

Marketplace
Risk.

MARKETPLACE MONITOR



VOLUME 1, ISSUE 5



@marketplaceorg

www.marketplaceassociation.org

info@marketplaceassociation.org

The Marketplace Risk Monitor - Issue 5!

September 5, 2024

Hello, and welcome to the fifth issue of the Marketplace Monitor!

The California State Legislature had an especially busy week, advancing or stalling many of the bills impacting the marketplace community. These, and other top stories are below. As always, we'd love to hear from you. Please reach out with your questions, and let us know if you're tracking anything not yet on our list by sending Heather a quick note: hstewart@marketplaceassociation.org.

Your support is invaluable. Help us spread the word by forwarding this newsletter and encouraging others to subscribe [here!](#)

AMERICAN STATES



Photo credit: California State Legislature, Courtesy of Canva Commons

California: Active Legislation

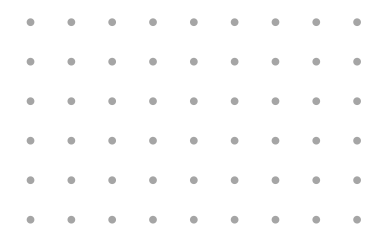
AB 183: Crimes: child pornography (Asm. Marc Berman)

Status: As of August 19, 2024, AB 1831 has been read a second time and ordered to a third reading.

Purpose: Criminalizes the production, distribution, or possession of child sexual abuse material (CSAM), even if it is fictitious.

Impact to marketplaces: AB 1831 will require marketplace companies to enhance content moderation practices and implement advanced detection tools to prevent the presence of child sexual abuse material (CSAM), even if fictitious. This will lead to increased operational costs, stricter legal compliance, and the need for robust reporting mechanisms and regular audits to ensure adherence to the new regulations.

AB 2655, Defending Democracy from Deepfake Deception Act of 2024 (Asm. Marc Berman)



Status: As of August 28, 2024, AB 2655 is in progress. The bill is currently in the Assembly, with concurrence in Senate amendments pending.

Purpose: Requires the largest online platforms to block deceptive AI-generated political content during periods before and after elections.

Impact for marketplaces: If AB 2655 passes, marketplace companies will need to implement robust content moderation systems and advanced AI tools to block or label deceptive AI-generated political content, especially around elections. This will require significant resource allocation, continuous compliance monitoring, and clear communication with users to build trust and ensure regulatory adherence.

AB 2839: Elections: deceptive media in advertisements. (Asm. Gail Pellerin)

Status: As of August 29, 2024, AB 2839 has been read a third time in the Assembly.

Purpose: This bill would ban the use of AI in political communications, including mailers, robocalls, and video advertisements.

Impact for marketplaces: If AB 2839 passes, marketplace companies will need to implement robust monitoring systems to detect and prevent the distribution of prohibited AI-generated political content, requiring significant resource allocation and policy development. Ensuring compliance will involve continuous updates to content moderation practices, enhancing user trust and potentially providing a competitive advantage.

AB 2930: Automated decision systems (Asm. Bauer-Kahan)

Status: On August 15, 2024, AB 2930 advanced from the Appropriations Committees but in an amended and narrowed form:

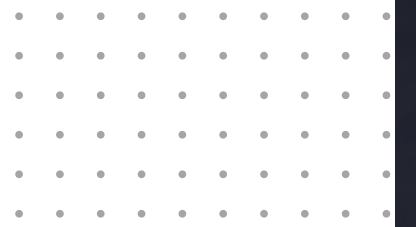
Purpose:

- Original Scope: Aimed to limit algorithmic discrimination across various domains like education, criminal justice, housing, health, and financial services.
- Narrowed Scope: Now focuses solely on employment-related decisions. Limited to the California Civil Rights Department.

Impact for marketplaces: If AB 2930 passes, marketplace companies would need to perform impact assessments and establish governance programs to prevent algorithmic discrimination. This would likely increase operational costs due to the need for additional resources and compliance measures, but it could also enhance user trust by demonstrating a commitment to fairness and transparency.



Photo credit: California Assembly, courtesy of Canva Commons



AB 3048: Requires browsers and mobile operating systems to support 'opt out preference signals' for personal data sales and sharing (Asm. Lowenthal)

Status: As of August 28, 2024, AB 3048 is in progress and pending concurrence in Senate amendments in the Assembly. It may be considered on or after August 30, 2024, pursuant to Assembly Rule 77.

Purpose: Requires browsers and mobile operating systems to support 'opt out preference signals' for personal data sales and sharing.

Impact for marketplaces: If CA AB 3048 passes, marketplace companies would need to ensure their platforms support opt-out preference signals for data sharing and sales, as required by the California Consumer Privacy Act (CCPA). This would likely increase operational costs due to the need for additional resources to implement and maintain these features, but it could also enhance user trust by providing greater control over personal data.

