

TABLE OF CONTENTS

CHAPTER 1

The Federal Trade Commission Act: Historical Context, Legislative History, and Amendments

§ 1.01	Historical Context	1-1
§ 1.02	Legislative History	1-4
	[1] Legislative Prelude	1-4
	[2] President Wilson’s Proposal	1-5
	[3] House Consideration	1-6
	[4] Senate Debate	1-7
	[5] Bill Reported by Conference	1-10
§ 1.03	Principal Amendments to the Federal Trade Commission Act	1-12
	[1] Wheeler-Lea Act of 1938	1-12
	[2] McGuire Act	1-13
	[3] Alaska Pipeline Legislation	1-13
	[4] Magnuson-Moss Warranty—Federal Trade Commission Improvement Act of 1975	1-14
	[5] Federal Trade Commission Improvements Act of 1980	1-15
	[6] Foreign Trade Antitrust Improvements Act of 1982	1-15
	[7] Federal Trade Commission Act Amendments of 1994	1-16
	[8] Dodd-Frank Wall Street Reform and Consumer Protection Act	1-16

FEDERAL TRADE COMMISSION

CHAPTER 2

**Organization, Liaison Procedures,
and Public Access**

§ 2.01	Offices and Bureaus	2-3
	[1] Organization	2-3
	[a] Office of the Executive Director	2-3
	[b] Office of the General Counsel	2-4
	[c] Office of the Secretary	2-4
	[d] Office of Policy Development	2-4
	[e] Office of Administrative Law Judges	2-5
	[f] Office of Presiding Officers	2-5
	[g] The Operating Bureaus	2-5
	[i] Bureau of Competition	2-5
	[ii] Bureau of Consumer Protection	2-6
	[iii] Bureau of Economics	2-6
	[h] The Regional Offices	2-6.1
	[i] Office of International Affairs	2-6.1
	[j] Office of Inspector General	2-6.1
	[2] Location of Offices	2-7
	[a] Headquarters	2-7
	[b] Regional Offices	2-7
§ 2.02	The Commissioners	2-9
	[1] Appointment and Tenure	2-9
	[2] Office of the Chairman	2-9
	[3] Meetings and Voting Procedures	2-10
	[4] Biographies of Commissioners	2-12
§ 2.03	Federal Trade Commission Staff	2-15
§ 2.04	Combination of Functions Assigned to the FTC	2-17
§ 2.05	Disqualifications of a Commissioner	2-19
§ 2.06	<i>Ex Parte</i> Contacts with Commissioners	2-21
§ 2.07	Relationships with Congress	2-23
	[1] Role of the Independent Regulatory Agency	2-23
	[2] Commissioner Appointments	2-23
	[3] The Authorization Process	2-24
	[4] The Appropriations Process	2-24
	[5] Other Congressional Involvement	2-25
	[6] Prohibition Against Commission Lobbying	2-25

TABLE OF CONTENTS

vii

§ 2.08	Press Releases and Public Information	2-26
	[1] Press Releases	2-26
	[2] Congressional Testimony.	2-27
	[3] Decisions and Orders.	2-27
	[4] Government Publications.	2-28
§ 2.09	Advisory Opinions	2-29
§ 2.10	Liaison with Other Federal Agencies, the States, and Foreign Countries	2-31
	[1] Liaison with Other Federal Agencies . . .	2-31
	[a] Food and Drug Administration . . .	2-31
	[b] Federal Communications Commission	2-32
	[c] Antitrust Division of the Department of Justice	2-33
	[d] Commodity Futures Trading Commission	2-34
	[e] Consumer Financial Protection Bureau	2-34
	[f] Department of Veterans Affairs. . . .	2-34.1
	[2] Cooperation with Foreign Countries. . . .	2-34.1
	[3] Federal/State Merger Investigations . . .	2-35
§ 2.11	Executive Order Mandate for Federal Agencies	2-36
§ 2.12	Public Access	2-37
	[1] Freedom of Information Act	2-37
	[a] Required Disclosures	2-37
	[b] Material Exempt from Mandatory Disclosure.	2-38
	[i] Exemption 3: Matters Specifically Exempted from Disclosure by Statute.	2-39
	[ii] Exemption 4: Trade Secrets.	2-40
	[iii] Exemption 5: Agency Memoranda.	2-42
	[iv] Exemption 7: Law Enforcement Records. . . .	2-45
	[2] Government in Sunshine Act	2-48
	[3] Privacy Act Records Systems	2-50
	[4] Information Requested in Matters in Which the FTC Is Not a Party	2-50

