agreeance with that there, too. I think he definitely is walking the gray line. Being a very predominant public figure out there, he's choosing – he's getting special treatment. And how is this reflective to someone like yourself – you're more higher profile than someone like myself – in regards to these FTC guidelines?

If he's being paid or in the terms of being given a car for three months, there's a type of value that's associated with that.

*Michael Gray:* Right. You could say they lend him a car, there's a cash value for that. People might say it costs that much to rent a car for week—that's a debatable point. But at three months, you can obviously say okay, there's some value there.

*Ted Murphy:* I don't know about you, but it's probably a pretty substantial amount of money to rent a Ferrari for a week.

*Dwight Zahringer:* Oh, yeah. Absolutely.

*Michael Gray:* And people like Robert Scoble and Sarah Lacey. You know, they come out and they're very big advocates of full disclosure, yet I know they all just – they've gone on several all-expense-paid trips to Israel. They've just come back from a trip – or coming back now from a trip from England. And yet you know, Google sort of turns a blind eye to them because they're saying oh, okay, what they're doing is okay. We've decided that it's for public relations

and not for links. But yet everybody who they went and saw on that trip or who sponsored that trip definitely got links out of that. So how does that not constitute a paid link?

*Dwight Zahringer:* How does it not constitute a paid link, if they're talking about it - they're a blogger, well then let's define the term blogger. And Ted, I guess, I'm not trying to pick on it from this type of an aspect, but you were up at the FTC as you stated earlier this week talking about universal disclosure. So if you're posting an ad on your site and it's not necessarily in a blog or you're not blogging so to speak, or tweeting, but you do talk about it in some type of primitive form that gets published on the web, you know, I guess in your opinion, how do you have to disclose this? Or how should this – how do these terms mean that it needs to be disclosed? And at what point – how do you calculate that you're above it? Like, we're stating Guy Kawasaki is above and beyond, and he's a prominent figure so he doesn't have to do a disclosure, and doesn't have to worry about penalties. At what point do we need to start to worry – does someone need to start to worry about that? Or let's even look at it from a point of agencies. This is a lot of client work. And paid post, getting links for our clients, getting them publicity online and getting their products reviewed in different ways is a big part of the whole entire gamut of SEO.

So how do we go about doing this without knowing that we're potentially harming ourselves, or our clients?

*Ted Murphy:* I don't know that I can speak as much on the SEO side as kind of the FTC side. We actually spend a fair amount of time discussing what it means to be a celebrity, because a lot of the current documentation from FTC, constantly compare, the average to everyday blogger versus the expert, versus the celebrity. I think that one of the things that they're kind of coming back to now is what is a celebrity?

Does that mean, is it someone who has a huge following on YouTube? Is it somebody who has a huge following on Twitter? Or is that just for the television stars and movie stars out there? And I think that what they're coming back to this and saying maybe these people kind of are all in the same bucket, and they need to be treated in the same way.

So I wouldn't be surprised if you saw some more clarification on that and someone like a Guy Kawasaki, being held to the same standards as, as a mommy or daddy bloggers. I don't think that you're going to see, that type of special treatment for those people

moving into the future. I could be wrong, but based on the conversations that I've had, I think that you're going to see a more level playing field.

In terms of what constitutes a blog versus, a regular site or what type of upstage or content is the FTC looking at. I think that they're looking at more conversational platforms that are laid out in a fashion that you would kind of expect that to be the voice of the individual rather than the voice of a corporation.

And I don't know. To be honest, there's a lot of gray area there, which is going to be kind of hard to really regulate, to enforce. I think that what we came back to at the end of the day from our discussions is look, if you have any, potential thought that there might be a conflict or that there may be confusion from the consumer standpoint as to what is compensated and what is not compensated, disclose it. And don't try to get cute about it.

One of the things that we were also talking about is, one of these things that the P.R. companies like to do is they'll go out and they'll get twenty bloggers together, and they'll take them on a trip, or they'll have an experience or they'll give them a product. Then they'll say you know what? That wasn't paid. We didn't even ask those people to blog about us. And every single one of those people goes and blogs about it, because the reason that they're there is that they're bloggers.

And I don't think that that type of stuff is going to fly in the future. If they get the product and you just happen to blog about it, and they don't blog about it, great. They don't have to disclose anything. If they get the free product then they blog about it, well then they need to disclose.

*Dwight Zahringer:* Michael, you want to chime in?

*Michael Gray:* I actually agree with Ted. I think that disclosing is a good idea. You know, if someone just gives you something for free, you should definitely say that hey, this company gave me this particular product for free, if you were paid in any way. For example you were just paid to do the review – not paid to say a positive or negative way, they're just buying your time – definitely disclose the same thing.

It depends on what sort of volume you're doing. If you maybe do one a year, or one every two years, do you need to have a big fancy disclosure policy? Probably not. But if you're doing reviews as a

regular sort of course, you should probably have something a lot more official and make sure that you're kind of covering yourself legally.

