

February 18, 2021

Submitted electronically to CommAsst@fppc.ca.gov

Richard C. Miadich, Chair California Fair Political Practices Commission 1102 Q Street, Suite 3000 Sacramento, CA 95811

Dear Chair Miadich and Members of the Task Force,

Campaign Legal Center ("CLC") respectfully submits these comments to the FPPC's Digital Transparency Task Force regarding agenda items for the Task Force's February 2021 meeting.

CLC is a nonpartisan, nonprofit organization that advances democracy through law at the federal, state, and local levels. Since its founding in 2002, CLC has participated in every major campaign finance case before the U.S. Supreme Court, and in numerous other federal and state court proceedings. Our work promotes every American's right to a responsive and transparent democratic system.

Last May, CLC submitted written comments to the Task Force concerning the creation of a government-hosted public archive of digital political advertising in California, and CLC's Director of Federal Programs, Brendan Fischer, also gave a presentation during the Task Force's meeting that month. CLC continues to support the Task Force and its mission, and our comments and recommendations are intended to assist the Task Force, and the FPPC, in reviewing regulatory options to make digital advertising in California elections more transparent.

The following comments address two important topics under consideration by the Task Force: (1) emerging trends in digital advertising from the 2020 election cycle, and (2) making disclaimers on digital ads more effective and user friendly. Part I concerns emerging trends from 2020, including the movement of political ads onto streaming platforms; campaigns' use of applications for voter data collection and microtargeting; and the

growing number of online platforms adopting internal policies on political advertising. In Part II, we review specific policy measures that would help to make digital ad disclaimers more user friendly.

I. Emerging Trends from the 2020 Election Cycle

a. Political ads move to streaming platforms.

As Americans increasingly turn to internet-based streaming services to watch their favorite movies and television shows, campaigns and political groups have recognized another opportunity to expand the reach of their messaging. Although some streaming services, like Hulu and Netflix, have been around for over a decade, a multitude of other streaming platforms have emerged in recent years, and the volume of political advertising on streaming services increased significantly in 2020.

Streaming platforms, like other digital media, are particularly appealing to political advertisers because, in addition to being largely unregulated, they allow political messages to be targeted to highly specific groups of voters. On streaming platforms, groups can influence voters by using precision microtargeting tools to reach U.S. viewers according to their political party affiliation, voter registration information, and voting history, and they may combine viewers' political information with other geographic, socioeconomic, and behavioral data to drill down even further on their target audience.³

Tony Romm, *Political ads are flooding Hulu, Roku and other streaming services, revealing loopholes in federal election laws*, WASH. POST (Feb. 20, 2020), https://www.washingtonpost.com/technology/2020/02/20/hulu-roku-political-ads-streaming/.

Fredreka Schouten, Political advertising grows on streaming services, along with questions about disclosure, CNN (June 3, 2020), https://www.cnn.com/2020/06/03/politics/streaming-services-political-ads/index.html. Notably, Facebook and Google banned political ads in the first weeks of the recent Georgia runoff elections, but during that same period super PACs nonetheless spent millions on digital ads in the state, including on streaming services like Hulu. See Issie Lapowsky, Republicans Are Flooding the Georgia Runoffs With Millions of Dollars in Digital Dark Ads, PROTOCOL (Nov. 24, 2020), https://www.protocol.com/republicans-georgia-runoffs-digital-dark-ads.

Rebecca Lerner, OTT Advertising Will Be A Clear Winner In The 2020 Elections, TV [R]EV (Sept. 24, 2019), https://tvrev.com/ott-advertising-will-be-a-clear-winner-in-the-2020-elections/; New Research: Streaming Platforms are a Wild West of Political Ads, MOZILLA (Sept. 22, 2020),

With streaming now accounting for around 25% of all television viewing in the United States, tens of millions of dollars likely were spent during the 2020 cycle for political ads on streaming services. However, it is virtually impossible to calculate how much candidates, PACs, and other groups collectively spent on political ads on streaming platforms in 2020. This is due, in part, to the common practice of purchasing digital political ads through third-party vendors, to inadequate campaign finance laws at the federal, state, and local levels, and to the lack of voluntary disclosure measures taken by streaming platforms.

