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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To prohibit online platforms from displaying fraudulent or deceptive commercial advertisements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. MEUSER introduced the following bill; which was referred to the Committee on _____

A BILL

To prohibit online platforms from displaying fraudulent or deceptive commercial advertisements, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Safeguarding Con-
5 sumers from Advertising Misconduct Act” or the “SCAM
6 Act”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

1 (1) Online platforms have become a primary
2 conduit for online scams or other digital advertising-
3 related fraud, including fake giveaways, animal
4 sales, deal advertisements tied to nonexistent prod-
5 ucts, government impersonations, romance scams,
6 health scams, and impersonations using AI-cloned
7 voices and stolen images targeting legitimate busi-
8 nesses.

9 (2) According to data reported by the Federal
10 Trade Commission, social media platforms are a pri-
11 mary contact method to initiate scams, with individ-
12 uals ages 20 to 29 reporting social media was the
13 contact method more than 38 percent of the time,
14 and for individuals ages 18 to 19, that figure was
15 47 percent.

16 (3) According to the Commission, the estimated
17 overall loss from fraud in 2024, adjusted to account
18 for underreporting, was \$195,900,000,000, with an
19 estimated \$81,500,000,000 lost by older adults.

20 (4) According to the AARP, consumers filed
21 2,600,000 fraud reports in 2023, with a median in-
22 dividual loss of \$500. Nearly 100,000 consumers re-
23 ported losses of \$10,000 or more.

1 (5) Some online platforms have abandoned
2 tighter advertiser verification processes to avoid driv-
3 ing away profits from advertisers.

4 (6) Section 230 of the Communications Act of
5 1934 (47 U.S.C. 230) was enacted to protect online
6 platforms acting as “Good Samaritans” by shielding
7 such platforms from being treated as publishers of
8 user content, while encouraging such platforms to
9 block or screen offensive content.

10 (7) Courts have interpreted Section 230 too
11 broadly, granting sweeping immunity even to online
12 platforms alleged to facilitate unlawful or harmful
13 activity and including online activities that did not
14 exist in 1996—an outcome contrary to Congress’s
15 original intent.

16 (8) According to the Federal Trade Commis-
17 sion’s consumer alert titled “Top scams of 2024”
18 (March 10, 2025), “People reported losing money
19 more often when contacted through social media.
20 Most people (70 percent) reported a loss when con-
21 tacted on a social media platform—and lost more
22 money overall.” The Commission issued broad infor-
23 mation requests to online platforms using the Com-
24 mission’s authority under section 6(b) of the Federal
25 Trade Commission Act (15 U.S.C. 46(b)) in order to

1 assess paid advertisement screening practices, citing
2 the surge in scam ads.

3 (9) Online platforms' inconsistent and optional
4 efforts to mitigate the rise in scams have failed,
5 leading to a consumer confidence crisis across digital
6 financial systems.

7 **SEC. 3. PROHIBITION ON DIGITAL ADVERTISING-RELATED**
8 **FRAUD.**

9 (a) IN GENERAL.—It shall be unlawful for an online
10 platform to display a fraudulent or deceptive commercial
11 advertisement on such platform if the online platform—

12 (1) accepted payment to display such advertise-
13 ment; and

14 (2) failed to take reasonable steps (as described
15 in subsection (b)) to prevent the fraudulent or de-
16 ceptive commercial advertisement from being made
17 available.

18 (b) ADDITIONAL REQUIREMENTS FOR ONLINE PLAT-
19 FORMS.—

20 (1) REQUIRED PROCEDURES.—An online plat-
21 form that accepts payment, or any other form of
22 compensation, to display an advertisement shall es-
23 tablish and implement procedures to require the fol-
24 lowing:

1 (A) Procedures to verify the identity of
2 each advertiser prior to the placement of a paid
3 advertisement, including—

4 (i) verification of the legal name and
5 physical location of the advertiser;

6 (ii) verification of a valid and current
7 government-issued identification of the ad-
8 vertiser, or, in the case of a business enti-
9 ty, documentation establishing the legal ex-
10 istence of the entity and the relation of the
11 purchaser to the entity;

12 (iii) collection of contact information
13 for the advertiser sufficient to allow follow
14 up by the online platform or the Commis-
15 sion; and

16 (iv) reasonable measures to prevent
17 circumvention of such verification require-
18 ments through the use of any false, stolen,
19 or synthetic identity.

