

**Brad Williams:** Hi, this is Brad Williams and I lead the Community Team for eBay. What follows is an audio recording of our most recent Community Town Hall meeting which was held on April 21, 2005 to address members' questions about Trust and Safety on eBay. I moderated the session and joining me were Bill Cobb, President of eBay North America and Rob Chesnut, Senior Vice President of Trust and Safety for eBay. Due to an audio glitch with the recording, we didn't catch the first minute and a half or so of the Town Hall meeting, which is why you're hearing this introduction. So now we'll join the Community Town Hall already in progress.

**Bill Cobb:** We also recently announced that we're adding Giving Works into the Sell Your Item form as well. Over the years, we've calculated eBay members have donated more than \$40 million to charity organizations, which is obviously one of the things that makes the eBay community so special. And by incorporating Giving Works into the SYI flow, we hope to enable even more people to choose this option. And you know that we recently announced that when sellers elect to donate 100% of the proceeds of their Giving Works sale to a charity, eBay will donate the listing and Final Value fees to the [charity] organization as well.

We also made a small but important change to our Find Item by Seller feature. This is something that we got a lot of complaints about, that people could not get this feature. Now they can. We appreciate again, the input that led us to make this change.

And I think many of you may know we announced eBay Inc.'s financial results for the first quarter ending March 31<sup>st</sup>, and we announced those yesterday. And we saw a record jump in registered users. We now have 147 million users of the Community worldwide, which is just staggering for all of us. We had some great listing growth, some great gross merchandise with volume growth and we were able to have still 158,000 eBay stores in the United States. So we're very pleased with where the Community is at and we welcome all of the new members there.

And even though I have a lot of my team in front of me, they are working extremely hard to get ready for eBay Live. It's only a couple of months away and I want to remind everybody that it's June 23 to the 25<sup>th</sup>. It's going to be here in San Jose. It's our 10<sup>th</sup> Anniversary and we are committed to make this the biggest and best ever.

But today is really about Trust and Safety. But first, I wanted to invite someone you may know to talk about this. I'll talk about Rob in a second, but I invited someone you may have heard of, named Meg Whitman. Meg is obviously our CEO, who has done a remarkable job. And when I talked to her about we were doing this Town Hall, and Meg has been a big fan of this. She asked if she

could come and speak because she is so committed to safety at the eBay marketplace. So Meg, I'm gonna let you kind of say a few words before we get to Rob.

**Meg Whitman:** Okay. Well thank you very much, Bill, and hello everyone here in San Jose, as well as all the users who are listening in or watching. I know the purpose of this Town Hall Meeting is to answer questions about Trust and Safety and it is an incredibly important topic. And I really came just to observe and listen this evening. Like everyone here at eBay, I benefit a lot from hearing what's on users' minds and your thoughts on how we can better meet your needs.

And when Bill started these series of Town Hall Meetings, I really wanted to come. And I came to the last one as an observer and Bill was nice enough to invite me to say a couple of things, because I am actually passionate about this particular topic. You know, if you think about it, eBay is a thriving global Community because millions of times everyday, our buyers and sellers make the decision to trust one another. And just think about that. I mean trust of this scale is unprecedented. Every single day people send money, most times to people they have never met and virtually all the time they get the product. And trust is truly the foundation of the eBay marketplace. So when I heard that the subject tonight was Trust and Safety, I thought I'd really like to listen in, hear what the issues are, and make sure I'm in tune to what's going on.

Now, given the size of our marketplace today, and Bill gave you a couple of the statistics, it's a significant challenge for us to maintain the safety our members rightly expect. Fortunately, we have a large and exceptionally qualified team of more than 1000 professionals worldwide who focus on protecting our Community. The team is ably led by Rob Chesnut, a former US Federal Prosecutor, whom I believe is the most qualified person on earth, to lead our Trust and Safety efforts. (laughs from the audience).

Rob has served very capably in this role at eBay, since 1999. And let me just tell you a little story about Rob and how Rob came to eBay. It was in 1999, the site was much smaller, and Rob was an eBay user. And he was so intrigued by the site and saw the possibilities, that he sent us to our "Hiring" e-mail box, a letter that was not---there wasn't anyone to send it to. It just said, "To: Hiring Manager, I am an assistant US Federal prosecutor and I'd like to work at eBay." And I looked at this and our General Counsel looked at this and said, "I think we need someone like this," and Rob came to eBay. So he has done a tremendous job.

And what his team strives to do is continually balance safety with free trade. And our policies and their enforcement are intended to keep bad people off eBay, but too many policies and too many procedures that go too far can make it difficult for the vast majority of our community to trade as they want and need to.

And it's a very delicate balance. The notion is of course, to make a small number of rules, enforce them and get out of the way. But everyday Rob and his team evaluate that balance to make sure the marketplace stays safe.

And we're doing our best. And the fact is, of the millions of transactions completed on eBay everyday, fraud is still extremely rare, but we want to do better. And Bill Cobb, who assumed leadership of eBay North America a few months ago, is working side by side with Rob and his entire Trust and Safety team, to keep improving the safety of the eBay marketplace.

So, thanks to all of you for participating in this Community Town Hall forum and Bill, thanks for letting me sit in.

**Brad Williams:** You went a little over your time. (laughs from the audience)

So let me turn this over to Rob, and let me echo what Meg said; Rob is one of the crown jewels at eBay and there is nobody more focused on trying to satisfy the Community than Rob Chesnut. So Rob, why don't you give a couple opening comments and then I'll get to the questions.

**Rob Chesnut:** All right. And thanks, for all the nice words on the introduction. I appreciate it.

You know, as Meg mentioned, Trust and Safety is one of the company's top priorities and I think the fact that I'm sitting here between Meg and Bill and talking about it with the whole Community, is really evidence on how serious eBay takes Trust and Safety.

One of the things that we're really focused on doing in the Trust and Safety department is listening to the Community. I'm so excited that a lot of folks on the Trust and Safety team are here in the room today to listen to this Town Hall. But we're doing listening to things like eBay University, eBay Live, the teams on the boards everyday. And the goal is to really try to figure out what the Community needs and try to build the best trading marketplace in the world.

And I'm happy to report that over the last six months or so, we've made some significant progress because we've listened to the Community. So I'm going to highlight a couple of the things where I think we made some good progress, talk about a couple of things that I think we need to do better and then I'll take some questions.