The Mozilla Foundation recently described streaming platforms as the "Wild West of Political Ads," an appropriate designation considering the lack of regulation around election-related communications distributed on those platforms.⁶ At the federal level, for example, political committees often do not disclose which websites or digital applications their ads actually appeared on; a federal PAC's report may describe an expenditure as being for "online/ digital advertising" and list a payment to a digital consulting firm, but the PAC will not separately report where the firm placed the ads.⁷ Because the Federal Election Commission ("FEC") has not always required political committees to disclose the ultimate payee of a disbursement, the public is without the tools needed to identify which digital platforms have run advertising sponsored by federal candidates, parties, and PACs.

Moreover, federal campaign finance law does not apply to digital communications paid for by non-committee sources if they do not include

https://foundation.mozilla.org/en/blog/new-research-streaming-platforms-are-wild-west-political-ads/.

 7 See Brendan Fischer & Maggie Christ, $Digital\ Transparency\ Loopholes$ in the 2020 Elections, CAMPAIGN LEGAL CTR. (Apr. 2020), https://campaignlegal.org/sites/default/files/2020-04/04-07-

Nielsen, *The Nielsen Total Audience Report: August 2020* (Aug. 13, 2020), https://www.nielsen.com/us/en/insights/report/2020/the-nielsen-total-audience-report-august-2020/.

⁵ See Romm, supra note 1.

⁶ See Mozilla, supra note 3.

^{20%20}Digital%20Loopholes%20515pm%20.pdf; see also FEC Form 3X Instructions for Schedule E (Itemized Independent Expenditures), https://www.fec.gov/resources/cms-content/documents/fecfrm3xei.pdf ("For each person who receives a payment or disbursement during the calendar year aggregating in excess of \$200 in connection with an independent expenditure, provide on Schedule E . . . the purpose of the independent expenditure (e.g., radio, television, newspaper).").

"express advocacy" for or against specific candidates for federal office. This means that vast quantities of digital political ads, including those on streaming platforms, fall outside of the law and the FEC's transparency rules. Streaming services similarly operate beyond the Federal Communications Commission's regulatory regime, which generally requires broadcast and cable TV stations—but not digital platforms—to make information regarding political ads and their sources accessible to the public online.

Finally, although platforms like Facebook and Google have voluntarily created public archives that include copies of political ads and disclose how much an advertiser spent, streaming services have largely failed to institute similar transparency measures. ¹⁰ This not only makes it extremely difficult to calculate how much advertisers have spent on a platform but also leaves the public in the dark about the content of many targeted political ads. ¹¹ According to the Mozilla Foundation, "opacity, not transparency, is the status quo," with existing platforms implementing widely different terms of service, targeting capabilities, and definitions of what constitutes a "political ad." ¹² Thus, little public information is available about how these platforms sell political ads or who is buying them. ¹³

In California, the FPPC can account for the rise of political ads on streaming platforms, and other novel forms of digital media, by ensuring that advertisements run on these platforms are subject to the same reporting and disclaimer requirements applicable to other video and audio political advertising, including traditional TV and radio ads. While the size and duration of digital ads can vary considerably, and there are many ways in which video and audio components can be integrated into digital

4

The federal definition of "electioneering communication" only encompasses "broadcast, cable, or satellite" ads referring to clearly identified federal candidates within 60 days of a general election or thirty days of a primary. See 52 U.S.C. § 30104(f)(3); 11 C.F.R. § 100.29(a).

⁹ Statutes and Rules on Candidate Appearances & Advertising Fed. Communications Comm'n, https://www.fcc.gov/media/policy/statutes-and-rules-candidate-appearances-advertising (last visited Feb. 18, 2021).

See Mozilla, supra note 3.

See, e.g., Brendan Fischer, Maggie Christ, & Sophia Gonsalves-Brown, How the 2020 Elections Remain Vulnerable to Secret Online Influence, Campaign Legal Ctr. (Aug. 2020),

https://campaignlegal.org/sites/default/files/2020-08/08-18-20%20Post-Primary%20Digital%20Ad%20Report%20%28330pm%29.pdf.

communications that would not be possible with traditional TV or radio advertising, the most effective regulatory approach to addressing concerns about small, short-length, or complex digital advertising is to develop flexible and technology-neutral disclosure rules applicable to video and audio communications, and to address challenges presented by unorthodox advertising formats on a case-by-case basis.

