



**Dharmesh Mehta Hearing Questions for the Record
Subcommittee on Consumer Protection and Commerce
Hearing on “Buyer Beware: Fake and Unsafe Products on Online Marketplaces”
March 4, 2020**

The Honorable Jan Schakowsky (D-IL)

- 1. Certain product categories pose a higher risk to public health and safety, such as infant products, children’s toys, car seats, and athletic safety equipment—just to name a few. Federal laws already exist requiring testing and/or certification for many of these product categories. If these products don’t meet federal safety standards, they can cause serious injury or even death.**
 - a. Please provide a list of all product categories for which Amazon requires third-party sellers to provide additional safety documentation.**

We require all products offered in our store to comply with applicable laws and regulations. We also require all selling partners to have applicable safety documents on hand when they list a product and to immediately provide us the safety documents upon our request. We regularly contact selling partners to request safety documentation to help ensure the products in our store meet the relevant product safety standards.

First, we require all sellers proactively provide safety documentation for the product categories, which are listed in the appendix. In addition to the product categories listed in the appendix, later this year we will begin requiring selling partners to provide us safety documents for all toys in our store.

In addition, we regularly require certain sellers to provide safety documentation for individual products based on indicators of risk about the seller and/or product. This is driven by machine learning models that predict risk proactively before an issue has occurred and is a broad process that evaluates potential safety risk across all products in our store.

We also regularly scan every piece of feedback received from customers looking for potential safety concerns. We investigate these, remove those potentially unsafe products for sale, and require additional safety documentation to be provided and verified before the product can be re-listed.

b. Please describe how you verify the accuracy of such safety documentation.

All selling partners are required to respond to our safety documentation requests and submit documents directly to Amazon's compliance team. Our compliance associates then conduct an extensive review of the submission to confirm that the documentation is valid, which includes confirming the product, the manufacturer, the product images, and that the product passes the applicable safety test. The review process may also include contacting the laboratory that conducted the test for further validation. Only those products that have validated safety documentation are permitted to remain in our store.

2. How long, on average, does it take to become a third-party seller on your platform?

The goal of our seller registration and verification processes is to prevent bad actors from completing this process while making it straightforward for honest entrepreneurs and small businesses to complete registration. We use a combination of computer-based machine learning and expert human review to vet every seller when they attempt to register in our store. Most registration attempts never complete this process because we proactively stop bad actors before they can list a single product for sale. In 2019 alone, we stopped over 2.5 million accounts that bad actors attempted to create before they were able to publish a single product for sale in our stores. Of those that do complete our registration process, ninety percent of third-party sellers in our US store complete our registration and verification process within 15 days.

3. Please describe how you verify information required from third-party sellers?

To protect customers and selling partners, we use a combination of computer-based machine learning and expert human review to vet every third-party seller when they attempt to register in our store, before they are permitted to sell certain products, and during the course of their activities in our store. During registration, all sellers are required to provide a government-issued photo ID and information about their identity, location, and payment methods. Some sellers are asked to provide additional documents. For example, sellers based in China are required to submit a business license before being permitted to sell in our store. We then use a proprietary system to analyze hundreds of unique data points to verify the information provided by sellers and identify potential risk. This includes human review of documents that sellers provide as well as matching certain information against third-party or government records. We also continuously monitor sellers' activities in our store and require additional information to sell certain products that pose a higher safety or authenticity risk. This includes information such as safety-testing data or commercial invoices to ensure that products are safe and authentic.

4. How do you ensure that sellers that have been shut down can't just set up a new seller account? How confident are you that there are no third-party sellers on your platform that you have been previously shut down?

Amazon has zero tolerance for fraud, and we continuously improve our systems to stay ahead of bad actors that try to abuse our store. Using a combination of automated machine learning models and a team of skilled investigators, we evaluate every new account for various types of risk, including the risk of relations to previously deactivated accounts. If there is evidence that a new account is related to a previously deactivated account, we take swift action and stop the new, related account from being created.

