

Yelp at center of free-speech case

By Angus Loten, Wall Street Journal

A closely watched Internet free-speech case is headed to the Virginia Supreme Court this month, with many businesses that live and die by online reviews rooting for the owner of a small, suburban carpet cleaner.

In early 2012, Joe Hadeed, owner of Hadeed Carpet Cleaning Inc., arrived at his office atop a 70,000-square-foot warehouse in Springfield, Va., to discover a critique posted on Yelp. "Lots of hype, a mediocre cleaning and a hassle at the end. Don't go with Joe!" wrote a "Mike M." A few days later, another review, by "M.P." popped up: "I will never use them again and advise others to proceed with caution!" it said.

Over the next several weeks, a string of similarly harsh reviews replaced more-favorable comments "as if someone had flipped a switch," said the 47-year-old Hadeed, in an interview last month at his offices, where trucks drop off carpets to be washed, rinsed and dried.

Following the rash of negative Yelp reviews, business sank 30 percent in 2012, Hadeed says. Last year, Hadeed cleaned just 20,000 carpets, down from 29,000 in 2011. Revenue fell to \$9.5 million from \$12 million in 2011. Hadeed said the business has let 80 workers go and sold six trucks, reducing its fleet to 54.

The Federal Trade Commission has received more than 2,046 complaints filed about Yelp from 2008 through March 4, according to data reviewed by the Wall Street Journal, following a Freedom of Information Act request. Yelp shares fell 5.7 percent in Wednesday trading, after the tally was

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