Similarly, the FPPC can facilitate greater transparency around political ads on streaming services by requiring political advertisers—*i.e.*, the candidate campaign or political committee that paid for the ad—to disclose, on reports to the FPPC, which digital platforms ultimately distributed their ads to the public. While political advertisers in some instances would need to obtain this information from vendors and other intermediaries who purchased ads on their behalf, the added information would be of substantial value to the FPPC and the public in identifying where a candidate's or committee's digital advertisements actually appeared online. The Task Force should consider how such an augmented reporting obligation for digital ad expenditures would fit within the Political Reform Act's framework.

Finally, the trend towards political spending on streaming services further underscores the importance of the Task Force examining the possibility of creating a government-hosted archive of digital ads in California's elections. When only larger platforms maintain archives, political advertisers can sidestep transparency by routing ad spending to smaller platforms—like streaming services—that do not make ad information publicly available. Hosting the public ad archive within a state agency, and requiring that advertisers disclose all relevant information to the state, would promote fulsome disclosure of all digital political ads, rather than only that subset of ads run on big platforms.

b. Presidential campaigns use app-based data collection and microtargeting.

In 2020, both the Biden and Trump campaigns launched mobile applications that supporters could download to receive news and updates, learn about volunteer opportunities and campaign events, and engage directly with campaign staff and likeminded voters. ¹⁵ But these apps also allowed the presidential campaigns to collect large amounts of personal information from

See Fischer, Christ, & Gonsalves-Brown, supra note 11.

See Sue Halpern, How The Trump Campaign's Mobile App Is Collecting Huge Amounts Of Voter Data, NEW YORKER (Sept. 13, 2020), https://www.newyorker.com/news/campaign-chronicles/the-trump-campaigns-mobile-app-is-collecting-massive-amounts-of-voter-data.

users, including their contact lists, location and G.P.S. data, and Wi-Fi and Bluetooth connections, among other content on their mobile devices. ¹⁶ The Biden and Trump campaigns were able to pull this information from app users thanks to "a rapidly maturing commercial geo-spatial intelligence complex," which has significantly expanded opportunities for digital data collection and microtargeting in connection with elections. ¹⁷

According to the Center for Digital Democracy, location analytics technologies now "enable companies to make instantaneous associations between the signals sent and received from Wi-Fi routers, cell towers, a person's devices and specific locations," providing advertisers "greater ability both to 'shadow' and to reach individuals nearly anytime and anywhere." ¹⁸ Trump's campaign app, for example, used users' data to send them messages tied to their physical locations, and to identify potential supporters within the app users' personal networks. ¹⁹ The Trump campaign also may have sold or transferred app users' information to third-party data brokers, who are part of "a billion-dollar shadow industry dedicated to buying and selling data from disparate sources." ²⁰

Among the possibilities, third-party brokers could have combined data pulled from the Trump campaign app with other information available through digital sources to create personalized profiles for both the app's users and "lookalike audiences," and then sold that data to other political advertisers seeking to target ads to those users. ²¹ The 2020 presidential apps also implicated cybersecurity concerns; in the summer of 2020, researchers identified a flaw in the Trump app that made users' data highly vulnerable to hacking efforts. ²² Although the researchers concluded no data was actually

Jacob Gursky & Samuel Woolley, *The Trump 2020 app is a voter surveillance tool of extraordinary power*, MIT TECH. REV. (June 21, 2020), https://www.technologyreview.com/2020/06/21/1004228/trumps-data-hungry-invasive-app-is-a-voter-surveillance-tool-of-extraordinary-scope/.

Kathryn Montgomery & Jeff Chester, *The digital commercialization of US politics – 2020 and beyond*, Ctr. for Digital Democracy (Jan. 16, 2020), https://www.democraticmedia.org/article/digital-commercialisation-uspolitics-2020-and-beyond.

¹⁸ *Id*.

Garance Burke, Financially troubled startup helped power Trump campaign, AP NEWS (Nov. 17, 2020), https://apnews.com/article/phunware-app-helped-power-trump-campaign-89ed273f60e37ff9ee020dd2f5d3df04.

Gursky & Woolley, *supra* note 16.

²¹ Id.