*Dwight Zahringer:*

It's kind of like talking about someone that's long established, like Donald Trump. Is this someone that – the FTC will go after, is this a good or bad thing? Are these the ones that should be imposing these types of regulations? How can this really be controlled and mandated, and does this open up an avenue as the government or some very, very large big brothers starting to creep down on us online where we have, very open impersonal and social networks, etc.

*Michael Gray:*

I don't think they're trying to squelch conversations or monitor things. I think their goal is to try and prevent people from saying deceptive or misleading things. We've all seen T.V. when you watch certain commercials and they look just sort of like editorial content, like news content, and you'll see, up in tiny little print in one of the corners, it'll say this is an advertisement. But there are people who are getting tricked by that, and they're calling that number and, they're refinancing their house, and paying some astronomical rate. And I think that's really what they're trying to do is get rid of the people who are trying to be slick or trying to be deceptive. They're not trying to get away with you went to an amusement park and had a good time the other day kind of deal.

*Ted Murphy:*

I would technically agree with that in a high level. I would say to, I don't think that there's a way for them to possibly monitor all the stuff. I would say that it's more about creating a framework and getting some guidance as to people that are engaging in these things to say look, you need to play by the rules and if you don't play by the rules you're putting yourself at risk. Hopefully that potential threat of legal action is enough for people to do things right and to be fully transparent - disclose when there's some sort of value exchange between an advertiser and a blogger or tweeter or whatever it may be.

*Dwight Zahringer:*

So almost kind of like in effect of W3C standards. This is something that bloggers or the community should start to see and accept, and kind of want to come to follow as far as a guideline where you have open standards with web. Something along those lines?

*Ted Murphy:*

I would say something along those lines. You know, also like you know, a privacy policy. I think that that's a great tool that has kind of come up because people have been, self regulating to some

extent. I think that the FTC is kind of being a little bit more active in this because they haven't seen the type of self regulation that they wanted to, but privacy policies are something that, people adopt and adhere to as kind of just a course of having a website. I think you'll see that with disclosure policies, with blogs.

We started DisclosurePolicy.org in 2006 and you're just now starting to see more people adopt disclosure policies as a standard rule. But I think that it's also going to be up to the brands and the agencies to really create their own standards and enforce those standards. So for us, from the social part, we require a disclosure badge in every post that's done, and we audit that with software.

*Dwight Zahringer:* That's good.

*Ted Murphy:* So we know that we can come back and advertise there and say look, here's your disclosure audit. If the FTC wants to investigate you, here's what you go back with.

*Dwight Zahringer:* Good, good. Yeah. That's good, and that's something that's good for an agency or someone that's investing some big money in doing something like that online. To know the fact that they're being protected of a lot of things they don't even know they should be protected about so to speak.

So what I'm hearing also, too, is this might be something in regards to like what happened with Napster where it came out. You have Metallica talking about don't steal my music, and everybody else talking about ripping music and programs, and then we just go at select individuals that become to be the big perpetrators of the crime.

*Michael Gray:* I don't know that they necessarily helped their own cause there by going after people, because ultimately the people are the ones that you want to buy music, and, and there's some questionable tactics in there. Like them suing grandmothers and suing dead people, , and all sorts of crazy stuff. So I don't know that I would necessarily hold that up as a model for anyone to follow.

*Dwight Zahringer:* Well then, I guess would it be – I guess something in the future. I mean, Michael, would it be someone you would be a target, or would it be more of a Guy Kawasaki that's going to be a target, or someone more like myself?

*Michael Gray:* I really think the FTC is looking for people who are making misleading claims. Now whether you know, having read

Kawasaki's cover review, I believe that he actually drove the cars, he likes most of them. You know, again he said in there, he said listen, I have a bunch of kids and I'm a family person. This is not the right car for me, but if you are this – if this is not your case, then you should definitely look at it, and I think that's a genuine thing. So I don't think his reviews were lies in any case, and I don't want to go on record as saying that, but I think that's really what the FTC is trying to get people to come up – to stop. You know, hey, I love this product. It was great. You should buy, too. You know, without ever even opening the box.

*Dwight Zahringer:* Two more quick questions. If you think that this being as an aspect of social media in a lot of ways, too – because again, we're talking about some small tweets. With a lot of different software programs, if I'm tweeting something on my iPhone, I can also make sure it writes to my Facebook. If I'm doing some of my blogs, I can write to my Facebook and to my tweet in different ways. It might be small controlled messages, but they may be sponsored in a certain aspect, too.

I know there's some new platforms that I've also started, too. I don't think anybody has been too successful in selling tweets on a large scale basis. But do you think that now if some of these start to get controlled and regulated, and they have disclosure to them, is that going to encourage or discourage more businesses to get involved? And encourage or discourage more people to shy away from those because they're more made for business and they don't have the realistic feeling and the naturalism to them.

*Michael Gray:* I've seen people who are able to convert tweets into money. I haven't seen people who have been able to do it from a sponsored way. It just almost always looked disingenuous. You know, sort of like you're holding someone's brand of toothpaste and smiling awkwardly kind of deal.

*Dwight Zahringer:* Yeah.

