STATE OF NEW YORK

11066

IN ASSEMBLY

April 24, 2026

Introduced by M. of A. VANEL -- read once and referred to the Committee on Consumer Affairs and Protection

AN ACT to amend the general business law, in relation to requiring social-media platforms to prevent, detect, and remove fraudulent advertisements

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative findings and purpose. The legislature finds that fraudulent advertisements for products, services, applications, investments, health claims, and other commercial offerings have proliferated on social-media platforms accessible to New York residents.

Consumers including seniors, minors, persons with limited technological literacy, and financially vulnerable individuals have suffered substantial monetary loss and harms due to deceptive or fraudulent advertisements that were not adequately screened by advertising platforms.

While existing law, including section 349 of the general business law, prohibits deceptive acts and practices, such provisions do not expressly require digital platforms to vet advertisers, verify legitimacy, or maintain reasonable fraud-prevention systems before publishing advertisements.

Social-media platforms operate as major advertising channels and derive substantial revenue from paid commercial content. As such, they play a material role in the dissemination of fraudulent ads and must bear responsibility for preventing foreseeable consumer harm.

It is the public policy of the state of New York to ensure social-media platforms (a) verify advertiser identities; (b) review advertisements prior to publication; (c) remove or disable fraudulent advertisements; (d) maintain records of vetting activities; and (e) report such activities to the state.

Accordingly, this act establishes clear and enforceable obligations to protect New York consumers from fraudulent ads.

§ 2. The general business law is amended by adding a new article 33-C to read as follows:

EXPLANATION--Matter in ***italics*** (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD14178-01-5

ARTICLE 33-C
FRAUDULENT SOCIAL-MEDIA ADVERTISING PREVENTION ACT

§ 699-a. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Platform" means any online website, social-media service, mobile application, or digital advertising network that displays third-party paid advertisements to users located in New York, regardless of the platform's principal place of business.

2. "Advertisement" or "ad" means any paid message, sponsored content, promotional post, or commercial communication disseminated on a platform for the purpose of marketing, selling, promoting, or inducing the purchase or download of any product, service, application, or commercial opportunity.

3. "Advertiser" means any person, business, or entity that pays for or causes an advertisement to be displayed on a platform.

4. "Fraudulent advertisement" means any advertisement that:

(a) materially misrepresents, or is likely to mislead a reasonable consumer as to, the nature, quality, price, terms, or characteristics of the promoted good, service, or opportunity;

(b) promotes counterfeit, non-existent, or illicit goods or services;

(c) makes false or unsubstantiated claims; or

(d) links to, or directs consumers to, fraudulent, phishing, deceptive, or materially misrepresentative applications, websites, or services.

5. "Vetting process" means written, reasonable, good-faith procedures a platform uses to review advertisers and advertisements, including identity verification, content screening, risk-flagging systems, landing-page inspection, and complaint monitoring.

§ 699-b. Platform obligations. 1. Platforms shall verify advertiser identity prior to publishing any advertisement. Verification shall include, but not be limited to:

(a) legal name;

(b) valid physical or business address;

(c) government-issued identification for individuals; and

(d) business registration, tax identification, or equivalent documentation for entities.

2. Platforms shall maintain a reasonable vetting process to review each advertisement before publication, including, but not be limited to:

(a) screening ad content for fraudulent, misleading, or high-risk claims;

(b) reviewing the landing page, app store listing, website, or external content linked in the advertisement;

(c) comparing advertiser statements to the actual product or service to ensure consistency; and

(d) using automated and/or manual review systems designed to detect fraudulent behavior patterns.

3. (a) Platforms shall maintain mechanisms to allow users and the attorney general to report suspected fraudulent advertisements.

(b) Platforms shall remove or disable any advertisement that is reasonably suspected to be fraudulent.

(c) Platforms shall promptly remove fraudulent advertisements upon receiving credible notice or evidence of fraud.

4. Platforms shall maintain, for not less than five years:

(a) all verification information collected from advertisers;

(b) all advertisements reviewed, including logs indicating approval, rejection, or removal;

(c) consumer or law-enforcement reports regarding fraudulent ads; and

(d) actions taken in response to such reports.

§ 699-c. Reporting requirements. 1. Each platform shall file a quarterly report with the attorney general containing:

(a) the total number of advertisements submitted for review;

(b) the number of rejected, suspended, or removed advertisements due to fraud or suspected fraud;

(c) the number of advertiser accounts suspended or banned due to fraudulent conduct;

(d) the number of user complaints or fraud reports received; and

(e) summary descriptions of improvements to fraud-prevention systems.

2. The attorney general shall publish an annual public summary of platform compliance and enforcement actions under this article.

§ 699-d. Enforcement; penalties; private right of action. 1. A violation of this article constitutes a deceptive act or practice under section three hundred forty-nine of this chapter.

2. The attorney general may bring an action to enjoin violations, obtain restitution, and seek civil penalties.

3. Civil penalties for violations of this article shall not exceed five thousand dollars per fraudulent advertisement, or ten thousand dollars per advertisement for willful, repeated, or reckless violations.

4. Any person injured by a platform's knowing or negligent failure to comply with this article may bring an action for actual damages, statutory damages, injunctive relief, and reasonable attorney's fees.

5. A platform that demonstrates it maintained and enforced a reasonable vetting process and acted promptly to remove fraudulent advertisements upon discovery may use such effort as a defense to civil penalties, but not to restitution owed to consumers.

§ 3. Severability. If any provision of this act or its application is adjudged to be invalid, such judgment shall not impair or invalidate the remaining provisions, which shall remain in full force and effect.

§ 4. This act shall take effect on the one hundred eightieth day after it shall have become a law.