Tim Starks, Security researchers uncover Trump campaign app vulnerability, POLITICO (June 15, 2020),

hacked from the Trump app, and the campaign reportedly resolved the security issue quickly, the incident nonetheless highlights safety questions surrounding data collection from personal devices by campaigns and other political groups.

In upcoming elections, California candidates and committees may try to replicate the 2020 presidential candidates' app-based data collection and microtargeting strategies. As part of its review, this Task Force should consider how the Political Reform Act would regulate the collection of voters' personal data from digital applications, as well as the sale or transfer of that data to third parties.

c. More digital platforms self-regulate with little consistency across the industry.

In light of federal lawmakers' continued inaction on digital ad regulation, more digital platforms rolled out their own internal policies on political advertising in advance of the 2020 election. Following the lead of Facebook, Twitter, and Google, which revamped their political advertising policies and introduced public archives of political ads in 2018, other major platforms have adopted new rules and protocols for political advertising they disseminate. These voluntary, platform-specific policies vary widely in their scope and efficacy and are not subject to government enforcement. Not only can these voluntary policies be revised or rescinded at any time, but the absence of a uniform, consistent, and legally enforceable approach makes both compliance and public access to information more complex, an outcome that is undesirable for advertisers and the public alike.²³

For example, Reddit, Snapchat, and Roku have each maintained their own political ad archives since early 2019.²⁴ These platforms' ad archives, like those developed by Facebook, Google, and Twitter, provide public access to copies of political ads and to basic information about the ads' sponsors, costs,

Election Integrity Partnership, Evaluating Transparency in Platform Political Advertising Policies (Sept. 24, 2020), https://www.eipartnership.net/policy-analysis/evaluating-transparency-in-platform-political-advertising-policies.

https://www.politico.com/news/2020/06/15/security-trump-campaign-app-vulnerability-319814.

²⁴ Reddit Political Ads Transparency Community, REDDIT. https://www.reddit.com/r/RedditPoliticalAds/ (last visited Feb. 18, 2021); Snap Political Ads Library, SNAPCHAT, https://snap.com/en-US/political-ads (last visited 18. 2021); Roku's Political Ad Archive. Feb. https://advertising.roku.com/Roku-s-Political-Ad-Archive (last visited Feb. 18, 2020).

and distribution. But the substantive information available in each platform's archive differs, and the archives are all missing key data, particularly regarding advertisers' targeting capabilities and practices; they offer at most a partial snapshot of the overall political ad landscape on the internet.²⁵ In addition to hosting their own archives, some platforms have revised their terms of service and ad-vetting procedures to weed out false or misleading political advertising; however, these policies are often changed without public notice or explanation, and platforms have not coalesced around a common definition of what is a "political" ad in their respective policies.²⁶

Amid the current patchwork of platform-specific ad policies, the need for clear, uniform transparency rules on digital political advertising remains pressing. Notably, Twitter opted to stop selling political ads altogether in 2019 after facing public backlash for fueling the spread of online misinformation. Industry-affiliated groups, meanwhile, have formulated their own "best practices" to try to bring more consistency to advertisers' political disclosure policies, but these self-regulatory efforts have not produced the across-the-board transparency that voters deserve—in large part because their implementation is entirely optional. 28

Ultimately, only lawmakers and election officials can institute a sufficiently comprehensive and uniform regime that will ensure there is real transparency across the landscape of digital political advertising. As noted above, the Task Force should examine the possibility of creating a government-hosted archive of digital ads in California's elections. This significant reform would help fill in the public information gaps that abound in the current, decentralized environment of platform-based political ad policies.

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Election Integrity Partnership, *supra* note 23.

²⁶ *Id.*

See Kate Conger, Twitter Will Ban All Political Ads, C.E.O. Jack Dorsey Says, N.Y. TIMES (Oct. 30, 2019), https://www.nytimes.com/2019/10/30/technology/twitter-political-adsban.html. Facebook and Google also instituted temporary political ad "blackouts" in the leadup to Election Day 2020. Elena Schneider, The rug has been pulled out: Campaigns flop amid Facebook, Google ad bans, POLITICO (Jan. 27, 2021), https://www.politico.com/news/2021/01/27/facebook-google-political-ad-ban-462948.