5. Should third-party sellers be required to disclose their full contact information, including location and country of origin of the seller and the product?

We strive to be Earth's most customer-centric company and support efforts to provide customers the information they want to make purchase decisions. We know from experience that customers always want information like price, delivery date, and product reviews. Our product detail pages contain far more information about the products we sell than is available through a typical retailer, including detailed product descriptions, photos and videos, customer reviews, Customer Questions and Answers, links to the seller's profile, seller ratings and reviews, and links to brand storefronts.

We also give sellers the ability to describe themselves and their products by creating seller profile pages and brand stores. These tools allow all sellers and brand owners, respectively, to tell their stories to customers, and sellers already proactively invest in providing this information where it matters to customers because it allows them to generate more sales.

Should a customer want, they may also contact a seller directly using our Buyer-Seller Messaging tool on each seller's profile page. To protect customers, we monitor these communications for scams and other forms of abuse.

While we haven't yet seen customers broadly asking for more ways to contact sellers or for country of origin product details, we welcome the opportunity to review any specific legislative proposal and provide our perspective.

The Honorable Anna G. Eshoo (D-CA)

1. You testified that your company uses machine learning to proactively stop harmful products from being listed.

a. Please describe how this process works.

We use machine learning in a multi-layered approach to stop both unsafe products and counterfeit items from being listed in our store.

For example, we use machine learning based on risk criteria learned from previously identified infringing products to proactively stop bad listings from ever being published and viewed by customers. We use machine learning to find bad actors that should not be allowed to complete our seller registration process, including those that are related to previously deactivated accounts. Additionally, to aid in proactively preventing the sales of potentially unsafe products, we use machine learning to detect products that should meet a specific safety requirement and validate that the necessary safety documentation has been provided.

We also use machine learning in proactive safety investigations. We use multiple machine learning models to predict both the potential severity and likelihood of a safety issue occurring for every product we sell, and we update these calculations continuously. This process allows us to predict, and often prevent, safety issues from occurring, even on products without any sales or customer indicator of a potential issue.

Our industry leading programs like Brand Registry use the power of machine learning to empower brands to manage and protect their brand and intellectual property rights in our store. Once a brand enrolls in Brand Registry, we use authoritative brand information (e.g., trademarks, logos, manufacturing locations) to power various automated brand protections (ABPs) that search our existing catalog and implement checks on incoming listings to proactively remove and stop potentially infringing listings. For example, if a brand enrolls in Brand Registry and provides information indicating that they have a registered trademark protecting their brand name, ABPs would scan the catalog continuously for any item not associated with that brand that inappropriately uses the brand name and automatically removes that listing.

While our proactive machine learning technology is helping drive counterfeits to zero and prevents the vast majority of unsafe products from ever being listed in our store, we know that not every single unsafe product or infringing item listing is caught before it is published. Because of this, we continuously scan our product

listings and updates to find products that might present a concern. Every few minutes, our tools review the hundreds of millions of products, scan the more than five billion attempted daily changes to product detail pages, and analyze the tens of millions of customer reviews that are submitted weekly for signs of a concern and investigate accordingly. Our tools use natural language processing and machine learning, which means new information is fed into our tools daily, so they can learn and constantly get better at proactively blocking suspicious products.

We also use reports from customers, rights owners, and regulators along with our own audits to detect issues that our proactive processes may have missed and use them to continuously improve the coverage and accuracy of our machine learning models.

b. How do you develop sufficiently robust initial data sets for training machine learning algorithms when new products issues arise that pose consumer protection harms or you realize may be counterfeited?

For our product safety related machine-learning tools, the primary data source is our customer feedback monitoring process. There are 45 million customer interactions per week across a variety of sources, which include product reviews, Detail Page Q&A, and even Amazon Go in-app feedback. Our tools analyze this data in order to continuously improve our ability to identify and remove unsafe products.