CHAPTER 3

Jurisdictional Prerequisites

§ 3.01	Commerce Requirement	3-2
	[1] Interstate Commerce	3-2
	[2] Foreign Commerce	3-4
§ 3.02	“Reason to Believe” Criterion	3-7
§ 3.03	Public Interest Requirement	3-9
	[1] Triviality	3-10
	[2] Mootness	3-11
	[3] Pendency of Civil or Criminal Court Cases	3-14
	[4] Discriminatory Prosecution of Respondent	3-15
	[5] Improper Congressional Interference	3-15
	[6] Proceedings in Other Agencies	3-16
§ 3.04	Private Cause of Action	3-17
§ 3.05	Exemptions Contained in the FTC Act	3-19
	[1] Common Carriers Subject to the ICC Act	3-19
	[2] Common Carriers Subject to the Communications Act	3-20
	[3] Air Carriers	3-20
	[4] Matters Subject to Packers and Stockyards Act Jurisdiction	3-21
	[5] Not-for-Profit Organizations	3-22
	[6] Banks	3-24
	[7] Savings and Loan Institutions: Federal Credit Unions	3-24.1
	[8] Advertising Directed at Children	3-25
	[9] Standards and Certification Activity	3-25
	[10] Investigations of Insurance	3-26
	[11] Agricultural Cooperatives	3-26
	[12] Prohibited Uses of Appropriations	3-27
§ 3.06	FTC Act Exemptions Contained in Other Acts	3-29
	[1] Insurance	3-29
	[2] Ocean Shipping	3-31
	[3] Defense Mobilization	3-33
	[4] International Energy Agreements	3-34
	[5] Export Trade	3-34
	[6] Newspaper Joint Operating Agreements	3-36
	[7] Small Business Agreements	3-36
	[8] Soft Drink Bottlers Distribution	3-37
	[9] Television Programming	3-37
	[10] Improving America’s Schools Act	3-38

TABLE OF CONTENTS

ix

§ 3.07	Antitrust Exemptions	3-39
	[1] Agriculture	3-40
	[a] Agricultural Associations	3-40
	[b] Agricultural Marketing Orders and Agreements	3-42
	[2] Fishery Associations	3-42
	[3] Labor	3-43
	[4] Learned Professions	3-46
	[5] Marine Insurance	3-47
	[6] Sports	3-47
	[7] Petitioning the Government	3-48
	[8] State Action	3-51
	[9] Cooperative Research and Production	3-54
§ 3.08	Jurisdiction in Other Agencies	3-55
	[1] Exclusive Jurisdiction	3-55
	[2] Primary Jurisdiction	3-56

CHAPTER 4

Unfair Methods of Competition

§ 4.01	Legislative Intent	4-2
§ 4.02	Violations of the Sherman and Clayton Acts as Unfair Methods of Competition	4-4
	[1] The Sherman Act	4-4
	[a] Single Firm Behavior— Monopolization and Attempts to Monopolize	4-5
	[b] Multifirm Behavior—Contracts, Combinations and Conspiracies	4-8
	[i] Contract, Combination or Conspiracy	4-9
	[ii] Effect on Commerce	4-10
	[iii] Determination of Unreasonableness	4-11
	[iv] Types of Conduct Normally Found Anticompetitive.	4-14
	[2] The Clayton Act	4-17
§ 4.03	Unfair Methods of Competition That Do Not Violate the Sherman or Clayton Acts	4-18.2
	[1] Incipient Violations or Those That Violate the Spirit of the Sherman or Clayton Acts	4-18.2

FEDERAL TRADE COMMISSION

	[2]	Conduct, Missing Elements of Clayton or Sherman Act Violations, That Has Been Found to Violate Section 5 of the FTC Act.....	4-19
	[a]	Characteristics of a Party.....	4-20
	[b]	Characteristics of Conduct.....	4-20
	[c]	Characteristics of the Effect of the Conduct	4-22
	[3]	Principles Underlying Application of Section 5	4-22
	[a]	Identifying the Underlying Policy of the Sherman and Clayton Acts.....	4-23
	[b]	The Standard of Proof Should Be That of the Underlying Sherman or Clayton Violation	4-24
	[c]	Conduct Does Not Become Unfair Solely by Reason of Industry Structure.....	4-24
	[d]	Judicial Deference Will More Likely Be Accorded to Commission Findings Based on a Thorough Record.....	4-25
	[4]	2015 FTC Statement of Enforcement Principles	4-26
§ 4.04		Non-Compete Rule	4-28
	[1]	Existing Non-Competes	4-28
	[2]	Alternatives to Non-Competes	4-29
	[3]	Effective Date.....	4-29