See, e.g., Digital Advertising Alliance, Application of the Self-Regulatory Principles of Transparency & Accountability to Political Advertising (May 2018), https://aboutpoliticalads.org/sites/politic/files/DAA_files/DAA_Self-Regulatory_Principles_for_Political_Advertising_May2018.pdf.

II. Making Digital Ad Disclaimers More Effective & User-Friendly

Political ad disclaimers are a key means of informing voters about election-related messaging. The U.S. Supreme Court has repeatedly recognized that transparency rules for political ads, including disclaimer requirements, promote the First Amendment interests of citizens seeking "to make informed choices in the political marketplace." And a growing body of empirical research confirms the informational value of transparency in elections, demonstrating that on-ad disclaimers can provide voters with a heuristic shortcut in assessing political messaging and its sources. 30

As political advertising increasingly shifts to digital media, disclaimers play an important role in "enabl[ing] the electorate to make informed decisions and give proper weight to different speakers and messages." Consequently, it is critical that lawmakers and election officials ensure that disclaimer requirements can effectively apply across the diverse and evolving landscape of digital communications.

a. Digital ad disclaimers should provide voters with the same information available for other types of political advertising.

Voters' right to information about political advertising should not depend on the medium by which the ads are distributed. Whether the public reads, watches, or listens to ads online or in print, on television, or on the radio, its right to meaningful information about election-related speech is constant. This means that the disclaimer requirements for a text, graphic, video, or audio

²⁹ See Citizens United v. FEC, 558 U.S. 310, 367 (2010) (quoting McConnell v. FEC, 540 U.S. 93, 197 (2003)).

See, e.g., Abby K. Wood, Campaign Finance Disclosure, 14 Ann. Rev. L. & Soc. Sci. 11, 20 (2018) (describing research finding that "[d]isclaimers have consistently been shown to affect voter perceptions."); Michael Kang, Campaign Disclosure in Direct Democracy, 97 Minn. L. Rev. 1700, 1717-18 (2013) ("Research from psychology and political science finds that people are skilled at crediting and discrediting the truth of a communication when they have knowledge about the source, but particularly when they have knowledge about the source at the time of the communication as opposed to subsequent acquisition.").

Citizens United, 558 U.S. at 371. See also Abby K. Wood & Ann M. Ravel, Fool Me Once: Regulating "Fake News" and Other Online Advertising, 91 S. CAL. L. REV. 1223, 1253 (2018) ("Online advertising has become exponentially more important for political campaigns . . . and it will become the most important way for politicians to communicate with voters in the very near future.").

digital ad should generally provide the same information included in the ad's closest equivalent among traditional media formats.

At the same time, disclaimer requirements for digital ads should be flexible and technology-neutral so that they cover not only current digital ad forms but also novel advertising formats that might arise in the future. There may be forthcoming digital ad forms that are incompatible with even the most flexible disclaimer requirements, and these novel ad formats may warrant including an adapted disclaimer, as described below. But any exceptions to the general disclaimer rules should be based on the objective technological constraints presented by the specific advertising medium at issue, and not on a political advertiser's subjective view regarding the feasibility of including a full disclaimer statement on a particular ad.

b. Multimedia digital ads should include disclaimers for each component of the ad.

Unlike political advertising through traditional media, digital ads often blend a combination of independent text, video, and audio components.³² It is relatively common, for example, for text or graphic digital ads also to include an embedded video, which might be hosted on a different website, such as YouTube. If the multimedia ad only included a disclaimer statement for its video portion, though, ad recipients who opted not to watch the video would never receive the disclaimer information.

To prevent this kind of digital transparency gap, disclosure rules should require a disclaimer for *each component* of a political ad that independently satisfies the relevant statutory criteria for disclaimer statements.

c. Allowing adapted disclaimers on digital ads that cannot include full disclaimers due to technological constraints.