Data that we have gathered based on the actions we have taken in the past, from brand enrollment in Brand Registry, notices of claimed infringement by rights owners, feedback from customers, and our own audits all provide key training data for Amazon's proactive anti-counterfeiting measures. When a brand enrolls in Brand Registry they upload information about their trademarks, including images of logos, to Brand Registry. To date, more than 370,000 brands have enrolled in Brand Registry. If more images are required to train machine learning, Amazon may utilize images from its own catalog or work directly with a brand to obtain more images to improve protections. Whenever a rights owner submits a notice of claimed infringement through any of our reporting tools, we then use those inputs to train our machine learned systems to identify and close the gap that permitted the accused product to appear. When customers provide feedback (e.g., in a customer service contact, return, product review), we also analyze their feedback looking for potential indicators of counterfeit.

c. Do procedures based solely on technology lead to removal of harmful products?

Yes. In 2019, Amazon's automated technology removed or prevented over 6 billion suspected bad listings worldwide.

d. How successful are your technological efforts in identifying harmful products?

While Amazon is always working to improve our automated protections, the data shows that these efforts have been successful in reducing the sale of counterfeit and harmful products. Brands in Brand Registry are finding and reporting 99% less infringement than they were before Brand Registry was launched. Our efforts have also ensured that in 2019, 99.9% of all Amazon page views by our customers landed on pages that did not receive a valid complaint from rights owners or customers of potential counterfeit.

e. What portion of product takedowns are removed using only tech-only methods?

We use a combination of advanced machine learning and expert human investigators and leverage the best of both of those capabilities. Almost all of our product takedowns combine both technology and human expertise. For example, we use machine learning models that are often trained by expert auditors, and similarly, when we have an expert investigator reviewing a decision, they are aided by advanced technology tools to detect patterns and potential risk indicators.

f. How many full-time employees do you have assigned to reviewing items for fraud, consumer harm, counterfeits, and other similar issues?

Amazon invests significant resources in preventing counterfeits, unsafe products, and other types of abuse in our store. In 2019 alone, we invested over \$500 million and had more than 8,000 employees focused on preventing fraud and abuse in our stores.

The Honorable Cathy McMorris Rodgers (R-WA)

- 1. The online sale of fake or counterfeit alcohol products poses a dangerous risk to public health and safety priorities. The U.S. system of alcohol regulation ensures many important public health and safety protections.**
 - a. What additional precautionary measures or business practices should be implemented by online platforms to ensure that state alcohol laws are followed in order to protect against the illegal or unlicensed sales of alcohol?**

Amazon offers our customers options both online and in-store to purchase and receive beverage alcohol via home delivery. Services such as Prime Now, Amazon Fresh, Amazon Go and Go Grocery, and Whole Foods Market are all licensed beverage alcohol retailers in those states where allowed. Additionally, in states where permitted by law, third-party retailers are able to offer beverage alcohol products for sale via Prime Now. In order to begin selling on Prime Now, licensed retailers must provide a copy of their current, unexpired beverage alcohol license prior to their first sale. As these licenses near their expiration dates, Amazon requires that these retailers provide Amazon with copies of the renewed license in order to be allowed to continue offering their products. We strongly recommend that other retailers engaged in the sale of beverage alcohol online or in traditional grocery stores, package stores, and other physical retail storefronts only allow the sale of beverage alcohol by licensed, verified third parties.

The Honorable Richard Hudson (R-NC)

1. **Madam Chairwoman, thank you for holding this important hearing. The digital economy has created new opportunities for businesses large and small to reach broad swaths of consumers across the country and globe. I've talked to countless families at Ft. Bragg in my district who use services like Amazon to purchase everyday household items, such as paper towels, soap, laundry detergent, and so on. This saves them time and money and allows them to focus on more important things, like their family. Like most families in my district, my wife and I both work, so I appreciate the convenience these online marketplaces provide. Yet, as many of my colleagues have pointed out, it has created an environment for bad actors to flourish. I've heard of counterfeit products for luxury items such as watches and handbags, but also more common everyday goods that anyone would buy such as toys for our kids or even breast pumps. I believe there is an obligation to remove these dangerous products and I appreciate the panelists' willingness to come before us today to discuss potential solutions.**
 - a. **Your companies' terms of services prohibit the sale of counterfeits and requires all products to comply with applicable laws and regulations. Can you please explain how your companies enforce your terms of services?**

We strive to tailor our actions to prevent unlawful products from ever being listed or sold in our stores and to permanently prevent bad actors from being able to do so in the future while still allowing for the possibility that honest sellers might make an occasional mistake and deserve a second chance.

We invest in significant proactive efforts that combine advanced machine learning, expert human investigators, and the partnership of brands through programs such as Brand Registry, Transparency, and Project Zero. These proactive efforts aim to stop counterfeits before they ever make it into our store. In 2019, we stopped over 6 billion suspected bad listings from being published in our stores, proactively removed 100 potentially infringing listings for every one notice filed by a rights owner, and ensured that 99.9% of all Amazon page views did not receive a notice of potential counterfeit infringement.

In addition, rights owners can report notices of infringement to Amazon. When we receive a valid notice of infringement, we always remove the infringing listing and warn the seller of the violation. We may also deactivate the seller's account based on factors such as whether the seller has any history of problematic conduct and the gravity of the error. A new seller with limited history of positive performance that receives a notice of infringement is more likely to have their account deactivated, but a long-tenured seller that has a strong track record of adhering to our policies is less likely to have their account deactivated for a single infringement.

We strive for transparency with our sellers and offer them the opportunity to correct errors. When we take action against suspected violations, our goal is to provide clear and actionable communications to sellers, describe the policy violation that led to the enforcement, and offer an appeals process handled by specialized teams where sellers can explain how they will prevent the violation from happening in the future or prove that we or the rights owner made a mistake. We also work to reduce mistaken and unnecessary enforcement before it impacts our sellers. We often call sellers before suspensions occur to try to address the underlying issue and prevent account suspension in the first place. We also closely monitor our decision accuracy, analyze our mistakes to understand how they occurred, and use those lessons to prevent similar mistakes from happening in the future.

b. In your testimony you state that third parties selling on Amazon go through a set of enhanced vetting. Can you please explain that vetting process?

To protect customers and selling partners, we use a combination of computer-based machine learning and expert human review to vet every third-party seller when they attempt to register in our store, before they are permitted to sell certain products, and during the course of their activities in our store. During registration, all sellers are required to provide a government-issued photo ID and information about their identity, location, and payment methods. Some sellers are asked to provide additional documents. For example, sellers based in China are required to submit a business license before being permitted to sell in our store. We then use a proprietary system to analyze hundreds of unique data points to verify the information provided by sellers and identify potential risk. This includes human review of documents that sellers provide as well as matching certain information against third-party or government records. We also continuously monitor sellers' activities in our store and require additional information to sell certain products that pose a higher safety or authenticity risk. This includes information such as safety-testing data or commercial invoices to ensure that products are safe and authentic.

Appendix

Product Category
Battle Top Spin Toys
Child Restraint Systems (Car Seats)
Children's Drawstring Clothing
Children's Jewelry
Children's School Supplies
CO Alarm
Fidget Spinners
Fire and Smoke Masks
Fire Extinguishers
High Risk Toys
Hoverboards
Invisible Ink Pens with UV Light
Laptop Batteries/Chargers
Lasers
Magnetic Building Tiles
Magnetic Putty
Mobile Phone Batteries/Chargers
Personal E-Mobility Devices (E-Scooter, Bikes and other 1, 2, and 4 wheel products)
Portable Automotive Jump Starters
Power Banks
Smoke Alarms
Solar Eclipse Glasses and Filters for Solar Viewing
Squishies
String Lights
Throwable Personal Flotation Devices (PFDs)