AB 3172: Social media platforms: injuries to children: civil penalties (Asm. Josh Lowenthal)

Status: As of August 19, 2024, AB 3172 has been read a second time and ordered to a third reading.

Purpose: Makes social media platforms liable for failing to "exercise ordinary care or skill toward a child."

Impact for marketplaces: AB 3172 will increase marketplace companies' legal liability by holding them accountable for failing to protect children, potentially leading to civil penalties and lawsuits. To comply, companies must enhance safety measures, update policies, conduct regular audits, and implement training programs, which could increase operational costs but also build user trust and engagement.



Photo credit: California Governor's Mansion, courtesy of Canva Commons

AB 3211: California Digital Content Provenance Standards (Asm. Buffy Wicks)

Status: As of August 23, 2024, CA AB 3211 has been amended and ordered to a second reading.

Purpose: Requires generative AI tools to use content provenance and watermarking standards and mandates AI chatbot disclosures. Online platforms, including messaging apps, must use watermarking and disclosures for AI-generated content.

Impact for marketplaces: If CA AB 3211 passes, marketplace companies would need to implement stricter data privacy measures and more rigorous content moderation, leading to increased compliance costs. Non-compliance could result in substantial fines and legal actions, but successfully adhering to the regulations could enhance user trust and engagement.

SB 942, California AI Transparency Act (Sen. Josh Becker)

Status: As of August 30, 2024, SB 942 has been amended and re-referred to the Committee on Appropriations.

Purpose: Requires generative AI companies to develop tools for detecting content generated by their systems and make those tools publicly accessible. It also mandates watermarking for AI-generated content.

Impact for marketplaces: If SB 942 passes, marketplace companies would need to provide clearer information about data practices and implement stricter compliance measures, leading to higher operational costs. Non-compliance could result in significant fines, but successful implementation could enhance user trust and engagement.

SB 976, Protecting our Kids from Social Media Addiction Act (Sen. Nancy Skinner)

Status: As of August 30, 2024, SB 976 has been amended and re-referred to the Committee on Appropriations.

Purpose: Requires parental controls to decide whether a chronological or algorithmic recommendation feed is displayed and to pause access or notifications for social media accounts at night or during school hours.

Impact for marketplaces: If SB 976 passes, marketplace companies would need to secure parental consent or verify that users are not minors before delivering potentially addictive content. Additionally, they would face increased operational costs due to stricter compliance measures and could incur significant fines for non-compliance, but successful implementation could enhance user trust and engagement.



Photo credit: California Governor's Mansion, courtesy of Canva Commons

SB 976: Protecting our Kids from Social Media Addiction Act (Sen. Nancy Skinner)

Status: As of August 30, 2024, SB 976 has been amended and re-referred to the Committee on Appropriations.

Purpose: Requires parental controls to decide whether a chronological or algorithmic recommendation feed is displayed and to pause access or notifications for social media accounts at night or during school hours.

Impact for marketplaces: If SB 976 passes, marketplace companies would need to secure parental consent or verify that users are not minors before delivering potentially addictive content. Additionally, they would face increased operational costs due to stricter compliance measures and could incur significant fines for non-compliance, but successful implementation could enhance user trust and engagement.

SB 1047: California Digital Content Provenance Standards (Sen. Wicks)

Status: As of August 30, 2024, SB 1047 has been passed by both the California State Assembly and Senate.

Purpose: Intended to mitigate risks of critical harm, such as mass casualties or chemical weapons creation, from high-complexity “frontier models.”

Implications for Marketplace Companies: If Gov. Newsom signs SB 1047 into law, marketplace companies will need to make significant compliance adjustments, particularly in how they develop and deploy high-complexity AI models. This will likely involve increased operational costs for compliance and risk mitigation, as well as continuous monitoring and adaptation to new regulations to ensure they remain compliant and avoid potential legal and financial penalties.

Other U.S. State Legislative News

The Utah Department of Commerce has released draft regulations to implement the Minor Protection in Social Media Act (SB 194 + HB 464)

The Utah Department of Commerce has released draft regulations for the Minor Protection in Social Media Act, requiring social media companies to accurately identify minors and obtain verifiable parental consent. These regulations include age verification with 95% accuracy, data processing within the U.S., and estimated costs for compliance, with public comments due by September 16 and expected implementation on October 10, 2024.

Read more [here](#).

New Hampshire AG Announces Creation of New Data Privacy Unit

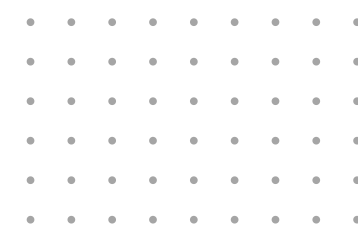
On August 15, 2024, the New Hampshire Attorney General announced the creation of a Data Privacy Unit within the Consumer Protection and Antitrust Bureau to enforce the New Hampshire Data Privacy Act, effective January 1, 2025. The unit will develop FAQs to help consumers and businesses understand the new law and is currently hiring an Assistant Attorney General.