I'm going to start right up front with an area I'm really proud of over what we've been, doing and that's in the area of spoof emails. We know that members of the Community are getting hit with a lot of emails from a lot of bad guys around the world and these are emails that claim to be coming from all the top Internet companies, all the banks. And they all want your password. They all want your

Social Security number. They all want your information. And it's annoying and it's dangerous, something's got to be done about it. We've been working side by side with a number of the key players in the industry on this. We realize that this is an Internet-wide problem. eBay is one of the original founding members of the Phish Reporting Network, phishing being the name of the scheme that the bad guys use to send out these emails, try to defraud you of your identify, out of your personal information and your passwords. We're working with Microsoft, Visa, and a number of other leading companies to get this scourge really off of the Internet because it's interfering with good business. But we have to work together as a Community to deal with this problem.

People ask me, "You know, Rob, what can we do?" Well you know, one of the great things about the spoof problem is that the Community has been a leader in helping us deal with the problem. We created a very simple email address, [spoof@ebay.com](mailto:spoof@ebay.com) and we've asked the Community as soon as you get an email like this to forward it to us. But what the folks don't realize is this really enables us to take quick action against these phishing sites, get them down quickly and help protect the rest of the Community. And thanks to you, we've really been able to make a lot of progress in this area; particularly combined with the eBay Tool Bar that now contains the Account Guard feature. Over a million of you have downloaded and are using it. And those of you who are listening in today, if you don't have it, please, get it on your computer, and I think it will go a long way to help protecting you against this problem.

Another area that I'm proud to report that we've made some good progress in is the area of Unpaid Items. This is something where we went out to eBay Live and we went out to the Community. Folks came up to me all the time and said, "Rob, we've got to do something about the Unpaid Items problems. There's nothing more infuriating than buyers who are bidding on items and not paying for them." One thing that I've really learned from listening to the Community, and I think my initial reaction to this was, "well we can do this." eBay can look at bidders. We can figure out what bidders are bad, and we can block their activity and keep them off eBay. And we can do some things like that and we've made some good progress in that area. What I didn't fully appreciate until the Community told us is that you want some control in this area as well. You know, you as individual sellers want some controls as to what kind of bidders you allow on your individual listings. And I'm actually looking down at the front row at a guy on our team by the name of Matt Halprin, who ran an effort here in the company on something called Buyer Requirements. And what's neat about it is it gives individual sellers the power right in My eBay, to decide what kind of bidders they want to dial, so to speak, so that they can lower their own Unpaid Item rate, block bids from bidders that they think aren't going to be desirable for their listings. And as a result, there's Buyer Requirements is another thing that the team's done. The Unpaid Item rate is going down and we're getting some great feedback about it.

Speaking of Feedback, let's talk about the Feedback system. Last year at eBay Live, you know, we heard that the Community really was excited about the Mutual Feedback Withdrawal feature. They liked the fact that you know, if they worked out a dispute with another user, they had the opportunity to withdraw Negative Feedback. So there was actually a good incentive to work out a dispute. One good feedback we heard about is, "Rob, we can only do ten a month. That's not enough for the big volume sellers." We heard you. We took down the limits last November and the Community has really been --- I've been getting a lot of positive emails about it and seeing a lot of good board posts about it that say you like it.

One thing you don't like is: You don't like getting Negative Feedback from Unpaid Buyers. We also heard that and that was a big problem. We've been taking a few steps internally I think that will help us set ourselves to do better in this area. You know, one thing we had to do was some internal rearchitecture of Feedback. I didn't realize it; we've gotten now over three billion Feedback records on the eBay platform, which really speaks of the power of Feedback and what it means to you as far as building trust in the Community. We did some internal architecture, which is gonna enable us to do some nice things with the Feedback system. We've also been studying it with a team of people who have been looking at it. I know we can do better in this area. So we've taken it upon ourselves as a team now, and we've done some re-architecture work and we've have Mutual Feedback Withdrawal working well. Sit down, take a hard look at it, listen to the Community some more; see if we can do better on it. I'm putting myself and putting our team on the line. I think we can come up with some better solves in this area. And you can look hopefully, for some further work from us later in the year.

We really like our Security Center; for those of you who have been listening in on the call, I don't know how many of you have visited our Security Center? It's got to be one of the easiest things on eBay to find. I don't care what page you're on on eBay, just go to the bottom of the page, look for the words "Security Center" and click on it. That will take you to really, a rich array of information on how to protect yourself on the Internet and on eBay. Please take a minute and look at it. One of the things I like about it is it also gives you some case studies about how eBay's been working with law enforcement. We've got some arrests around the world. I'll talk some more about that a little later on.

What folks have wanted on policies? You know, as eBay has continued to grow into a big, global marketplace, the site is getting more complex. And Trust and Safety is no exception in the area of complexity. Our policies are too complicated. You told us that. We know it. We've been working on a project to simplify policies so that everybody can understand what they are. And then we can go from there and enforce those policies more vigorously and ensure that we have a level playing field in the Community.

One way that we're going to do a better job in teaching the Community about our rules is in the area of tutorials. We just rolled out our first [tutorial] and many of you probably haven't had a chance to see it yet. Go into the Security center, take a look at it. It's a tutorial on the VeRO program. We heard an awful lot of complaints from users about how complicated it is [VeRO issue]. We've got a great tutorial. It'll take you five minutes. I think if you walk yourself through this tutorial that will answer a lot of questions you've got about the VeRO program. We've received some good positive feedback about the tutorial and I think you could look for us to roll out some new tutorials on other subjects in the near future.

Lastly is Buyer Protection; buyers have come to us and said, "You know, Rob, we want some good solid protection. Back us up on transactions." I've gone back. We've looked and we're convinced that if buyers use PayPal and they [buyers] focus on good sellers, then the transactions are going to go well. And we're serious enough, I'm serious enough behind that statement, and the company is serious about it, then we'll put up money behind it. So right now approximately 75% of the listings on [www.ebay.com](http://www.ebay.com), there's a little logo on there for PayPal Buyer protection. That logo means that you have \$1000 of buyer protection free, automatic, no deductible. We're standing behind the transaction. You bid on the item and win it and don't get the item or you get an item that's substantially different from the one advertised, and you pay through PayPal, we're going to back you up. That's a significant enhancement to our Buyer Protection program. We're really excited about it. The Community loves it and I'm really glad that we were able to do that for the Community as a way of standing behind our best sellers.

**Bill Cobb:** You're really over your time. (audience laughs).

**Rob Chesnut:** I'm over my time? That was the last topic.

**Bill Cobb:** Poor Meg was brief and you... (audience laughs)

**Rob Chesnut:** And look at me. I'm just going on. Let's take questions.

**Bill Cobb:** Yeah, let's take questions. I'm the time keeper here.

**Rob Chesnut:** Alright, keep me honest here. (audience laughs)

**Brad Williams:** We've gotten hundreds of questions from our users in advance and we're going to, unfortunately get to a percentage of those today but we'll get to as many as we can. You can also enter a question in the text box on the Community Town Hall web page; just type in your question in the box and then click "submit" and Bill or Rob will be taking questions until 5:30 pm Pacific Time, that's 8:30 pm Eastern Time.

**Question read by Brad Williams:**

So our first question; I just received an email stating that a foreign source has several times attempted to log onto my eBay account. I was asked to verify my account information with checking account and credit card numbers. The email had all the eBay logos and links and looked very official. I question the authenticity though. I sent the email to eBay. The message indicated that not responding to the email could result in temporary closure of my eBay account.

**Answer from Rob Chesnut:** Yeah, the good news in reading your note is you understand the fundamentals. I'm glad that you recognize that there was a problem with that email because it certainly was a phishing email. It didn't come from eBay. The fact that it contained an eBay logo is irrelevant. Anybody can put together an email that has an eBay logo in it. Anybody can put together an eBay email that looks like it's got eBay links in it and it looks like it's coming from eBay. What you've got to look for when you get an email in your box if it says it's coming from eBay; read the email. Is it asking for you to click on some link and go somewhere and give your personal information? If it's doing that, then the email did not come from eBay. eBay is not going to send you an email with a link in it asking for that information. We're not going to send you an email that asks for that information in the email itself. And particularly, these are insidious because they've got a call to action. You know, "Your account is going to be closed. You know, someone's trying to get into your account." The key thing for you to do in those circumstances is do not click on the link in that email. Hit the forward button in that email. Send it to [spoofer@ebay.com](mailto:spoofer@ebay.com) and that will enable us to take fast action on that particular email and on the problem. But I'm glad you recognize it as a problem and again, that's the sort of thing that we're working closely with the industry to try to get shut down.

**Question read by Brad Williams:** We've got two kind of related questions here. I'll put them together for you. The first one is from Shyl8dy101; is there some way we can make it easier to report spoof mails that we get? And then related to that is from rambypass and their question is; I know you've done a lot in telling users about phishing scams that have done things to help you identify if it's really eBay or not. But my question is; what is being done to stop this? Is there any action being taken to find and prosecute the people behind these phishing emails?

**Answer from Rob Chesnut:** Yeah, those are a couple good questions. One thing I want to mention by the way; Bill just leaned over and helped me out a little bit. There's something that's going to be coming out in the next couple months that will help recognize spoof email. Many of you may have already noticed that there's a feature inside of your My eBay account now called My Messages. Beginning later on this year, all of the messages from eBay's Trust and Safety department and security team are going to be sent to you both to your email address and into your My Messages. So look for that feature coming later this year.

**Bill Cobb:** I think it's gonna be in June.

**Rob Chesnut:** In June. So when that comes out, at that point, whenever you get an email that you question, you'll just be able to go right over to your My eBay site and look in My Messages. And if it's not in your My Messages account, then it's not really from eBay.

**Bill Cobb:** Well that's really going to be a great, great thing.

**Rob Chesnut:** You told us that you wanted it in the Community and that it's a great idea and we're gonna be fitting that in shortly.

I get a lot of questions; while we're reporting these spoof sites, what happens? Well it's easy to report. Forward your report email to [spoof@eBay.com](mailto:spoof@eBay.com) but what a lot of folks don't realize is what happens in the background. You know, when we get emails from users who get spoof email. What we do is our system automatically strips out the spoof email address that's imbedded in the email you send us. A team of people then looks at every one of those fake spoof sites. They ensure that in fact, that it is a spoof site and then once they've confirmed it's a spoof site, they are on the phone literally to hundreds of web hosting companies around the world asking that that spoof site be taken down immediately. And we are actually successful in getting down these sites within eight to ten hours on average from the time they're first reported to us, which is a remarkable and well above the industry average. We would not be able to do it unless we had the early warning and reporting system that you give us at [spoof@eBay.com](mailto:spoof@eBay.com). We also take that information, by the way, and have it loaded into the eBay Tool Bar. So that you're not only helping us take it down quickly, but every person who has the eBay Tool Bar is automatically protected by your report. Because if someone subsequently tries to go to that website and they've got Tool Bar, it recognizes that you've reported it, pops-up a big warning message right in the middle of the screen. Says, "Spoof Site, Don't Go There." So the system actually works really well to protect you. One thing I'm really proud about is that this is not something that eBay is trying to hoard. You know, we actually share all this information with EarthLink and the EarthLink tool bar and EarthLink has millions of tool bars out there and EarthLink shares the results of their tool bar searches with us. So with that kind of partnership, I think it's the right way to go about solving problems.

The second question really gets to the heart of it and this is we have to stop these people from sending these things in the first place. What a lot of folks don't realize is that I'm not the only person at eBay that comes from law enforcement. And Meg mentioned that I used to be of the Federal prosecutor. Three of my brethren who are also former Federal prosecutors join me here at eBay. So we have four former Federal prosecutors. Not only that, we've got a former US customs agent, a former Scotland Yard detective, and former police



officers from countries like Australia, Italy and China. You know, we've got folks on the ground and in law enforcement around the world and they are out meeting the law enforcement officials, presenting cases and getting results. It was funny when I saw this, and I just thought of something that just happened last week. I got a note from a friend of mine who is over in uh, a former Italian police officer who works for eBay. Twenty people were just arrested in Romania last week for this exact scam; sending phishing emails to eBay and other Internet sites. I think those folks probably thought that they were immune because they were in a remote area of Romania. Law enforcement went out and executed searches at 25 homes. Those folks were arrested and they are being detained, pending trial in Romania.