Some digital ads may be technologically incapable of including a complete disclaimer in the ad itself. To account for instances when inclusion of a full disclaimer is genuinely not possible, digital ad rules may incorporate a

³² RichSee. Google. What isMedia?.e.g., https://support.google.com/richmedia/answer/2417545?hl=en#:~:text=Rich%2 0media%20is%20a%20digital,an%20audience%20with%20an%20ad visited Feb. 18, 2021). Multicomponent ads also may be in the form of "native advertising," like this sponsored content on Buzzfeed, which was paid for by federal super PAC Next Gen Climate Action 2016: https://www.buzzfeed.com/nextgenclimate/surprising-things-aboutdemocracy-you-wont-remember-from.

limited exception that permits an "adapted disclaimer." Generally, an adapted disclaimer should (i) identify the sponsor of the ad, and (ii) provide one-step access, by means of a direct link or on-ad indicator, for the ad's recipients to immediately view any remaining disclaimer information with minimal effort and without having to navigate through any extraneous content.

The "one-step" rule is especially important for effective adapted disclaimers, as voters should not be forced to sift through even more political messaging to access information about a political ad to which they are legally entitled.³³ Digital communication technology is now sufficiently advanced that disclaimer information can be readily integrated into a political ad through a variety of means other than just a hyperlink, including non-blockable popups and roll-over displays.

The federal election reform legislation H.R. 1 incorporates a one-step rule for adapted disclaimers on online communications where a full disclaimer "is not possible"; the relevant language from that legislation is included at the end of these comments. Similarly, Washington State's Public Disclosure Commission ("PDC"), by regulation, permits "small online advertising" with limited characters to include, in lieu of a full disclaimer, an automatic on-ad display that directs the ad's recipients to the necessary disclaimer information.³⁴ The PDC regulation specifies that automatic displays on small ads "must be clear and conspicuous, unavoidable, immediately visible, remain visible for at least four seconds, and display a color contrast as to be legible."³⁵ The regulation also lists permissible formats for these automatic displays, and small online advertising is compliant with Washington's disclaimer

The importance of the one-step requirement is exemplified by a Facebook ad campaign from the 2016 presidential election. In the months before the 2016 election, voters were targeted with Facebook ads sponsored by a page called "Trump Traders," which urged third-party voters in swing states, and Hillary Clinton voters in other states, to "trade" their votes to help defeat Donald Trump. Neither the ads nor the Trump Traders Facebook page informed viewers that the messaging was actually sponsored by a federal super PAC called R4C16; instead, the ads and Facebook page directed viewers to more information. TrumpTraders.org for Those who proceeded TrumpTraders.org first had to view a form, where they could select their preferred candidate and sign up for the vote-trading system. Scrolling down the page, a viewer could click a link for "more info on trading." A viewer then would have to scroll to the very bottom of that page before seeing a disclaimer stating the page was "Paid for by R4C16.org." See Trump Traders, https://web.archive.org/web/20161102161910/https:/trumptraders.org/trade/.

³⁴ Wash. Admin. Code § 390-18-030(3).

³⁵ *Id.* § 390-18-030(3)(a).

requirements if it includes the disclaimer statement in a non-blockable popup, roll-over display, or comparable mechanism appearing on the face of the ad, or if it includes a separate text box in the ad that is conspicuously linked to a webpage with the necessary disclaimer statement.³⁶

Conclusion

CLC thanks the Task Force for considering our comments and recommendations on these important issues. We would be happy to provide additional information or answer follow-up questions to assist the Task Force as it continues to review digital advertising and regulatory options.

12

Respectfully submitted,

/s/ Austin Graham Austin Graham Legal Counsel

/s/ Brendan Fischer Brendan Fischer Director, Federal Reform Program

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³⁶ *Id.* § 390-18-030(3)(b).

H.R. 1 (2021) Sec. 4207. APPLICATION OF DISCLAIMER STATEMENTS TO ONLINE COMMUNICATIONS.

...

- (b) Special Rules For Qualified Internet Or Digital Communications.—
- (1) IN GENERAL.—Section 318 of such Act (52 U.S.C. 30120) is amended by adding at the end the following new subsection:
- "(e) Special Rules For Qualified Internet Or Digital Communications.—
- "(1) SPECIAL RULES WITH RESPECT TO STATEMENTS.—In the case of any qualified internet or digital communication (as defined in section 304(f)(3)(D)) which is disseminated through a medium in which the provision of all of the information specified in this section is not possible, the communication shall, in a clear and conspicuous manner—
 - "(A) state the name of the person who paid for the communication; and
- "(B) provide a means for the recipient of the communication to obtain the remainder of the information required under this section with minimal effort and without receiving or viewing any additional material other than such required information."