Read more [here](#).



Photo credit: Utah State Legislature courtesy of Canva Commons

AMERICAN NATIONAL



[Upcoming National Institute of Standards and Technology Hearing on AI in the Workforce](#)

The National Institute of Standards and Technology (NIST) will hold a virtual meeting of the National Artificial Intelligence Advisory Committee (NAIAC) on September 4, 2024, from 2:00 p.m. to 5:00 p.m. Eastern Time. The meeting will include briefings on AI in the workforce and AI in law enforcement, specifically facial recognition technology, with the final agenda available on the NIST website.

More information available [here](#).

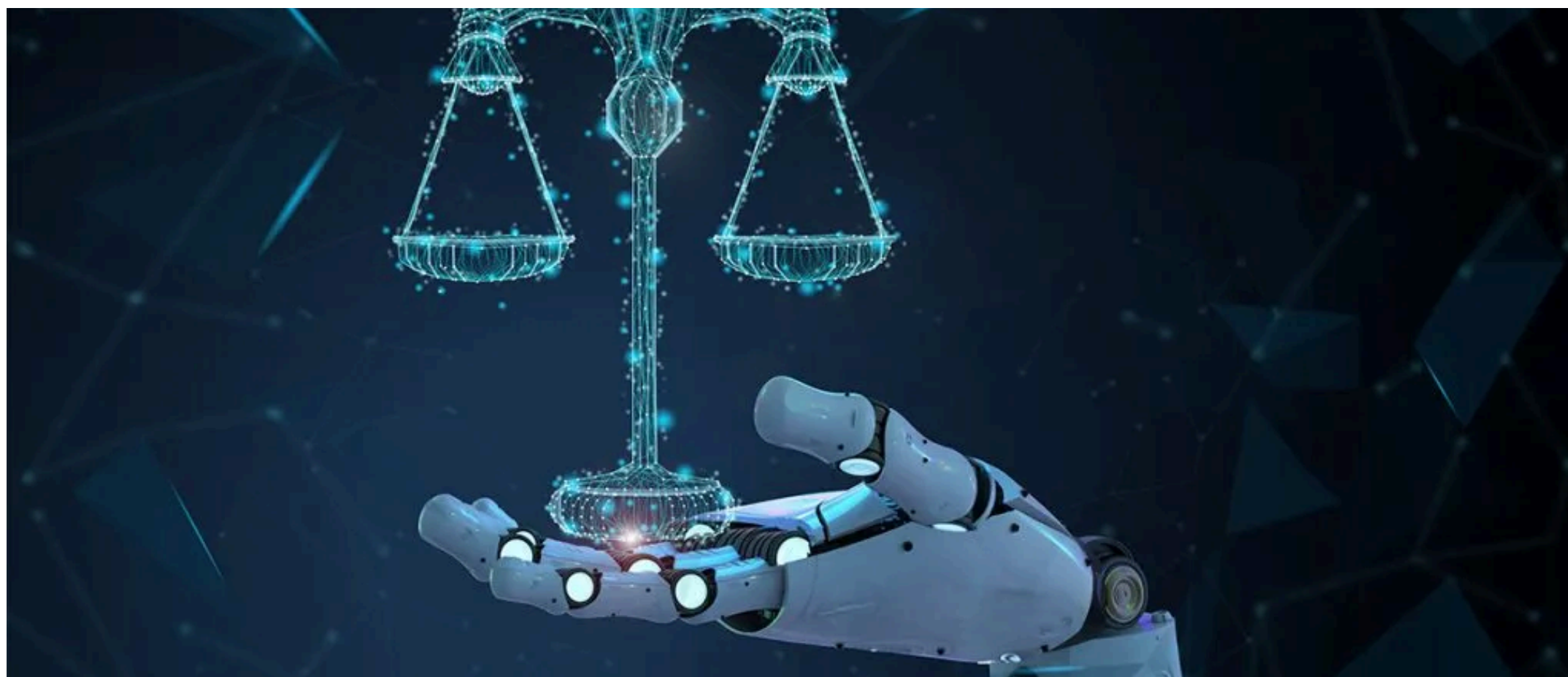


Photo credit: NetHope.org

INTERNATIONAL


[EU Fines Uber \\$324M over Drivers' Data Transfer Breach](#)

Uber has been fined €290 million (approximately \$324 million) by the Netherlands' privacy watchdog for breaching the EU's General Data Protection Regulation (GDPR) by transferring drivers' personal data out of the EU to the U.S. This fine follows complaints from over 170 Uber drivers in France.

Read more [here](#).

THANKS FOR READING!

Help us spread the word by forwarding this newsletter to your friends and colleagues. You can also receive our future biweekly newsletter editions straight to your inbox by signing up [here](#).



Marketplace Risk.



@marketplaceorg

www.marketplaceassociation.org

info@marketplaceassociation.org