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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Edith Ramirez, Chairwoman**
Julie Brill
Maureen K. Ohlhausen
Terrell McSweeny

In the Matter of	)	
	)	
LORD & TAYLOR, LLC,	)	**DOCKET NO.**
a limited liability company.	)	
	)	
	)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Lord & Taylor, LLC, a limited liability company ("Respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Lord & Taylor is a New York limited liability company with its principal office or place of business at 424 5th Avenue, New York, NY, 10018.

2. Respondent has manufactured, advertised, labeled, offered for sale, sold, and distributed women's, men's, and children's apparel, accessories, cosmetics, and other retail merchandise to consumers.

3. The acts and practices of Respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

Lord & Taylor's Design Lab Instagram Campaign

4. In the Fall of 2014, Respondent Lord & Taylor developed plans to promote its new Design Lab collection, a private label clothing line aimed at women ages 18-35. Respondent's Design Lab marketing plan included a comprehensive social media campaign ("product bomb") launched at the end of March 2015. The campaign was comprised of Lord & Taylor-branded blog posts, photos, video uploads, native advertising editorials in online fashion magazines, and use of a team of fashion influencers recruited for their fashion style and extensive base of followers on social media platforms, all focused on a single article of clothing, the Design Lab Paisley Asymmetrical Dress.

5. Lord & Taylor gifted the Paisley Asymmetrical Dress to 50 select fashion influencers who were paid, in amounts ranging from $1,000 to $4,000, to post on the social media platform Instagram one photo of themselves wearing the Design Lab dress during a specified timeframe during the weekend of March 27-28, 2015. While the influencers were given the freedom to style the dress in any way they saw fit, Lord & Taylor contractually obligated them to exclusively mention the company using the "@lordandtaylor" Instagram user designation and the campaign hashtag "#DesignLab" in the photo caption. The influencers also were required to tag their photos of the dress using the "@lordandtaylor" Instagram designation.

6. Although Lord & Taylor's Design Lab influencer contracts detailed the manner in which Respondent was to be mentioned in each Instagram posting, the contracts did not require the influencers to disclose in their postings that Respondent had compensated them, nor did Respondent otherwise obligate the influencers to disclose that they had been compensated.

7. In advance of the March 27-28, 2015 Design Lab debut, Respondent's representatives pre-approved each of the influencers' Instagram posts to ensure that the required campaign hashtag and the @lordandtaylor Instagram user designation were included in the photo captions. Respondent also made certain other stylistic edits to the influencers' proposed text. None of the Instagram posts presented to Respondent for pre-approval included a disclosure that the influencer had received the dress for free, that she had been compensated for the post, or that the post was a part of a Lord & Taylor advertising campaign. Respondent Lord & Taylor did not edit any of the 50 posts to add such disclosures. *See* Exhibit A (representative Design Lab Instagram posts from the weekend of March 27-28, 2015).

8. The Design Lab Instagram campaign reached 11.4 million individual Instagram users, resulted in 328,000 brand engagements with Lord & Taylor's own Instagram user handle (such as likes, comments, or re-postings), and the dress subsequently sold out.

9. Respondent's Design Lab debut also included strategic placement of Lord & Taylor-edited Instagram posts and an article in online fashion magazines. One such magazine was Nylon, a pop culture and fashion publication owned by Nylon Media, LLC, the company that represented the majority of the fashion influencers involved in Respondent's Design Lab Instagram campaign. Nylon posted a photo of the Paisley Asymmetrical Dress, along with a Lord & Taylor-edited caption, on its Instagram account during the product bomb weekend. *See* Exhibit B (Nylon.com Design Lab Instagram Post). Although paid for, reviewed, and pre-approved by Lord & Taylor, Nylon's Instagram post failed to disclose that Lord & Taylor had paid for the posting.

10. Nylon Magazine also ran an article about the Design Lab collection in its online magazine on March 31, 2015. Under the terms of its contract with Nylon Magazine, Lord & Taylor reviewed and pre-approved the paid-for Nylon Design Lab article, yet the article did not disclose or otherwise make clear this commercial arrangement. *See* Exhibit C (Nylon.com Design Lab magazine article).

COUNT I
Misrepresentations About the Design Lab Instagram Postings

11. Through the means described in Paragraphs 4 through 7, Respondent represented, directly or indirectly, expressly or by implication, that the 50 Instagram images and captions reflected the independent statements of impartial fashion influencers.

12. In fact, the 50 Instagram images and captions did not reflect the independent statements of impartial fashion influencers. Respondent's influencers specifically created the postings as part of an advertising campaign to promote sales of Respondent's Design Lab collection. Therefore, the representation set forth in Paragraph 11 is false or misleading.

COUNT II
Failure to Disclose Influencers' Material Connection to Lord & Taylor

13. Through the means described in Paragraphs 4 through 7, Respondent represented, directly or indirectly, expressly or by implication, that the 50 Instagram images and captions posted on March 27 and 28, 2015 about the Paisley Asymmetrical Dress reflected the opinions of individuals with expertise in new trends in fashion. In numerous instances, Respondent failed to disclose or disclose adequately that these individuals were paid endorsers for Respondent. These facts would be material to consumers in their decision to purchase the Paisley Asymmetrical Dress. The failure to disclose these facts, in light of the representation made, was and is, a deceptive practice.

COUNT III
Misrepresentations About the Nylon Instagram Post and the March 31, 2015 Nylon Magazine Article

14. Through the means described in Paragraphs 9 and 10, Respondent represented, directly or indirectly, expressly or by implication, that the article that appeared on the March 31, 2015 Nylon Magazine website and the Design Lab posting on Nylon's Instagram account, were independent statements and opinions regarding the launch of Respondent's Design Lab collection.

15. In fact, neither the Nylon Magazine article nor the Nylon Instagram post were independent statements or opinions regarding Respondent's Design Lab collection; they were paid commercial advertising. Therefore, the representation set forth in Paragraph 14 is false or misleading.

16. The acts and practices of Respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THEREFORE, the Federal Trade Commission this _____ day of _____, 2016, has issued this Complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: