

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

THE WALL STREET JOURNAL.

WSJ.com

THEORY & PRACTICE | APRIL 27, 2009

Corporate Blogs and 'Tweets' Must Keep SEC in Mind

Social Media Offer Immediacy and Spontaneity to Communications but Risk Running Afoul of Regulations

By [CARI TUNA](#)

An eBay Inc. effort to broaden communication through the popular Twitter Web-messaging service highlights the hurdles facing corporate users of online social media.

The online auctioneer launched a corporate blog in April 2008. Two months later, blogger Richard Brewer-Hay began "tweeting" -- posting updates on Twitter -- about Silicon Valley technology conferences, eBay's quarterly earnings calls and other topics.

The growing Twitter audience also attracted the attention of eBay's lawyers, who last month required Mr. Brewer-Hay to include regulatory disclaimers with certain posts. Some followers think the tougher oversight is squelching Mr. Brewer-Hay's spontaneous, informal style.

His experience shows the tension that can arise as more companies tap social media to reach investors, customers and others. Eighty-one Fortune 500 companies sponsor public blogs, including [Wal-Mart Stores Inc.](#), [Chevron Corp.](#) and [General Motors Corp.](#), according to the Society for New Communications Research. Of those blogs, 23 link to corporate Twitter accounts.

On Thursday, a [Johnson & Johnson](#) executive reported for the first time on the health-care giant's annual meeting via Twitter, which allows users to post "tweets" of as many as 140 characters via text messages and the Web.

Such efforts raise thorny questions. Blogs and tweets can run afoul of Securities and Exchange Commission regulations on corporate communications. But sanitizing such posts risks hurting credibility with online audiences.

"This is all new to companies, and they're not sure where they can go," says Dominic Jones, editor of IR Web Report, an online newsletter for investor-relations professionals.

The SEC boasts its own Twitter account, and encourages companies to communicate to investors via the Web. In July, the commission said companies could disseminate certain information on the Web without issuing a news release.

But even some tech-savvy companies remain wary. [Intel Corp.](#) in May will be among the first companies to allow shareholders to ask questions via the Web and vote online during its annual meeting. But the chip maker avoids blogs and Twitter for investor issues, because it fears violating SEC disclosure rules or inviting public criticism in a company-hosted forum, says Kevin Sellers, vice president of investor relations.

"There's always going to be a person with an axe to grind," he says. "Do we really want to sponsor that?"

Employees' online chatter has created problems elsewhere. Two Texas lawyers last year sued [Cisco Systems Inc.](#) and an employee for defamation after the employee in a blog accused the pair of criminal activity in a case against Cisco.

The case is pending, and the employee left Cisco voluntarily later last year.

eBay hired Mr. Brewer-Hay in January 2008, as it sought to shore up its reputation among sellers on its Web site. It asked the social-media veteran to be an "internal reporter" to increase transparency and put a face on the company, says Jose Mallabo, eBay's director of corporate communications.

His informal tweets proved popular, attracting 1,400 "followers" today, up from 345 on Jan. 1. During a January conference call, Chief Executive John Donahoe told investors that eBay's Skype Internet-telephone service offered only "minimal" synergies with the rest of the company. "Watch this space," Mr. Brewer-Hay tweeted. On April 14, eBay said it planned to spin off Skype.

These days, Mr. Brewer-Hay is more restrained around financial matters. He posted around 75 tweets from his computer during eBay's quarterly earnings call Wednesday. Most repeated verbatim comments by eBay executives.

Users noticed a change. Mr. Brewer-Hay's prior tweets were "much more personal," says Sue Bailey, a follower who sells jewelry on eBay and writes a blog on e-commerce. In the past, she says, "it didn't feel like eBay tweeting, it felt like Richard tweeting."

Mr. Brewer-Hay says he's trying to stick to the script. "There's much more of a microscope on what I'm doing now," he says.

He and other corporate tweeters say the service offers companies many benefits, with manageable risks. Chuck Hollis, a vice president of corporate marketing at EMC Corp., says Twitter helps him spread company news and track the opinions of employees, investors and outsiders.

"The immediacy can be breathtaking," he says. "You can't ignore Twitter as part of your overall corporate social-media strategy, just like you can't ignore Google."

Corporate lawyers say companies should devise a social-media policy before adopting blogs or Twitter. "All of the traditional ways that a company can get in trouble for making public statements" apply to the Web, says Lisa Wood, of Foley Hoag LLP.

She urges companies to include the standard disclaimers they use in other communications, as Mr. Brewer-Hay now does. Ms. Wood says companies shouldn't disclose financial information on Twitter that isn't available elsewhere, and should make clear that opinions expressed by others in company-sponsored forums -- like comments on blogs -- don't represent management's views.

Write to Cari Tuna at cari.tuna@wsj.com

Corrections & Amplifications

Richard Brewer-Hay, eBay Inc.'s corporate blogger, posted updates on Twitter from his computer during eBay's quarterly earnings call April 22. In some editions Monday, this article incorrectly said he posted the updates from his mobile phone.

Printed in The Wall Street Journal, page B4

Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com

