The Signal

Monthly intelligence on Creator Risk, regulatory change, and brand safety incidents.
Issue 31 · June 2026

The Polymarket investigation published this month reveals something the creator risk industry has been circling for two years. The failure was not in a creator. It was in the governance structure that surrounds them.

EDITOR'S NOTE

Three cases define this issue.

Polymarket — where a CMO routed $350,000 in influencer payments through a personal PayPal account to avoid corporate documentation.

EBY Inc — where a brand used AI to generate a deepfake of its own ambassador appearing partially nude.

And a wave of class action lawsuits claiming more than $1.15 billion in combined damages across Celsius, Revolve, Shein, Alo Yoga, and Gymshark.

The direction of risk has shifted. Brands are no longer only the victims of creator conduct. In some cases, they are the actors.

$1.15BN+

Combined damages claimed across five influencer marketing class actions — Celsius, Shein, Revolve, Alo Yoga, and Gymshark. The legal theory is identical in each case: undisclosed endorsements inflated the prices consumers paid. Creator risk is now financially quantifiable in federal court — and the wave is still building.

Source: Dubreu v. Celsius Holdings ($450M+) · Bengoechea v. Shein ($500M+) · Negreanu v. Revolve ($50M) · Sulici v. Alo Yoga ($150M) · Lupea v. Gymshark (S.D.N.Y., filed June 16, 2026)

IN THIS ISSUE

01 — THE INVISIBLE SPONSORSHIP

Polymarket · CMO personal PayPal · June 2026

A POLITICO investigation published on 5 June 2026 found that Polymarket's chief marketing officer used his personal PayPal account to pay more than two dozen social media influencers to promote the prediction market platform on X. Most of those posts never disclosed they were paid advertisements. Matthew Modabber sent over $2.5 million to more than 800 recipients between January 2025 and February 2026. At least $350,000 went directly to roughly two dozen influencers tasked with making Polymarket odds look like organic, newsworthy content. The operation generated approximately 490 social media posts. Roughly a third were framed as breaking news.

> *"They actually told us, 'This one needs to get out now,' as if we were cattle."*
>
> — Anonymous influencer, POLITICO investigation, June 2026

The personal PayPal question

A CMO using a personal PayPal account — registered to an email address tied to a salad shop — to route $350,000 in influencer payments is not an administrative choice. It is a structural decision to keep the compensation off corporate payment systems and therefore outside the documentation trails that compliance processes would capture. The question is not whether Polymarket's creators disclosed. It is whether the governance structure was designed to produce disclosure — or to avoid it.

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The compliance infrastructure was never built, because the payments were never meant to be found. When compensation is routed through a personal PayPal account registered to a salad shop, the documentation trail that compliance relies on does not exist. You cannot audit what was never recorded.

RECOMMENDED ACTION

Before activating any creator programme at scale, ask whether your organisation has governance infrastructure capable of documenting every payment, every brief, and every post requirement. A compliance framework that relies on creator disclosure without a corporate audit trail is not a compliance framework.

02 — THE CLASS ACTION WAVE ARRIVES

Celsius · Revolve · Shein · US District Courts · 2025–2026

Five class action lawsuits filed in US federal courts between January 2025 and June 2026 have put more than $1.15 billion in claimed damages on the table. Celsius Holdings faces claims exceeding $450 million. Shein faces claims exceeding $500 million. Revolve faces $50 million. Alo Yoga faces $150 million in claimed damages. Gymshark was served on June 16, 2026 — two weeks before this issue went to press — with an unquantified claim seeking damages, restitution, disgorgement, and punitive damages. The legal theory is identical across all five: influencers promoted products without disclosing they were paid to do so; that non-disclosure made the endorsements appear organic; the apparent organic endorsements allowed the brands to charge prices consumers would not otherwise have accepted. The premium, plaintiffs argue, is recoverable.

This is not five separate disputes. It is one legal theory, applied across five cases by plaintiffs' attorneys who have identified a replicable formula. Undisclosed compensation. Apparent organic endorsement. Inflated price. Recoverable damages. Every brand running an influencer programme without documented disclosure processes is exposed to the same theory. At the time of publication, the wave is still building.

What Revolve's arbitration win actually means

Revolve won an early procedural victory in September 2025 when a California federal judge ordered the class action into private arbitration, enforcing a Terms of Service clause that barred class claims. The case proceeds behind closed doors. The Celsius and Shein cases remain active in court. Revolve's outcome is a governance move, not a compliance resolution — and regulators are not bound by Terms of Service clauses.

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Consumer class actions have now established a legal theory that undisclosed endorsements inflate prices — and that those inflated prices are recoverable damages. That theory did not exist at scale two years ago. It exists now, across three active cases. The financial consequence of non-disclosure has been quantified in federal court.

RECOMMENDED ACTION

Map your influencer payment and disclosure processes against the allegations in these three cases. The legal theory — undisclosed compensation, inflated prices, deceptive presentation as organic content — is explicitly designed to be replicated. The cases that proceed to judgement will establish the damages framework for the category.