CHAPTER 5**Unfair Acts or Practices**

§ 5.01	Historical Development of the Unfairness Doctrine	5-1
§ 5.02	The FTC's Policy Statement on the Scope of Its Jurisdiction Over Unfair Acts or Practices	5-6
§ 5.03	Federal Trade Commission Act Amendments of 1994	5-8
§ 5.04	Application of Jurisdiction Over Unfair Acts or Practices	5-9
	[1] Use of Coercion or High Pressure Selling	5-9

TABLE OF CONTENTS

xi

[2]	Withholding Material Information	5-11
[3]	Making Claims Without Substantiation	5-13
[4]	Post-Purchase Rights and Remedies	5-17
[5]	Negative Option	5-19

CHAPTER 6

Deceptive Acts or Practices

§ 6.01	FTC Authority Over Deceptive Acts and Practices	6-2
§ 6.02	Status of Commercial Speech Under the Constitution	6-4
§ 6.03	Traditional Deception Criteria	6-6
	[1] Introduction	6-6
	[2] Commission Expertise to Assess Deceptiveness	6-6
	[3] Tendency or Capacity to Mislead	6-8
	[4] Forms of Misrepresentation	6-10
	[a] Affirmative Representation	6-10
	[b] Omission	6-13
	[c] Marketing and Point of Sale Practices	6-14
	[d] Misrepresentation Using Artificial Intelligence	6-16.1
	[5] A Substantial Number of Consumers	6-18
	[6] Materiality	6-20
§ 6.04	Policy Statement on Deception	6-23
§ 6.05	FTC Guides Dealing with Deceptive Practices	6-26
	[1] Guides Relating to Deceptive Practices Applicable Generally	6-26
	[a] Bait Advertising	6-26
	[b] Debt Collection	6-27
	[c] Endorsements and Testimonials	6-28
	[i] Updated Guides Concerning the Use of Endorsements and Testimonials	6-30
	[ii] Updated FTC Guidance Document	6-30.3
	[iii] Penalties for Deceptive Review and Endorsement Practices	6-30.4

FEDERAL TRADE COMMISSION

	[iv] Final Rule Banning Fake Reviews and Testimonials	6-30.6
	[d] Use of “Free”	6-30.6
	[e] Guarantees	6-30.7
	[f] Health Products	6-31
	[i] Health Products Compliance Guidance.	6-32
	[ii] FTC Policy Regarding Advertising Substantiation	6-32.2
	[iii] Post-Claim Evidence	6-32.4
	[g] Pricing.	6-32.4
	[h] Environmental Marketing Claims. . .	6-32.6
	[i] Junk Fees	6-35
	[j] Negative Option	6-36
[2]	Guides Relating to Deceptive Practices in Connection with Specific Products or Industries	6-38
	[a] Automobile Fuel Economy	6-38
	[b] Auto Parts (Rebuilt, Reconditioned or Used)	6-38
	[c] [Reserved].	6-38.1
	[d] [Reserved].	6-38.1
	[e] [Reserved].	6-38.1
	[f] Jewelry, Precious Metals and Pewter.	6-38.1
	[g] Leather and Imitation Leather Products	6-38.1
	[h] [Reserved].	6-38.1
	[i] Schools (Private Vocational and Distance Education).	6-38.1
	[3] Repealed Guides.	6-38.2
§ 6.06	Application to E-Commerce.	6-38.4

CHAPTER 7**Consumer Protection Trade Regulation Rules**

§ 7.01	Introduction	7-4
§ 7.02	Consumer Protection Trade Regulation Rules . . .	7-6
	[1] Repealed Consumer Protection Trade Rules	7-6
	[2] Care Labeling of Wearing Apparel.	7-6