20 (B) An active impersonation detection and
21 mitigation program.

22 (C) Automated and manual fraudulent and
23 deceptive commercial advertisement detection
24 systems.

1 (D) A clear and conspicuous tool for users
2 to report suspected fraudulent or deceptive
3 commercial advertisements.

4 (2) INVESTIGATION OF FRAUDULENT OR DE-
5 CEPTIVE COMMERCIAL ADVERTISEMENTS.—

6 (A) IN GENERAL.—If a person (including a
7 government entity) reports a fraudulent or de-
8 ceptive commercial advertisement or the detec-
9 tion system of an online platform identifies a
10 fraudulent or deceptive commercial advertise-
11 ment, the online platform shall—

12 (i) not later than 72 hours after the
13 submission of such report or receiving such
14 identification, conduct an investigation of
15 such advertisement; and

16 (ii) not later than 24 hours after con-
17 cluding the investigation, if applicable, no-
18 tify the person of the outcome of such in-
19 vestigation.

20 (B) REMOVAL.—

21 (i) AFTER INVESTIGATION.—If, after
22 conducting an investigation under subpara-
23 graph (A), an online platform determines
24 that an advertisement violates the require-
25 ments of this Act, such online platform

1 shall, not later than 24 hours after making
2 such determination, remove the advertise-
3 ment from the platform.

4 (ii) DURING INVESTIGATION.—Noth-
5 ing in this subparagraph shall preclude an
6 online platform from removing an adver-
7 tisement prior to the conclusion of an in-
8 vestigation under subparagraph (A), as de-
9 termined appropriate by the online plat-
10 form.

11 (3) PRESUMED COMPLIANCE.—

12 (A) IN GENERAL.—For purposes of sub-
13 section (a), an online platform shall be pre-
14 sumed to have taken reasonable steps to pre-
15 vent a fraudulent or deceptive commercial ad-
16 vertisement from being made available if the
17 online platform—

18 (i) submits to the Commission a
19 fraudulent and deceptive commercial ad-
20 vertisement detection program that incor-
21 porates the procedures described in para-
22 graph (1), and the Commission approves
23 such program; and

24 (ii) demonstrates compliance with,
25 and active enforcement of, the program de-

1 scribed in clause (i), including by dem-
2 onstrating that the online platform pro-
3 vides adequate resources for the program.

4 (B) RULE OF CONSTRUCTION.—Nothing in
5 this paragraph shall be construed to create a
6 presumption of compliance in any individual en-
7 forcement action in which the Commission de-
8 termines or establishes that the online platform
9 did not comply with its fraudulent and decep-
10 tive commercial advertisement detection pro-
11 gram.

12 (c) REGULATIONS.—

13 (1) IN GENERAL.—Not later than 1 year after
14 the date of enactment of this section, the Commis-
15 sion shall promulgate regulations in accordance with
16 section 553 of title 5, United States Code, to imple-
17 ment this section.

18 (2) UPDATES.—The Commission shall review
19 the regulations promulgated under paragraph (1) on
20 an annual basis and revise such regulations as ap-
21 propriate.

22 (d) ENFORCEMENT BY THE COMMISSION.—

23 (1) UNFAIR OR DECEPTIVE ACTS OR PRAC-
24 TICES.—A violation of this Act or a regulation pro-
25 mulgated under this Act shall be treated as a viola-

1 tion of a rule defining an unfair or deceptive act or
2 practice prescribed under section 18(a)(1)(B) of the
3 Federal Trade Commission Act (15 U.S.C.
4 57a(a)(1)(B)).

5 (2) POWERS OF THE COMMISSION.—

6 (A) IN GENERAL.—The Commission shall
7 enforce this Act and any regulation promul-
8 gated under this Act in the same manner, by
9 the same means, and with the same jurisdic-
10 tion, powers, and duties as though all applicable
11 terms and provisions of the Federal Trade
12 Commission Act (15 U.S.C. 41 et seq.) were in-
13 corporated into and made a part of this Act.

