

FEDERAL TRADE COMMISSION

July 11-12, 2007

**S** **PAM**

**SUMMIT**

THE NEXT GENERATION OF THREATS AND SOLUTIONS

# July 11, 2007

## Introduction

# July 11, 2007

## Opening Remarks by Chairman Deborah Platt Majoras

# Defining the Problem

## Moderator:

Brian Huseman, Chief of Staff,  
*Federal Trade Commission*

- Earlier findings indicated that most spam was fraudulent, deceptive, and offensive. How has the nature of spam shifted? Is spam now being used for malicious and criminal purposes? Is this spam reaching consumers' inboxes or being filtered by Internet service providers' filtering software?

# Defining the Problem

- **Susannah Fox**, Associate Director, Pew Internet & American Life Project
- **Thomas X. Grasso, Jr.**, Supervisory Special Agent, Federal Bureau of Investigation (FBI)
- **J. Trevor Hughes**, Executive Director, Email Sender & Provider Coalition (ESPC)
- **Scott Richter**, Chief Executive Officer, Media Breakaway, LLC
- **Charles E. Stiles**, Chairman, Messaging Anti-Abuse Working Group (MAAWG)

# Susannah Fox

- Associate Director, *Pew Internet & American Life Project*

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# Thomas X. Grasso, Jr.

- Supervisory Special Agent, *Federal Bureau of Investigation*

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# J. Trevor Hughes

- Executive Director, *Email Sender & Provider Coalition (ESPC)*



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# The “Post-Regulatory” Landscape

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J. Trevor Hughes, Executive Director



# Overview

- The CAN-SPAM Effect
- Technology and Consumer Choice
- The Evolution of Industry Best Practices
- Differentiation

# The CAN-SPAM Effect

- Guidelines in place
- FTC and AG enforcement
- Impact on legitimate marketplace: substantial
- Impact on fraudsters and crooks: negligible

# The CAN-SPAM Effect

- At the end of the day:

CAN-SPAM is achieving all that it should have been expected to achieve, by helping regulate the behavior of legitimate actors

CAN-SPAM compliance serves as one basis for differentiating between legitimate and illegitimate actors



# Technology & Consumer Choice

- Some of the most promising alternatives are technological
- Empower consumer management of inboxes
- More buttons, not less

# Technology & Consumer Choice

- The positive: preserves the ecosystem by allowing consumers to benefit from eCommerce and wanted marketing communications while avoiding (or labeling) what is unwanted
- The challenge: places the bulk of responsibility on ISPs to manage the flow of *all* types of email communications

# Technology & Consumer Choice

- At the end of the day:

Future efforts must be focused on harmonizing criteria among ISPs

ISPs should continue to expand the range of filtering and inbox management tools available to consumers



# Evolution of Industry Best Practices

- Authentication
  - <http://espcoalition.org/eaps.php>
- Permission-based marketing
  - [http://espcoalition.org/ESPC\\_Best\\_Practices\\_Guide\\_FINAL.pdf](http://espcoalition.org/ESPC_Best_Practices_Guide_FINAL.pdf)
- Deliverability
  - <http://espcoalition.org/erps.php>

# Evolution of Industry Best Practices

- The benefits: greater transparency, efficiency, and consumer satisfaction
- Some challenges:
  - More senders should be authenticating
  - More ISPs must consider authentication in filtering criteria
  - Best practices should result in better deliverability, but consistency across ISPs has been an Achilles' heel

# Differentiation

- Two classes of spam:
  - Malicious email (phishing, etc.)
  - Other email that is not malicious but fails to conform to CAN-SPAM and industry best practices
- One class of legitimate commercial email
  - Complies with CAN-SPAM
  - Follows industry best practices, including consistent sending behavior

# Differentiation

- Focus on the distinctions between fraudulent mail and legitimate mail:
  - Spammers' sending behavior has changed in observable ways over time
  - CAN-SPAM compliance
  - Authentication
  - Other best practices, including consistency

**Info <at>  
espcoalition.org**

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# Scott Richter

- Chief Executive Officer, *Media Breakaway, LLC*



# Challenges Facing Legitimate Email Marketers



Presented by:

Scott Richter

CEO

Media Breakaway, LLC



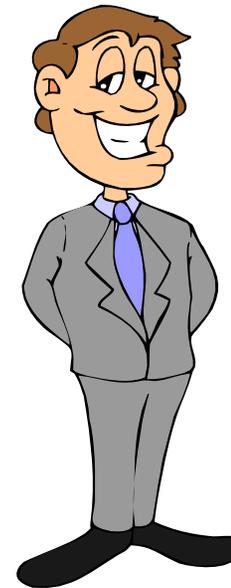
# Challenges Facing Legitimate Email Marketers

## Introduction

- Malicious and/or unsolicited email versus legitimate marketing messages



**VS.**





# Challenges Facing Legitimate Email Marketers

## A Legitimate Email Marketers' 3 Biggest Challenges:

- Deliverability
- Suppression Lists
- Consumer Education





# Challenges Facing Legitimate Email Marketers

Deliverability – Following the rules and still being blocked

- Filtering Systems
  - Automated systems
  - Legitimate messages getting blocked





# Challenges Facing Legitimate Email Marketers

## Suppression Lists – Effects on Legitimate Mailers since Can Spam Act

- Growth of file size of unsub lists
- Smaller companies cannot comply because of resources required





# Challenges Facing Legitimate Email Marketers

Consumer Education – Sometimes you get what you asked for



- Not all email identified as spam is unsolicited
  - Consumers don't always remember email offers they opted in to receive
  - The older the email address, the more likely they are to forget



# Challenges Facing Legitimate Email Marketers

Consumer Education – Sometimes you get what you asked for



- Read the Agreement:
  - Few consumers actually read the Privacy Policy every time they register on a website or subscribe to a newsletter
  - Often, consumers may not be aware they are also opting in to receive email messages



# Challenges Facing Legitimate Email Marketers

## Summary

- Filtering often blocks legitimate emails (permission obtained)
- Ever growing suppression lists become difficult to manage
- Consumers identify permission email as spam



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# Charles E. Stiles

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# BREAK

Morning Break: 10:45 AM to 11:00 AM