TABLE OF CONTENTS

xiii

[3]	Retail Food Store Advertising and Marketing Practices	7-8
[4]	Negative Option Plan Selling	7-9
	[a] Premailing Practices	7-9
	[b] Postmailing Practices	7-10
	[c] FTC Proposes Amending Negative Option Rule	7-10
[5]	Cooling-Off Period for Sales Made at Homes or at Certain Other Locations	7-14
[6]	Power Output Claims for Amplifiers Utilized in Home Entertainment Products	7-16
[7]	Preservation of Consumers' Claims and Defenses	7-17
	[a] Basis of the Rule	7-17
	[b] Notice Required in Consumer Credit Contracts	7-17
	[c] Application of Rule to Purchase Money Loans	7-19
	[i] Customer Referrals	7-20
	[ii] Affiliation	7-20
	[iii] Examples Where the Rule Applies to Acceptance of Proceeds	7-20
	[iv] Examples of Activity That, Standing Alone, Does Not Constitute a Seller/ Creditor Relationship	7-21
	[d] Application of Rule to Creditors	7-21
	[e] Preservation Obligations for Collaboration Tools and Ephemeral Messaging	7-21
[8]	Mail, Internet Or Telephone Order Merchandise	7-22
	[a] Initial Solicitation	7-23
	[b] Procedures Governing Shipment Delays	7-23
	[c] Cancellation and Refund Procedures	7-24
	[d] Miscellaneous Provisions	7-24
[9]	Franchises and Business Opportunities	7-25
	[a] The Franchise Rule	7-25
	[b] The Business Opportunity Rule	7-29
[10]	Funeral Industry Practices	7-31

FEDERAL TRADE COMMISSION

[a]	Who Is Covered by the Rule. . . .	7-31
[b]	Transactions to Which the Rule Applies	7-32
[c]	Requirements Regarding Price Information.	7-32
[i]	Price Disclosures Over the Telephone	7-33
[ii]	Price Lists	7-33
[iii]	Statement of Funeral Goods and Services Selected . . .	7-34
[d]	Misrepresentations and Preventive Requirements	7-35
[i]	Embalming Provisions	7-35
[ii]	Casket For Cremation Provisions	7-35
[iii]	Outer Burial Container Provisions	7-36
[iv]	General Provisions on Legal and Cemetery Requirements	7-36
[v]	Preservative or Protective Value Claims	7-37
[vi]	Cash Advance Provisions. . .	7-37
[e]	Required Purchase of Funeral Goods or Services	7-37
[i]	Casket Purchases for Cremation	7-37
[ii]	Other Required Purchases	7-38
[f]	Embalming Services Provided Without Prior Approval.	7-39
[g]	Record Keeping	7-40
[h]	State Exemptions	7-40
[11]	Ophthalmic Practice.	7-40
[12]	Labeling and Advertising of Home Insulation	7-41
[a]	Duties of Manufacturers	7-42
[b]	Duties of Retailers	7-43
[c]	Duties of Installers.	7-43
[d]	Duties of New Home Sellers. . . .	7-43
[e]	Duties of Advertisers	7-43
[13]	Credit Practices	7-44
[a]	Confessions of Judgment.	7-44
[b]	Wage Assignments.	7-45
[c]	Security Interests in Household Goods	7-45
[d]	Waivers of Exemption.	7-46

TABLE OF CONTENTS

xv

	[e] Late Charges	7-46
	[f] Cosigner Provisions	7-46
[14]	Used Car Rule	7-48
	[a] Conduct Prohibited	7-48
	[b] “Buyers Guide” Disclosures	7-49
	[c] State Exemptions	7-50
[15]	Made in USA Labeling Rule	7-50
	[a] Promulgation and Application	7-50
	[b] Noteworthy Penalty in Made in USA Case	7-51
[16]	Junk Fees	7-51
§ 7.03	Rulemaking Proceedings Terminated Without Promulgation of a Rule	7-57
[1]	Physician Control of Open-Panel Medical Prepayment Plans	7-57
[2]	Fuel Economy Claims	7-57
[3]	Children’s Television Advertising	7-58
[4]	Food Advertising	7-58
[5]	Over-the-Counter Drug Advertising	7-58
[6]	Flammability of Cellular Plastics	7-59
[7]	Prescription Drug Advertising Restraints	7-59
[8]	Antacid Advertising	7-59
[9]	Protein Supplements	7-60
[10]	Health Spas	7-60
[11]	Hearing Aids	7-60
[12]	Standards and Certification	7-61
[13]	Mobile Home Sales and Service	7-61
[14]	Vocational and Home Study Schools	7-61
§ 7.04	Repealed Rules Summary	7-63
[1]	Advertising and Labeling of Sleeping Bag Size [repealed]	7-64
[2]	Household Electric Sewing Machines— Use of Term “Automatic” [repealed]	7-64
[3]	Deception Regarding Prismatic Binoculars [repealed]	7-65
[4]	Deception Regarding “Leakproof” Dry Cell Batteries [repealed]	7-65
[5]	Advertising and Labeling of Tablecloth Size [repealed]	7-65
[6]	Representations as to Leather Content of Belts [repealed]	7-66
[7]	Advertising and Labeling of Previously Used Lubricating Oil [repealed]	7-66
[8]	Health Hazard Labeling of Cigarettes	7-67