14 (B) PRIVILEGES AND IMMUNITIES.—Any
15 person who violates this Act or any regulation
16 promulgated under this Act shall be subject to
17 the penalties and entitled to the privileges and
18 immunities provided in the Federal Trade Com-
19 mission Act (15 U.S.C. 41 et seq.).

20 (C) AUTHORITY PRESERVED.—Nothing in
21 this Act shall be construed to limit the author-
22 ity of the Commission under any other provi-
23 sion of law.

24 (e) ENFORCEMENT BY STATES.—

1 (1) AUTHORIZATION.—In any case in which the
2 attorney general of a State has reason to believe
3 that an interest of the residents of the State has
4 been or is threatened or adversely affected by the
5 engagement of any person in an act or practice that
6 violates subsection (a) or (b), the attorney general of
7 the State may, as *parens patriae*, bring a civil action
8 on behalf of the residents of the State in a district
9 court of the United States of appropriate jurisdic-
10 tion to—

11 (A) enjoin such act or practice;

12 (B) enforce compliance with subsection (a)
13 or (b);

14 (C) obtain damages, restitution, or other
15 compensation on behalf of residents of the
16 State; or

17 (D) obtain such other relief as the court
18 may consider to be appropriate.

19 (2) RIGHTS OF THE COMMISSION.—

20 (A) NOTICE TO THE COMMISSION.—

21 (i) IN GENERAL.—Except as provided
22 in clause (iii), before initiating a civil ac-
23 tion under paragraph (1), the attorney
24 general of a State shall notify the Commis-

1 sion in writing that the attorney general
2 intends to bring such civil action.

3 (ii) CONTENTS.—The notification re-
4 quired by clause (i) shall include a copy of
5 the complaint to be filed to initiate the
6 civil action.

7 (iii) EXCEPTION.—If it is not feasible
8 for the attorney general of a State to pro-
9 vide the notification required by clause (i)
10 before initiating a civil action under para-
11 graph (1), the attorney general shall notify
12 the Commission immediately upon insti-
13 tuting the civil action.

14 (B) INTERVENTION BY THE COMMIS-
15 SION.—Upon receiving the notice required by
16 subparagraph (A)(i), the Commission may in-
17 tervene in the civil action and, upon inter-
18 vening—

19 (i) be heard on all matters arising in
20 the civil action; and

21 (ii) file petitions for appeal of a deci-
22 sion in the civil action.

23 (3) INVESTIGATORY POWERS.—Nothing in this
24 subsection may be construed to prevent the attorney
25 general of a State from exercising the powers con-

1 ferred on the attorney general by the laws of the
2 State to conduct investigations, to administer oaths
3 or affirmations, or to compel the attendance of wit-
4 nesses or the production of documentary or other
5 evidence.

6 (4) PREEMPTIVE ACTION BY THE COMMIS-
7 SION.—If the Commission has instituted a civil ac-
8 tion for a violation of subsection (a) or (b), no State
9 officer may bring an action under paragraph (1)
10 during the pendency of that action against any de-
11 fendant named in the complaint of the Commission
12 for any violation of subsection (a) or (b) alleged in
13 the complaint.

14 (5) VENUE; SERVICE OF PROCESS.—

15 (A) VENUE.—Any action brought under
16 paragraph (1) may be brought in the district
17 court of the United States that meets applicable
18 requirements relating to venue under section
19 1391 of title 28, United States Code.

20 (B) SERVICE OF PROCESS.—In an action
21 brought under paragraph (1), process may be
22 served in any district in which the defendant—

23 (i) is an inhabitant; or

24 (ii) may be found.

25 (f) PRIVATE RIGHT OF ACTION.—

1 (1) IN GENERAL.—A person who has been in-
2 jured by another person in violation of subsection
3 (a) or (b) may bring a civil action against such per-
4 son in an appropriate district court of the United
5 States—

6 (A) seeking injunctive relief;

7 (B) subject to paragraph (2), to obtain ac-
8 tual damages; and

9 (C) to obtain, for each violation, any other
10 restitution, penalties, and other legal or equi-
11 table relief as the court may deem just and
12 proper.