Those sorts of success are actually going on in countries all over the world right now, thanks to the work that our team's doing. We just got to get the message out to the bad guys that if you're gonna mess around with eBay, we've got a team that's gonna go out and we're gonna get you.

(clapping from audience)

**Question read by Brad Williams:** Great. Here's a question Rob, about copyrighted intellectual property rights; I'm concerned about copyright piracy and intellectual property rights. I see lots of newly released quote "new items" auctioned for minimal amounts, like a penny or more, coming from places like China and Malaysia. What's being done to inform the buyer or ensure that we buyers aren't participating in copyright fraud?

**Answer from Bill Cobb:** You know, Rob, I was, as you know, just in Salt Lake and Vancouver with some of your folks last week and there is a lot of effort from a lot of those reps in this area, so I think this is something that I'm glad this question came in because I think this is you know, increasing the volumes to some of our reps there and I think it is an important issue. That obviously, we're going to talk about how we're trying to address this.

**Rob Chesnut:** You know, it's important and it's important for a number of reasons. You know, number one, when the marketplace gets flooded with goods that are not legitimate trademark goods, the good sellers can't compete for very effectively. And we don't want to put you, the good sellers, in a situation where you have to compete against goods that are half, a third, a quarter of the price and they're not legitimate. So it not only brings illegal activity onto the site, which we won't stand for, but also it erodes trust in the marketplace and it makes it difficult if not impossible, for good sellers to compete. So it's an important issue. It's one we've actually seen that's been on the rise since we had China join the global marketplace. And China is a wonderful marketplace that brings important business to eBay. Part of the challenge is that you know, intellectual property rights in China haven't received the same level of respect that they have

historically on other countries, in Europe and in the United States. So you know, a number of sellers in China don't understand that what they're doing is wrong.

What we need to be doing, is we need to be getting on top of the situation, stopping those people from listing goods that are not legitimate goods on the eBay site, so that you can compete. We're taking a number of measures. We're taking folks internally within our team, moved them around. We're placing some additional restrictions on goods coming out of China so that it's not quite so easy for someone in China to simply go right onto the site and list goods. We're going to be watching that situation a lot more closely and we're determined to clean up the problem so that we, the marketplace can get back to where it needs to be. I think we actually made some excellent progress in a number of the categories already. The problem has already improved some in the last month, but you're going to see us to continue to focus our efforts in that area in the coming several months.

**Question read by Brad Williams:** Here are a couple questions that just came in live, actually, and again, if you want to submit a question, just go to the text box on the Town Hall web page and click "submit". First question is from a member who's ID is, you'll like this Rob; nukeallscammers. (laughs from audience)

**Rob Chesnut:** Actually, I know nukeallscammers from the Trust and Safety Board, helping other users out a lot, so that's good to hear from them.

**Brad Williams:** Rob, what are some of the future plans for ridding the site of shillers? And let me give you the second question too, and this is from truthendures, is their ID, and their question is: It's been my experience that many people who interfere with auctions are using 0 feedback IDs. Is eBay going to allow sellers to block 0 feedback bidders?

**Rob Chesnut:** Let me take the first one, they're different issues. Let's start with shilling. Shilling is not only wrong and against the eBay rules, it's actually illegal. One of the things I'm excited about is eBay worked with you know, Elliott Spitzer of the Attorney General's Office of New York recently, on a case involving several individuals who were shilling on eBay. The New York Attorney General's Office took the matter very seriously. I mean so seriously that they actually brought charges against these individuals and these individuals are being prosecuted for this. That sends the kind of message that I think needs to be sent. That it's not only immoral, it's not only against the eBay rules, but it could potentially get you to land in jail. We aren't going to tolerate it. We've been working on a number of measures internally to help to get even more effective in identifying individuals who participate in these sorts of scams and we're going do our very best to get them off the website and see that that where appropriate, they get prosecuted.

**Bill Cobb:** And we're also attacking this in specific categories.

**Rob Chesnut:** Yes. We've noticed there are definitely some categories where this is more prevalent than others. And in a few cases we've been on the phone with some of the leading sellers in a category and said, "Look, we're not going to tolerate this stuff. I'm giving you a warning right up front, all of you, that this isn't going to be tolerated. And if I know that most of you are good, but for those of you who are engaging in it, you better cut it out now."

And I'll answer the 0 Feedback question as well. That's a good one. As far as 0 Feedback buyers, all of us were at one point, 0 Feedback buyers. And I want to make sure that eBay is a welcoming place for all the new people who we want to bring into the Community. And the best way to welcome them probably isn't to hold up a message saying, "You're not welcome to bid on my auction." That would not be a good experience for them. However, we also understand that a number of new bidders may not understand that their bid is an obligation or that it's a contract. So what we've been focusing on, is giving some pretty strict messaging to new buyers when they bid on particularly higher priced goods, emphasizing with them that their bid is a contract and letting them know that they're expected to follow through should they be the high bidder. We've also been placing some limits on their activity. So we may be welcoming to them and let them come in, but if they're going to bid on a number of goods on their first day on eBay, we may ask for a little additional information from them before we allow them to continue. So we're trying to be sensitive to you know, what sellers need in this area, although we also want to be welcoming. There are a couple things that you can do as a seller if you're concerned. You can go into your My eBay preferences and actually set the requirements for bidders. Now you won't be able to block bids from 0 Feedback bidders. You will be able to block bids however, from folks who have negative 1 or negative 2 Feedback. You'll be able to block this from folks that have had 2 unpaid item strikes in the last 30 days. You'll also be able to block bids from folks that aren't on PayPal. And what we've learned studying the Unpaid Item problem is that PayPal registered buyers are up to 80% more likely to pay for their items than folks that aren't registered for PayPal. So if you're concerned about the Unpaid Item problem and you want to do something about it, you've now got the authority on your individual auctions to set the dials, do it in My Bay preferences and I think you'll see an improvement in your auctions.

**Question read by Brad Williams:**

Here's another question that just came in. It's an interesting question. It's simple, but it probably is not as simple as it sounds: who should leave Feedback first -- Buyer or seller?

**Answer from Rob Chesnut:** Um.... I'd rather let the Community answer that question. eBay does not have a policy whether the buyer or seller should leave

Feedback first. I'd actually be a little uncomfortable presenting a blanket rule telling you all in the Community how you should leave Feedback and when you should leave Feedback. And therefore, that's something we've left up to the Community. And now I've had some folks come back to me and say, "Rob, you know, look, I'm the buyer. I've paid for the item. At the moment I paid for the item, why should the seller wait any longer?"

**Bill Cobb:** So let me bomb in on that.

**Rob Chesnut:** Yeah.

**Bill Cobb:** Because this, your right. That's the right answer, but if we follow what you tell us; [speaking as a buyer] we register with PayPal. We pay with PayPal. You paid for the item, why shouldn't the seller leave Feedback first? I mean what I generally do, and I'll say when I receive the goods, I'll leave you Feedback also. I realize you can't set a rule but I'm asking a more practical question.

**Rob Chesnut:** So philosophically, why should we take a position on it? The reason is that not all buyers are necessarily good. Just as there are--, you know, there may be situations, let me give you an example; where a buyer might receive the merchandise, take it out of the box and then write the seller and say, "You know, I never got the goods. Why didn't you send them me?" In other words, they might try to scam the seller. Or they might look at the item, break it, and then write a note to the seller and say, "the item arrived when it was broken. I want a refund." So for a number of sellers, they would be uncomfortable leaving positive Feedback for a buyer before they receive some assurance that the buyer has in fact, received the merchandise and is satisfied. So, I think it depends a lot on, are you as a seller comfortable with the Feedback of the buyer? Just think of the buyer. What is your business model? How do you want to approach things? And I do know that if the buyer leaves Feedback first, they are more likely to get, excuse me, if the seller leaves Feedback quickly first, they're more likely to get Feedback in return. But I think I'd leave it up to the individual seller to look at their take on the business model, look at the individual buyer and look at the individual auction and decide for themselves.

**Bill Cobb:** Yeah, and in fairness to the seller, a lot of times it will depend on the Feedback of the buyer, so. Good point.

**Rob Chesnut:** Okay.

**Meg Whitman:** So Rob, let me ask a question. I was with some sellers over the weekend, a brother of a very close friend of mine is a PowerSeller on eBay and he was asking me why we don't wait for both buyer and seller Feedback and then post it at the same time because he thought that was a way to get around

the retaliatory Feedback. I know we thought about that. We haven't done it. I thought you could give us an update on that.

**Rob Chesnut:** It's an interesting idea, but there are a couple of concerns on that; and number one, there's a concern where there's fraud. Now a buyer may realize quickly that they've been defrauded and want to leave a negative Feedback to warn the rest of the Community. And a fraudulent seller in that circumstance would be able to essentially hide that negative for 10 days, 20 days, whatever, and therefore, you know, not give the Community the warning that I think you know we really want the Feedback system to provide. There's also something about that that troubles me. You know, I'd rather, instead of the Feedback be a game of hiding; like, "I'm not gonna tell you until you tell me," I'd like the parties to be open with each other and openly try to resolve their disputes with each other, in a way that I think that openly addresses the problem in an issue as opposed to trying to hide their intent until the last minute.

**Question read by Brad Williams:** Our next question comes from someone with a user ID of dixie. Dixie would like to know; what consequences are imposed on sellers with a high percentage of negative Feedback?

**Answer from Rob Chesnut:** That's a good question. And there are several. You know, #1, if your Feedback percentage falls below 98%, you're not eligible to participate in eBay's PowerSeller program. # 2, if your Feedback percentage falls below 98% and you offer PayPal, then PayPal will not stand behind your transaction with their \$1000 buyer protection, which is a substantial penalty. There are a number of buyers who look for that logo. Again, 75% of the listings do have that logo on there. So if your Feedback falls below 98%, you lose the competitive advantage on the marketplace of offering \$1000 of buyer protection.

I think the 3rd way that the sellers are punished is that they're punished by you, the Community. Because we know that your Feedback has a direct correlation with the price that you're gonna get on your items. So sellers who have a very high Feedback are more likely to get better prices for their goods. Now the sellers with a lower Feedback will not attract as many goods and the price of their items will go down. So I think the system has an economic incentive built into it that punishes the people that have poor Feedback and awards those that have good Feedback. What I like about the Feedback system is that it is very open. And I would never tell a buyer, "You should not trust a seller whose Feedback percentage is excellent." Trust is different for every person. And depending on the circumstances and the item and the buyer, there are some buyers that might be comfortable in some categories, buying from the seller that's got a Feedback of 95% or worse. After they've read all the Feedback, looked at the price and factored that into their decision. Another circumstance is where some buyers will say, "I'm only gonna buy from someone with a 100%." I won't say that one's right and one's wrong. I'd rather leave that up to the individual's personal discretion.

Now if someone's Feedback is so bad or if even Feedback that's not terrible, it may be that they are committing fraud and they are not delivering merchandise or they are not living up to their word, I don't care what their percentage is, we're gonna expect them to take action in those cases, and we'll suspend people from the platform. We do it everyday.

**Question read by Brad Williams:** Our next question comes from beachbadge, who went to high school with our own Bill Cobb. And I'm not making this up.

**Bill Cobb:** Hello beachbadge! (laughs from Meg and the audience)

**Brad Williams:** She wasn't known as beachbadge in high school but....I send in many spoof messages weekly. It would be great to see it listed on the security page, all the arrests and places shut down after being caught.

**Answer from Rob Chesnut:** Yeah. We should do better in that area. You know, when I go and talk to the Community on the boards and at eBay Live and such, they are amazed when I start telling them the stories about the arrests in Italy, the arrests in Romania, the arrests in places all over the United States and they walk away feeling a lot better. And I sit there to myself thinking, "Gosh, this shouldn't be that hard. We should start sharing those stories." So we've revamped the Security Center. You go to the Security Center right now. They have four cases on there. It tells the story of how we were able to work with law enforcement, catch bad guys or even has names of the judges, names of some of the defendants and some of the jail time. And you know what? I don't think four is enough, because we do a lot in this area and I know I've got another half dozen or so that I'm familiar with in the last month. We're going to put those in the Security Center as well. We're going to get the story out there because I think everybody ought to know the work that our fine--, we've got a great fraud investigation team. They're really dedicated and they love working with law enforcement and we ought to be proud of their work and showcase it.

**Question read by Brad Williams:** All right, our next question; I'd like to know what eBay is going to do to stop crooked shipping charges. We need a level playing field.

**Answer from Rob Chesnut:** I'm with you. I agree. When you talk about things and we can do better in the Trust and Safety area, we need to do something about the sellers that are inflating their shipping prices, charging prices that are substantially above regular shipping and handling charges, and using that to make up for low prices. I know that that puts people in a particular category where that goes on at a competitive disadvantage. It's tough to compete with folks, because buyers will look at their item and it's only one dollar. What

they are often misled by is when they look at in fine print they realize that \$1.00 item comes with \$20.00 of shipping and handling. And that's just wrong.

That said, it's a challenge. You know, eBay is reluctant to tell the sellers what they can charge for shipping their items. We don't know what the goods weigh. There are a number of different ways that you can ship goods and setting out strict rules around what every item should cost from a shipping perspective is a little daunting and I'm not sure we want to go that far.

But we can do better. We've got a team now within Trust and Safety that is studying the issue. We're looking at the listings, looking at how the sellers are operating. And I think we're gonna have some things coming out a little later on in the year. You know, one thing that we can talk about now is our Matt Halprin, he works in this area, just passed me a note and gave me a thumbs up. I can tell the Community that we're going to start defaulting the shipping column on in Search. So what that's going to do is that's going to provide a lot of visibility right on Search as to exactly how much the item costs, including shipping. I think that kind of transparency is a great step in the right direction. We're also going to look at some other things in that area.

And again, if you've got some ideas in this area, drop over to the Trust and Safety Board, start a thread and say, "I can solve this problem," and write me a note. I'm on the board. I look at the boards everyday and my team goes out and reads them. And you know, we don't have a monopoly on good ideas here, in San Jose. You guys are closer to the problem than we are. I'd love to hear your ideas.

**Bill Cobb:** So as my team here knows, I never let a shipping question go by. (laughs from the audience)

So just so the Community knows, this is one of my top six priorities. Not only for the user experience, which I'm very excited about our partnership with USPS and how that enables sellers to pay and label their own postage at home, but I've also asked Rob and his team to really focus on this. Because while we cannot tell the sellers what to charge for shipping, I think transparency is a hallmark of the eBay marketplace, this has come up in every Town Hall series of questions and I want everybody to know we're very committed to not only enhancing the experience for sellers with partners like USPS, but also putting this way high on Rob's priority list for Trust and Safety.

**Question read by Brad Williams:** Next question comes from a member with the user ID of catholicmomof6, with a timely question. And the question is: Exactly which religious groups are protected when items considered sacred are up for sale on eBay?

**Answer from Rob Chesnut:** I think catholicmom's probably referring to the item that was recently up on the site. For those of you who aren't familiar with it; an individual recently listed some memorabilia regarding a meeting, an opportunity to meet the Pope and take communion. And you know, this user actually listed the Holy Eucharist, you know, the wafer from that particular meeting. And for those of you in the Community and in the room here who are Catholic, this is I know sacrilegious, an outrage. And we have heard from number of members in and out of the Community who are Catholic who have expressed their views on this. My brother-in-law is a Catholic priest. My brother-in-law gave me a call earlier and it was really, it was interesting. His perspective is he's saddened to hear about the listing. And this listing was placed directly on the site and as many of you know, eBay has over four million listings put on its site everyday. You know, we don't pre-review or approve of any listing. This item went directly on the site and we never saw it. In fact, the listing had actually ended before we were ever aware that it was on our site, so there was not an opportunity for us to take action on it. You know, it presents a challenge because to go back to your question; exactly which religious groups are protected when items are sacred up for sale, the answer is right now, as of this moment, none.

We haven't had a policy like this because no one has ever listed an item like this before. And it's one that a number of folks in our department have been weighing and discussing. And one of the issues is should we have a policy in this area and if we should have a policy it's a policy that can't just look at the Catholic religion and something that's sacred with the Catholics it's something that we have to look Community wide and examine the issues. So as for catholicmomof6, I can tell you that there are a number of folks in the Community who went and contacted us about this, folks within eBay who have spoken to me about this. I hear it and I hear it loud and clear and I'm very sensitive. I know this must have been a painful thing for you to hear about. We are looking at it closely and we're trying to come up with the right thing to do and we're working on it.

**Bill Cobb:** Yeah, Rob, let me add a couple of things. I think that was extremely well said. And I also, I am a Roman Catholic, went to Catholic school with beachbadge. (laughs from audience) You'll verify that. And you know my children go to Catholic school now. I mean you know, the diocese of San Jose has written in to eBay. So this is a very, very sensitive subject. And I understand and empathize completely. It also strikes to the character of the company. You know, we don't endorse this type a thing, but it is very difficult on just a reactive basis to say yes or no. I want to promise everyone and Rob and his team, we are studying this issue, but this issue is much broader than you know the consecrated host in this particular case. And we have to look at this broadly and do what's best for the marketplace. As you put it, as sacrilegious as it is, for members of you know, my faith, we have to figure out how we're gonna address it, and we will.



**Rob Chesnut:** Just as a followup, after we became aware of the listing, our team has been watching the websites globally and we found several hoax listings. Some were listings put up just for the purpose of frankly causing trouble and getting in the limelight. The team is looking for these things and we're taking them down immediately. So we take that quite seriously.

**Bill Cobb:** Thanks, Rob.

**Question read by Brad Williams:** I'd like to go to a lighter note after that but this is the Trust and Safety Town Hall, so we don't have too many lighter notes. (audience laughs) They're all pretty serious. The next one just came in live from a member whose user ID is orange\_cape\_hides\_me. I don't know the origin of that.

**Rob Chesnut:** I'd say orange\_cape\_hides\_me is another one of those, the folks on the Trust and Safety Board.

**Bill Cobb:** This is a friendly Town Hall, Rob's buddies from his board.

**Rob Chesnut:** This is great. Come on over to my place.

**Brad Williams:** And a lot of Rob's friends wear capes.

**Rob Chesnut:** That's right.

**Brad Williams:** So orange\_cape's question is: What is the Trust and Safety department's policy regarding, I assume he means low cost auctions, .01 to .99, that appear to exist for Feedback padding purposes. When such auctions are reported, do you remove the Feedback that has been obtained this way?

**Answer from Rob Chesnut:** It's funny, because I just found a debate on the boards with cape and nukeallscammers and a group of other users about this same issue. You know, we've gotten some complaints from users where sellers have had .01 cent, penny BIN auctions on eBay. And the question is why do we allow this because it costs more than a penny to do the listing? Like it probably costs .35 or .40 cents to do a .01 cent listing and what could possibly be the good intent of a .01 cent, penny BIN auction on eBay? And it's interesting and we're studying the issue.

We're a little reluctant to tell sellers what the minimum price they can ask for an item is, because we've traditionally given sellers I think a lot of respect as we should, for knowing their business. And one penny sounds like that's a little too low if we were going to set a minimum. But then I'd ask the question of what should the minimum be if we do have one? For folks that trade baseball cards, for those that trade, legitimately want to trade recipes or very old paperback

book, maybe one penny isn't the right price but these things would legitimately go for .50 cents everyday. So we're studying it. I want to come out with the right answer to this and we definitely want to do something to crack down on individuals that try to pad their Feedback, but we're going to tread a little cautiously when setting minimum prices for sellers and interfering with their business.

**Bill Cobb:** Yeah, and I think Rob outlined the issue extremely well, which is in the one sense, it's an easy decision; just move to a higher minimum on BIN items but it is difficult for us to get over principle as Rob talked about, which is us mandating what a seller would set price wise. However, as the marketplace evolves and people go into better Feedback padding or excessive shipping or whatever, this is a live issue; The Community should know this. I'm not saying we're gonna have a resolution of this because there's a few principles at work here and a philosophy discussion, but this is an active discussion within our leadership meetings.

**Question ready by Brad Williams:** Next question: If a seller lists an item as quote "authentic" what recourse is there when you receive the item and it's not authentic but a replica?

**Answer from Rob Chesnut:** Well the first thing you should do in that situation is contact the seller and ask for your money back. If the seller has represented goods to be authentic and the goods are not, then the seller has misrepresented the item and they're responsible for making it right. There are times where a seller might in good faith, believe their item is real. There are also times where buyers in good faith, think that an item is a replica when it's not. So the first thing I think I'd urge everybody to do in that kind of a circumstance is you know, buyer, make sure it's a replica. You know, make sure you've got the information correct and then where possible, confirm it with a legitimate retailer that knows. Once you've confirmed it, go back to the seller. Approach the seller in a non confrontational manner; Assume that people are basically good, and that the seller's mistake was an honest one, point out the problem and we've got a new system that maybe I'll get a chance to talk about later, an Online Dispute Resolution system where I encourage you to go in, open up a dispute with the seller and say, "I've got a problem." Try to work it out. You know, the vast majority of disputes were where both parties engage each other through our system get resolved.

**Bill Cobb:** Why don't you spend a second and explain ODR (Online Dispute Resolution)?

**Rob Chesnut:** Yeah. About a year, year and a half ago, and actually going back further, you know, we heard a lot of complaints where in a particular case, the buyer would say, "I can't get in touch with the seller. The seller won't respond to my emails. They're committing fraud. Do something." And on the other side we

hear from the same seller saying, "This buyer's not contacting me. They're unpaid. You better do something about it." And you look at both of them and you say, "What in the world is going on?" And what we might find in many cases is the answer is a SPAM filter and that the individuals weren't even able to get in touch with each other.

So we learned that what we should be doing is giving users a forum, a place online where they can get in touch with each other through the eBay system. And maybe that eBay system can go further than just being a conduit for messages. We can actually provide users with some advice on how they can more intelligently resolve their disputes to the satisfaction of all the users and maybe a console where people can keep track of their disputes if they're a big seller. So we built a system and this system has actually been we're real excited by it. It's for buyers and sellers with opportunity to work out their disputes. Some great stories about how users were able to get together and instead of the situation blowing up into a disaster, it worked out where the parties were able to resolve their differences to everybody's satisfaction.

So in a situation like this one, people are basically good. Open up a dispute and try to work it out. Now if they don't work it out and in that situation, the seller has violated a contract. And it's something that you're eligible for eBay and PayPal's Buyer Protection Program and you should file under those circumstances and then maybe we won't be able to get involved to contact the seller and be a little encouraging, to see if the seller will then work out the problem. And if they won't, we'll step in and make them.

**Question read by Brad Williams:** Here's a question that just came in a couple minutes ago from user ID mark\_rydings. The question is; the overwhelming sentiment I hear is that the reporting forms—this actually relates to what you were just talking about, the reporting forms are too hard to find and the processes for reporting a problem resolution are too complex. Can't these things be simplified so that an average user can navigate them without getting so frustrated? eBay relies on the Community to police the site but they seem to make it unnecessarily difficult for a quote "average user" to help with that effort.

**Answer from Rob Chesnut:** Yeah. This is also something where I think we can do better. You know, what we'd like to do is we'd like to be able to have a way so that our users can point listings out to us that violate our rules and also point out listings that might be fraudulent. We want that information. We also want to make sure though, that we get information that is good information for our team to follow up on and you want a system in place that won't encourage competitors, to turn in a competitor or individuals to play with the system and file a number of items that are simply frivolous. So we are actually working on this. And I think I don't have anything to announce today on this but I think you're going to see some improvements in the system in the coming months to make it

easier for folks to report like mark\_rydings and cape and the others, to get the listings into us so we can take action on the violations.

**Question read by Brad Williams:** All right, here's a question that came in from techinvestor3 as the user ID. And the question is: Sometimes fraudsters recruit gullible sellers to sell on their behalf on the site. What are you doing to stop this?

**Answer from Rob Chesnut:** It's an insidious con because it actually preys on people that may be unemployed, looking for a job, and they'll go to a website, one of the popular job posting websites and they'll see an ad, you know, "Make money selling on eBay." What this scam does is it recruits people, usually in the United States, and asks them to basically be an intermediary for a foreign company. Usually the foreign company will have a nice little website and it will encourage this person, usually in the United States again, to be their intermediary and to accept money on their behalf and then send the money by Western Union overseas. And then the overseas company will do the shipping.

Usually, good common sense prevails and those people don't fall for these sorts of scams. But you know, there are folks out there that are desperate for a job and an opportunity to make money. They've heard good things about eBay. They may see an ad on one of the job posting sites and fall for it. And one thing we've done is we've actually reached out to job posting sites. We are working in partnership with them in a couple of ways.