*Michael Gray:* And I don't think that really works. But I have seen people who have been able to tweet out commercials and convert them into sales. So it depends on how the tweet is done, and if the people who are reading the tweet believe that it's a genuine message.

*Ted Murphy:* I think that that's key to it. I don't know – in fairness of transparency and disclosing on my own behalf, we're getting ready to launch a platform called Sponsored Tweets very shortly, and we've actually done quite a few sponsored tweets, and some of

those actually we're going to have celebrities in the platform. We've already done some of those tweets on their behalf as part of the data program. And we require disclosure in all the tweets. It's part of the process. They have to disclose in order to be able to permit the tweet.

*Dwight Zahringer:* How many characters is that tweet? How many characters is that disclosure?

*Ted Murphy:* It can be as simple as brought to you by, sponsored by - something as simple as saying advertisement. We provide a couple different options for them, depending on what the tone is of the tweet itself. But it has to include one of those phrases, and from the tweet that we've done, we've actually seen some pretty remarkable performance.

And on the high end, you know, the celebrity tweeters are literally making thousands of dollars for a single tweet.

*Dwight Zahringer:* Wow. That's great. Is that something that's going to be agency only, or is that going to be open to the public?

*Ted Murphy:* It's going to be open to the public.

*Dwight Zahringer:* What is this launching? Data right now I'm assuming.

*Ted Murphy:* Actually I'll send you guys a tweet. We've got a special invite on the twenty-seventh where I'm going to review the whole system and it'll be launching shortly after that.

*Dwight Zahringer:* Okay. Michael? I guess what I was kind of looking for is, does it end up coming to a point of creating a Facebook group? A lot of people are starting to utilize Facebook and some other networks to build a following, to put affiliates inside of there, to recommend a product. Some way that they're trying to monetize in a lot of different ways for a cause, coming down to money. And we've seen this also from an agency standpoint of view as well.

Is these types of regulations, again is that going to discourage people from starting to use some of these? Is it really going to clearly identify? Is it going to maybe hurt the power of some of those things as well? It's kind of like an infomercial.

*Michael Gray:* I don't think affiliate marketing is necessarily a bad idea. I think it just kind of depends on how you do it. Recently I saw a series of twitter accounts. Basically they're all – I forgot how the name of

it, but it was discounts from LAX. What the person would do is they'd go through all their travel affiliate links, look for sales coming to and from Los Angeles airport, and if you happened to be near the Los Angeles airport and you could travel at a moment's notice, you could subscribe to this thing and you get a lot of really, really good deals. So there's a value add there for some people.

So I don't think that necessarily affiliated marketing and these things are necessarily bad. You've just got to kind of not trick people into following you and then throwing things out there that are inappropriate. In other words, that don't match what the people are looking for.

*Dwight Zahringer:* Okay. So in summary —

*Ted Murphy:* I agree with that.

*Dwight Zahringer:* So I guess in summary, you guys are both saying that these are some good guidelines? It's going to be interesting to see how these are going to be imposed, and followed. And how people are going to potentially suffer some consequences for doing these things. I guess as a last tip here, too, do you see any – you two, and I guess more towards Michael, as Google or Matt using this more as a backbone some his arguments moving forward?

*Michael Gray:* Let's just say Matt is sometimes creative in his explanations, and you know, he kind of says the FTC suggested a ruling, and that doesn't necessarily mean anything. There's no backbone behind that. But it sounds really impressive when you're on stage and you can say the FTC suggested that you do this, but it's not an actual policy that you have to follow.

He can scare away a lot of people just because he is Matt Cutts and he can get away with that. So you've got to kind of listen to what it is he's actually saying and pay attention to the wording. Because sometimes there's a – he takes advantage of the situation.

*Dwight Zahringer:* Good. Perfect. Any last comments, Ted?

*Ted Murphy:* No. I don't think so. I mean, at the end of the day I think that disclosure and transparency is great for social media. I think it's going to further legitimize the space. I'm kind of looking forward to a day where everybody's playing by the same rules. You know, because right now the majority of people aren't really playing by any rules. And so that makes it difficult for people who are playing by the rules to compete in some circumstances.

*Dwight Zahringer:* Great. So in summary I guess what I'm kind of hearing too, is that everybody is kind of feeling that this may start to provide some guidelines for a lot of people to go by. This transparency disclosure is going to allow things to be a lot more crystal clear. It's going to allow everybody to be a little bit more honest and put on a happy face, and the ones that are being deceptive are really going to stand out from the rest of the bunch.

As for business, hopefully that we're going to see a lot of our clients and a lot of businesses out there embrace this as well, and be able to work with this transparency as far as full disclosure on products, and people are going to be able to accept them for what they are and really make their own decisions and do their research online.

Again, I want to thank both of you for joining us. Ted Murphy of IZEA, and Michael Gray of Graywolf and Atlas Web Services, and you guys will be able to go ahead and get a transcript of this, and listen to the podcast over at TMProd.com.

Thanks again, guys. I appreciate your time, and your input, and good luck.

*Ted Murphy:* Thank you.

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