

Dinner, Movie, Background Check

True.com, Herbert Vest's upstart online-dating site, wants laws that would require screening prospects. That's roiling the industry

For Herbert Vest, all's fair in love and the online-dating business. The founder and CEO of True.com, Vest has been pushing several state legislatures to pass a bill mandating that all online-dating sites do background checks on their members or carry a disclaimer if they choose not to. One of the newest entrants in online dating, Vest's True.com is, coincidentally, one of the few sites that does background checks on all its members.

The legislation has been proposed in California, Michigan, Texas, and Virginia, but so far has gained the most momentum in Florida. It had already passed a state senate committee, and GOP Representative Kevin Ambler was pushing hard to get it to a full senate vote before the legislative session ended on May 6, but it ran out of time. "It ain't over until it's over, and I have until Friday," he said as the deadline loomed. "I'm working hard to get it heard."

Such legislation has stalled in California, Michigan, and Virginia, but because Web sites can't very well operate differently for only one state, all it will take is one for Vest to make life difficult for a very resistant \$400 million industry.

NOT FOOLPROOF. What's wrong with doing background checks? Two issues arise: Whether Internet dating is dangerous and whether state governments should be stepping into the dating rituals of consenting adults.

Match.com, Yahoo ([YHOO](#)), Microsoft ([MSFT](#)), and many others argue that Vest is playing up problems that don't exist. They contend that online dating is safer than, say, meeting someone in a bar and that they encourage their members to use common sense before setting up a meeting or exchanging personal information. The companies also point out that these laws wouldn't apply to similar dating services in the offline world, making such legislation unfair and open to legal challenges.

What's more, Match.com says its own prior polling shows members aren't demanding a background-check feature. Plus, background checks can be spotty. Clients need to have been found guilty of a felony charge for something to show up, and no background-check service claims to catch 100% of these convictions. Sites like Match.com argue that the legislation will create a false sense of security. And organizations like the American Civil Liberties Union contend it violates members' privacy.

On the other hand, Vest and Republican state legislators -- such as John Carona of Texas, Alan Cropsey of Michigan, and Ambler of Florida -- believe the Internet's current anonymity lulls people into a false sense of security. When you meet someone in a bar, you can pick up warning signs from body language. Moreover, such social settings make it more likely that a prospective date will be known to mutual friends. But online daters may hail from different cities or even states, making deception easier.

"TURF BATTLE." It's a moot point to Vest, who says he wants to make the Internet a better, safer place to date, not one equivalent to the real world. "This has the opportunity to provide this wholesome environment for courtship," he says. "We have a tremendous destiny to lower the divorce rate by making dating more efficient, easy, and fun, and True.com is leading the way."

Now that Florida's legislature is on hiatus, all eyes -- and lobbyists -- will shift to Texas, where the legislation also has passed a senate committee and is being pushed for a vote before the legislature adjourns at the end of the month. A shootout in Texas would be appropriate, as it's the home of Vest and Match.com, both based in Dallas. "Why would anyone really object to a disclaimer? That leads me to think the substance of the argument is more about a turf battle than public safety," Texas Senator Carona says.

Match.com spokeswoman Kristen Kelly disputes that, saying tiny True.com poses little threat to her company. And, she adds, it's possible Match.com already meets the stipulations of the Florida bill, since it advises users that it doesn't do background checks. Fighting the issue, she says, is a matter of principle.

PUBLICITY BONANZA? She and other critics claim Vest is using the legislative system to gain a foothold in the online-dating market. "This didn't come from a groundswell of single people using online-dating sites. This came from a tiny company whose business model is to offer background checks," Kelly says. "This is a small company in a very competitive industry looking to become a big company."

Vest counters that background checks are True.com's competitive advantage right now, and that if the law passes, that edge will be gone. Still, this push has earned Vest free publicity as a company already performing background checks. Since it came late to the industry, any notice it might gain is invaluable.

Legislators point out that some 180 organizations have come out in favor of the bill, including local sheriff's offices and victims' support groups -- or the "good guys," as Vest calls them. And some senators emphasize they rewrote their bills to be more palatable to the rest of the industry.

MAJOR VICTORY. This isn't the first time in his career that Vest, 60, has stirred the pot. Before starting True.com, he owned a financial firm called HD Vest, a network of independent accountants who also gave financial-planning advice. In the early 1990s, it was either illegal or against accounting rules to take commissions in 40 out of 50 states.

Vest's affiliated accountants were practicing all over the country, and Vest told them to ignore such rules -- and pushed it to a head by turning himself in to the Texas accounting board, ultimately daring it to revoke his license. The Federal Trade Commission backed Vest's stance, Texas backed down, and the American Institute of CPAs reversed its anticommission stance, causing many of the states to follow suit.

Vest's firm prospered and was sold to Wells Fargo ([WFC](#)) in 2001 for \$127 million.

He doesn't shrink from his reputation. "I'm perceived as a troublemaker," he says. "I like to look at rules that aren't logical, and then I like to get them changed. I like looking up how bad a guy I am on the blogs. I guess I'm pretty thick-skinned."

BACK OFF, BARRY. Vest has also squared off with Match.com before. Last summer, True.com hired nine former Match.com employees, who were then subpoenaed to investigate claims that they may have disclosed trade secrets. Vest took out a full-page ad in *The Wall Street Journal* that was a letter to Barry Diller, whose company, IAC/InterActiveCorp. ([IACI](#)), owns Match.com.

"I got real mad," Vest says. "I told Barry Diller not to intimidate my employees and said he'd have to come through me first. They didn't have any trade secrets we would want." He says nothing

has happened since the depositions. Match.com declined to discuss the issue.

No matter what critics claim, Vest insists he's motivated by high ideals. In the case of his former securities firm, he says he didn't think it was fair that families couldn't get investment advice from their trusted CPA. Regarding online dating, his goal is much more lofty -- he says he's trying to lower the national divorce rate. In addition to doing background checks, True.com has a psychological test geared toward finding whether couples are compatible. It includes questions surrounding how lenient or strict a parent potential daters would be.

WON'T GO AWAY. If background checks do become *de rigueur* in online dating, don't expect Vest to rest there -- he's already planning to take on sites that use the word "scientific" to describe their matching techniques. He argues that scientific implies independent verification, and many of these sites' quizzes and tests haven't been subject to such review.

No matter what happens on the state level with background checks, Vest aims to be a thorn in the online-dating industry's side for years to come.