13 (2) WILLFUL OR KNOWING VIOLATIONS.—If the
14 court finds that the defendant acted willfully or
15 knowingly in committing a violation described in
16 paragraph (1), the court may, in its discretion, in-
17 crease the amount of the award to an amount equal
18 to not more than 3 times the amount available
19 under paragraph (1)(B).

20 (3) COSTS AND ATTORNEY'S FEES.—The court
21 shall award to a prevailing plaintiff in an action
22 under this subsection the litigation costs of such ac-
23 tion and reasonable attorney's fees, as determined
24 by the court.

1 (4) LIMITATION.—An action may be com-
2 menced under this subsection not later than 5 years
3 after the date on which the person first discovered
4 or had a reasonable opportunity to discover the vio-
5 lation.

6 (5) NONEXCLUSIVE REMEDY.—Bringing a civil
7 action under this subsection shall be in addition to
8 any other remedy available to the person bringing
9 such civil action.

10 (g) RELATIONSHIP TO OTHER LAWS.—

11 (1) EFFECT OF OTHER LAWS.—

12 (A) APPLICATION OF SECTION 230(C)(1).—
13 Section 230(c)(1) of the Communications Act of
14 1934 (47 U.S.C. 230(c)(1)) shall not apply to
15 any violation of this section.

16 (B) APPLICATION OF SECTION 230(C)(2).—
17 Nothing in this Act shall be construed to limit
18 or affect the civil liability protections under sec-
19 tion 230(c)(2) of the Communications Act of
20 1934 (47 U.S.C. 230(c)(2)).

21 (2) EFFECT ON STATE LAWS.—Nothing in this
22 section or any regulation promulgated under this
23 section shall preempt or otherwise affect any State
24 or local law.

1 (3) SEVERABILITY.—If any provision of this
2 section, or the application thereof to any person or
3 circumstance, is held invalid, the remainder of this
4 section and the application of such provision to other
5 persons not similarly situated or to other cir-
6 cumstances shall not be affected by the invalidation.

7 **SEC. 4. REGULATORY REPORT ON ONLINE SCAMS AND PO-**
8 **TENTIAL FOR ADDITIONAL RULEMAKING.**

9 (a) REPORT REQUIRED.—Not later than 9 months
10 after the date of enactment of this section, the Commis-
11 sion, in consultation with other Federal agencies, shall
12 submit to the Committee on Banking, Housing, and
13 Urban Affairs of the Senate and the Committee on Finan-
14 cial Services of the House of Representatives a report as-
15 sessing whether additional statutory authority is needed
16 to prevent the proliferation of online scams involving fi-
17 nancial transactions.

18 (b) CONTENTS.—The report required under sub-
19 section (a) shall include—

20 (1) an assessment of any regulatory gaps that
21 allow online scams involving fraudulent advertise-
22 ments or digital payment fraud to persist;

23 (2) an analysis of whether improved informa-
24 tion-sharing mechanisms between online platforms,

1 financial institutions, and regulators could reduce
2 consumer losses; and

3 (3) recommendations for such legislation and
4 administrative action required to strengthen over-
5 sight of online platforms or intermediaries facili-
6 tating scam-related payments.

7 **SEC. 5. DEFINITIONS.**

8 For purposes of this Act:

9 (1) COMMISSION.—The term “Commission”
10 means the Federal Trade Commission.

11 (2) DECEPTIVE.—The term “deceptive”—

12 (A) has the meaning given the term in sec-
13 tion 5 of the Federal Trade Commission Act
14 (15 U.S.C. 45);

15 (B) shall be interpreted consistent with
16 any guidance of the Commission or precedent of
17 Federal courts applying such section; and

18 (C) for purposes of this Act, is limited to
19 material misrepresentations, omissions, or prac-
20 tices that are likely to cause financial harm to
21 a consumer.

22 (3) ONLINE PLATFORM.—The term “online
23 platform” means any public-facing website, online
24 service, online application, or mobile application that
25 predominantly provides a community forum for user-

1 generated content, such as sharing videos, images,
2 games, audio files, or other content, including a so-
3 cial media service, social network, or virtual reality
4 environment.