03 — THE BRAND THAT DEEPFAKED ITS OWN AMBASSADOR

EBY Inc. · AI-generated likeness · June 10, 2026

On 10 June 2026, a lifestyle content creator filed suit against body-inclusivity underwear company EBY Inc. in the US District Court for the Northern District of California. The claim: EBY used artificial intelligence to create a deepfake of the creator — her own brand ambassador — appearing partially nude, and posted the video without her knowledge or consent.

The case inverts the risk direction that The Signal has tracked since Issue 01. For thirty issues, this publication has documented risk flowing from creator conduct toward brands. This case runs in the opposite direction. The brand is the actor. The creator is the victim. The mechanism is the ambassador contract itself — the commercial relationship the creator entered in good faith became the vehicle through which her likeness was exploited.

What the contract didn't say

Standard ambassador agreements cover content approval rights, exclusivity obligations, and usage of content the creator produces. Almost none specify what the brand may not do with AI tools to the creator's likeness. That omission was largely theoretical before generative AI made synthetic likeness creation fast and cheap. It is not theoretical now.

The FTC's dedicated AI enforcement unit, established in January 2026, carries a penalty ceiling of $53,088 per violation — with each non-compliant post counting as a separate violation. A ten-post campaign using an undisclosed AI-generated creator likeness could exceed $500,000 in potential penalties before litigation begins.

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Every ambassador contract currently in force was written before this case existed. The omission it exposes — no clause restricting AI use of the creator's likeness — is not a drafting oversight. It is a category of risk nobody anticipated needing to address. That category now has a filed lawsuit attached to it. The contract review is not optional.

RECOMMENDED ACTION

Review your ambassador and long-term creator contracts for AI likeness provisions. The absence of explicit prohibition is not protection. Add a clause that clearly defines what AI use of the creator's likeness requires — at minimum, prior written consent for any generative AI application to the creator's image, voice, or persona.

04 — REGULATORY SNAPSHOT

Six markets · June 2026

Six markets. Active enforcement in all of them.

MARKET	DEVELOPMENT	IMPACT
FRANCE	ARPP speech-to-text enforcement active. Brand-level focus H1 2026. Audio content in scope. Maximum fine €300,000.	**HIGH**
GERMANY	UWG private enforcement at record levels — competitor-driven cases the dominant risk mechanism. Disclosure failures are a commercial weapon.	**HIGH**
ITALY	Ferragni Law and AGCOM Code fully operational. Post-acquittal landscape stable. Most comprehensively regulated market in Europe.	**MEDIUM**
UK	DMCCA enforcement decisions expected H2 2026. FCA finfluencer second round active. ASA named non-compliers list at highest count since launch.	**HIGH**
EU-WIDE	Digital Fairness Act legislative proposal confirmed Q4 2026 — most significant EU creator marketing regulation since GDPR. Further reading: digital-strategy.ec.europa.eu	**HIGH**
USA	FTC AI enforcement unit active — $53,088 per violation. Class action wave: Celsius, Shein, Revolve, Alo Yoga. NY Synthetic Performer Disclosure Law effective June 9, 2026 — first US state law requiring AI likeness disclosure in advertising. $1,000 first violation, $5,000 per subsequent.	**HIGH**

05 — CASES TO WATCH

Active litigation and regulatory developments · June 2026

EBY Inc. v. Brand Ambassador	AI deepfake likeness. Filed June 10, 2026. N.D. Cal.
Dubreu v. Celsius Holdings	$450M+ claimed. Undisclosed influencer payments. Active, C.D. Cal.
Bengoechea v. Shein	$500M+ claimed. Undisclosed influencer payments. Active, C.D. Cal.
Negreanu v. Revolve Group	$50M claimed. Sent to arbitration Sept 2025.
Sulici v. Alo Yoga	$150M claimed. Undisclosed influencer payments. N.D. Ill. Active.
Lupea v. Gymshark USA	Filed June 16, 2026. S.D.N.Y. Same price premium theory. Damages TBC.
Digital Fairness Act	Legislative proposal confirmed Q4 2026. EU-wide influencer obligations.

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02 — THE CLASS ACTION WAVE ARRIVES

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03 — THE BRAND THAT DEEPFAKED ITS OWN AMBASSADOR

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NY Synthetic Performer Disclosure Law — background and analysis — https://www.dglaw.com/the-rise-of-class-actions-in-influencer-marketing-what-brands-need-to-know-to-protect-themselves/

04 — REGULATORY SNAPSHOT

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UWG enforcement Germany — competitor-driven cases — https://www.wettbewerbszentrale.de/en/

AGCOM Code and Ferragni Law — Italy — https://www.agcom.it/provvedimenti/delibera-197-25-cons

DMCCA — UK Digital Markets, Competition and Consumers Act — https://www.legislation.gov.uk/ukpga/2024/13/contents

Digital Fairness Act — EU legislative proposal — https://digital-strategy.ec.europa.eu/en/policies/digital-fairness-act

FTC Endorsement Guides — current guidance — https://www.ftc.gov/business-guidance/resources/ftcs-endorsement-guides-what-people-are-asking

ABOUT SIGNAL INTELLIGENCE

Signal Intelligence is an independent creator risk intelligence company. We provide monthly briefings tracking creator risk, regulatory change, and brand safety incidents. Our TRACE methodology and portfolio audit services are used by brand-side marketing, legal, and compliance teams.

Request a creator portfolio audit at signalintelligence.consulting