You know, number one, we're actually putting up notices and warnings to potential eBay users on these other sites, letting them know about these scams. And the job posting sites have actually been cooperative with us in pulling down scams when they see them. The US Postal Service has actually gotten involved in this. A lot of folks don't realize that the US Postal Service is actually a criminal investigation agency. Back when I was a prosecutor, I used to do cases with them. They carry firearms. They investigate crimes in mail. They've actually put together a little DVD and dropped a copy of it by my office last month. It's a DVD work-at-home scams and they are giving it out to the post office in an effort to help educate people about the process. So that's good question. One that we are actively working on with the industry and with law enforcements to shut down.

**Question read by Brad Williams:** All right, our next question comes from tennis37. Tennis37's question is: I had negative Feedback. A seller said I won an auction but never paid. I tried the Online Dispute Resolution but he never responded. The only option it to pay to have the Feedback removed. I don't believe this is fair. Can you look into changing this practice?

**Answer from Rob Chesnut:** Yeah. Number one, I spoke earlier about an Online Dispute Resolution system. It's a wonderful system if both parties are willing to come to the table and work something out. You know, in your situation,

it doesn't sound like the seller had the right spirit and they weren't willing to work it out. A negative Feedback cannot be removed through payment. That's a misconception through some of the few folks that have gotten through the pores. What happens is that if you are able to work out your disputes with another user, just so that both parties want to withdraw the negative Feedback, you can now both come to eBay directly and do that at no cost through our Mutual Feedback Withdrawal system.

The confusion I think comes from the older days of eBay when there was a third party mediation company where users had to go and they had to pay a mediator \$20.00 to get involved, talk to the parties and try to get them to resolve their dispute. Even in the old days, the mediator wasn't always able to remove the Feedback. Both parties had to come to the table and be willing to withdraw.

So you know the best advice I can give people is try to work out your disputes with users, do it early before you even leave a negative. He who wants a negative has lost, all hope is lost. Try to use the system. And unfortunately, there will be a few situations where a user doesn't come to the table and doesn't want to work something out and I'd encourage you to leave a Feedback in their profile that reflects their unwillingness to.

**Bill Cobb:** And just to repeat, there is no pay for Feedback removal?

**Rob Chesnut:** No pay.

**Bill Cobb:** To the question from tennis37?

**Rob Chesnut:** Yes.

**Question read by Brad Williams:** We've just got time for one more question and then we're going to need to wrap it up for this month. It comes from user ID dan&christi and their question is: What actions can be done for items purchased but never received through eBay?

**Answer from Rob Chesnut:** If you purchase an item on eBay and you haven't received it, the first thing you should do is try to contact your seller. I'd recommend, you can actually, if you were a partner in the transaction, you can go on the site and get the seller's phone number. So if you'd like, go to the site, get the seller's phone number. Call him up and say, "Hey, I didn't get my item. What's going on?" Often times you'll find that it's an honest mistake. They're waiting for a check to clear. Maybe seller hasn't been able to get around to shipping the goods yet or maybe the item is lost in the mail? I think that should be your first recourse.

If you're not able to reach the seller, I'd encourage you to file through the Online Dispute Resolution system, try that way. What you also want to do is make sure

you preserve your rights to eBay's Buyer Protection Program, because ultimately, if you never get the item and the seller doesn't reimburse you your money, if you pay with PayPal, you enjoy \$1000 worth of protection automatically against this sort of a problem. And you've got up to 45 days from the date of the transaction to file. Do not let that deadline go. Even if the seller tells you, "Oh yeah, the item's coming. The item's coming." You can always file and you can always withdraw later. Protect yourself, get into the system. File for protection under PayPal. If you did not pay through PayPal, through a PayPal protection seller, you still have protection under eBay's Buyer Protection Program. It covers you automatically up to \$200.00, with a \$25.00 deductible. Go to the eBay site, go into the Security Center and file and make sure you're covered that way. I think that covers it.

**Bill Cobb:** Thank you, Rob. Brad, if I can, just to wrap up. You know, first of all, not only do I want to thank Meg, first of all, for attending this but I want to give little context. As Meg said earlier, nothing goes to the heart of what she does more than this. Meg kind of has, in my view, two signature moments in her tenure here; one was during the site problems in 1999, when she really tackled that issue when, and obviously, the stability we've been able to enjoy since that time has benefited the entire community. And frankly, the other time was in 2002, and it was Meg who really drove the formation of the Trust and Safety part and she asked Rob to do that. And so, it's really why Meg is here today. Why she picked the best person on earth to be here.

These are very complex issues. I sit here in awe of Rob sometimes with his knowledge and also his ability to balance fairness and his ability to really think about the entire community. So I do want to thank you, also Rob, for attending today and really, you know, running this. Because you handled this and I know there's a lot of people behind you and you have an outstanding team in San Jose, and really around the world, with the number of reps that we've added. We have over 1000 people working on issues and we will continue to work against these issues. So again, thank you, Rob.

**Rob Chesnut:** Thanks. There is this one person up here from Trust and Safety with a microphone today, but there are an awful lot of folks, over 1000 of them around the world, a number of them are here in San Jose, and some of them are sitting in the room right now and I'm looking at them and they know who they are. They're serious about this and are deeply committed to it and they're the reason we've been able to have the successes that we've had so far is because they love what they do and they're working very hard. So I really appreciate all their efforts and I know the Community does as well.

**Bill Cobb:** Well thank you. So I want one last announcement. Our next Community Town Hall is going to be Wednesday, May 25<sup>th</sup>. And what we're going to do on that one, I'm going to travel to Salt Lake City, and we're going to do a Customer Support Center one in Salt Lake City. And Wendy Jones is going

to co-host that with myself, who heads up our North American Customer Support team. As you know from in the letter I sent out a couple of months ago, I'm very committed to the whole area of improving our Customer Support team. I was there last week. We have a number of outstanding reps and I want to be able to share the Community's questions, specifically about Customer Support. So more details on the Announcement Board, and as always, Brad, send me an e-mail, [Billcobb@ebay.com](mailto:Billcobb@ebay.com)

**Brad Williams:** I sent you a few last night.

**Bill Cobb:** Exactly. But seriously, this is a great way for us to learn.

**Brad Williams:** Great. Thanks everybody for joining us and we'll see you May 25<sup>th</sup>.