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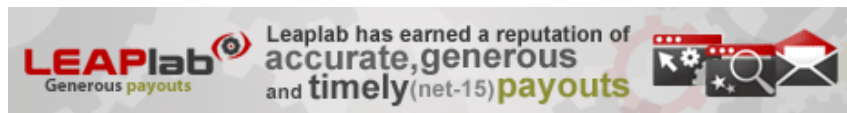
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Epic Fails: Who is Next?

Written by pancelattin

May 13, 2012 # 1:18 pm # [Marketing Insights](#), [Specials](#) # [10 Comments](#)



Last week Epic (fka Azoog) confirmed with [Performance Marketing Insider](#) that they [were indeed closing down](#), unable to pay their publishers and [affiliates](#). This would be the biggest failure of an affiliate network [since COPEAC's demise](#), leaving many people in the industry wondering what network would be next. Many affiliates are rightly concerned that these developments signal that other networks may be about to fail.

The stories about Epic are disconcerting: the staff of Epic including Matt Mirman, who basically ran the network, was completely left in the dark about the company's future. The board of Epic never told them anything, but at the same time many of the top executives including Don Mathis, the former CEO, separated parts of the company to form a new entity called [Kinetic Social](#), leaving many to believe they knew the time was near for Epic's complete failure.

The same problems that plagued COPEAC eventually caught up Epic: they were owed tens of millions by non-paying advertisers and faced significant cash flow problems. As soon as publishers started talking about the issues, it was probably only time that they would be unable to survive. Without the cash flow from the other side of the business: the display and social, it was hard to save the company.

This comes only a few weeks after the announcement that [Adteractive was going under](#), leaving many CPA networks with major unpaid bills.

Affiliates should be very concerned. Many networks are paying out before they are paid, have little cash reserves and worse, do not have a long-term business plan on how to make money besides brokering offers.

This is obviously part of the CPA game, but it's a very dangerous game for those companies that have a few core advertisers and affiliates that support them.

What are the major issues plaguing the industry that will cause problems?

1) Enforcement Actions

The [FTC](#) has made it clear that networks will be held accountable for more and more things, including the actions of their affiliates. Combine this with more and more various State Attorney General actions, legal costs are going up.

2) New Credit Card Rules

Hundreds of offers have been pulled because of new rules about re-billing that go beyond weight-loss offers. Membership based sites that bill the credit card monthly, are facing strict new rules and many card processors will not give merchant accounts to these companies. This is one of the issues that caused [Neverblue's parent company to go bankrupt](#).

3) Education Offers Dying

The EDU industry was huge for almost a decade. New regulations by both the US Department of Education and the schools themselves, have made it almost impossible to promote EDU offers like they used to be. Several EDU companies have already bankrupted, and expect more.

4) Desperation

Too many networks are desperate for unique offers without checking credit worthiness or doing basic background checks on companies. This means that they are working with companies that may not pay them, and then not be able to pay affiliates.

Who do you think will go out of business next?

Written by paelattin



Pace Lattin is one of the top experts in interactive advertising, affiliate marketing. Pace Lattin is known for his dedication to ethics in marketing, and focus on compliance and fraud in the industry, and has written numerous articles for publications from MediaPost, ClickZ, ADOTAS and his own blogs.

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- [David](#) says:
[May 13, 2012 at 2:56 pm](#)

Wow, I didn't know there were so many problems in this industry. This is very interesting.

As I mentioned before, I have always kind of wondered about whether I was getting paid properly or not. David recently posted..[How I Failed With My First Rental Property And Turned It Into A Loser...](#)❤️

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- [Zara](#) says:
[May 14, 2012 at 5:28 am](#)

Pace, very nice article and great analysis. I am lucky that I am accepted in top [affiliate](#) networks and therefore am always paid on time! 😊

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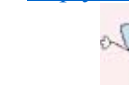
- [Blackberry 10](#) says:
[May 14, 2012 at 10:44 am](#)

I guess EWA is next in line. The reason is 98% of the offers they run are brokered from other networks. When most of the BIG networks fail/have cashflow problems, it will have a ripple effect on the networks which broker the offers (Like EWA). The effect has already started. I have the experience in the recent months how EWA is missing payments and failing to send payments on time (Most of those promoting EWA offers will agree with me)

Already Neverblue (parent co filed for Bankruptcy), [Clickbooth](#) (with yahoo lawsuit), CX Digital are in deep trouble, may follow the suit soon

Blackberry 10 recently posted..[BlackBerry 10 leak details screen-sharing, video apps and more](#)❤️

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- [Jemin](#) says:
[May 14, 2012 at 11:41 pm](#)

True. Waiting on EWA payment as we speak.

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- *Sad Affiliate* says:
[May 14, 2012 at 10:55 am](#)

I vote that Neverblue will be next to fail. Their parent company can't bail them out anymore when people don't pay.

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- *NotSurprised* says:
[May 14, 2012 at 1:20 pm](#)

I'm thinking CB then NB

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- *Byrl Lane* says:
[May 14, 2012 at 3:29 pm](#)

This is what ends up happening. Definitely not for everyone. I wonder if the CEO received a golden parachute when he departed.

The [FTC](#) is cracking down on these guys but what are they going to do to make the other guys pay up. It seems like they being impartial by not persuading both parties to hold up their end of the deal. Byrl Lane recently posted..[Mom runs over 3-Year-Old Daughter's Back with a Van](#) ❤️

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- *EPIC failure..* says:
[May 14, 2012 at 8:24 pm](#)

Don Mathis will pay for the mess he has created.

Quit talking about EPIC. Talk about Don Mathis. He is the crook behind all this.

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- *Kate Brown Wilson* says:
[May 14, 2012 at 10:32 pm](#)

At first I really don't get the main point in this article but as I have read it briefly it shows that there are many problems we don't know about the industry, I really admire your courage in sharing this for me to know.

Kate Brown Wilson recently posted..[condor tactical gear](#) ❤️

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- *john* says:

[May 15, 2012 at 10:44 am](#)

proably justin beiber lol

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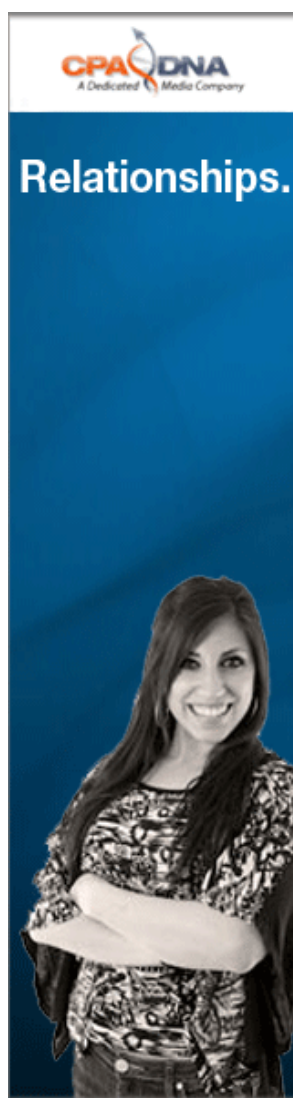
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