FEDERAL TRADE COMMISSION

[9]	Light Bulb Industry [repealed]	7-67
[10]	Advertising Sizes of Television Pictures	7-68
[11]	Disclosures Relating to the Handling of Glass Fiber Fabrics [repealed]	7-68
[12]	Deception as to Transistor Count of Radios [repealed]	7-69
[13]	Disclosure of the Lethal Effects of Inhaling Quick-Freeze Aerosol Spray Products Used to Frost Cocktail Glasses [repealed]	7-69
[14]	Length of Extension Ladders [repealed] . . .	7-69
[15]	Games of Chance in the Food Retailing and Gasoline Industries [repealed] . . .	7-70

CHAPTER 8**The Clayton Act**

§ 8.01	Historical Perspective and FTC Enforcement Responsibility	8-4
§ 8.02	The Robinson-Patman Act Amendments— Section 2	8-6
[1]	Introduction	8-6
[2]	The Commerce Requirement	8-7
[3]	The “Commodity” Requirement	8-9
[4]	Price Discrimination—Section 2(a)	8-10
[a]	Discrimination in Price	8-10
[b]	Sales to Two Purchasers Requirement	8-11
[c]	Like Grade and Quality	8-13
[d]	Injury to Competition	8-14
[i]	Primary Line Injury	8-14
[ii]	Customer Level Injury	8-17
[e]	Defenses	8-18.2
[i]	Meeting Competition— Section 2(b)	8-18.2
[ii]	Cost Justification	8-20
[iii]	Changing Conditions	8-22
[5]	Brokerage Payments—Section 2(c)	8-23
[6]	Allowances and Services—Sections 2(d) and (e)	8-25
[7]	Buyer Liability for Inducing Price Discrimination—Section 2(f)	8-29
[8]	FTC Enforcement Posture	8-30.1
§ 8.03	Exclusive Dealing and Tying—Section 3	8-31

TABLE OF CONTENTS

xvii

	[1] Tying Arrangements.	8-31
	[2] Exclusive Dealing	8-33
	[3] FTC Enforcement.	8-34
§ 8.04	Mergers and Acquisitions—Section 7	8-36
	[1] Introduction	8-36
	[2] Legislative Intent	8-37
	[3] Requirement That Commerce Be Affected	8-37
	[4] Markets in Which to Test Competitive Effects	8-38
	[a] Geographic Market.	8-38
	[b] Product Market.	8-39
	[c] Department of Justice/FTC Market Definition Guidelines.	8-40
	[5] Evaluation of Competitive Impact of Mergers	8-43
	[a] 1968 Department of Justice Merger Guidelines	8-43
	[b] 1982 Department of Justice Merger Guidelines	8-45
	[c] Statement of the FTC Concerning Horizontal Mergers	8-47
	[i] Non-Market Share Considerations	8-47
	[ii] Factors to Be Considered as Part of Prosecutorial Discretion	8-49
	[d] 1984 Department of Justice Merger Guidelines	8-50
	[i] Factors Other Than Concentration and Market Share Data	8-50
	[ii] Treatment of Foreign Competition	8-51
	[iii] Efficiencies	8-51
	[iv] Failing Divisions of Healthy Firms.	8-52
	[e] 1992 Department of Justice and Federal Trade Commission Horizontal Merger Guidelines.	8-52
	[i] Market Shares and Concentration	8-52
	[ii] Evaluation of Competitive Effect of Merger	8-53
	[iii] Entry Analysis	8-54

FEDERAL TRADE COMMISSION

	[iv]	Efficiencies	8-55
	[v]	Failing Firm and Exiting Assets	8-56
	[f]	1993 Department of Justice/FTC Enforcement Policy on Mergers Among Hospitals.	8-56
	[g]	2010 FTC/DOJ Merger Guidelines.	8-57
	[i]	Adverse Competitive Effects.	8-57
	[ii]	Market Definition.	8-59
	[iii]	Market Participants, Shares and Concentration	8-60
	[iv]	Potential Defenses	8-61
	[v]	Monopsony Effects of Buyer Mergers	8-62
	[vi]	Acquisitions of Partial Interests.	8-62
	[h]	2020 FTC/DOJ Vertical Merger Guidelines.	8-63
§ 8.05		Hart-Scott-Rodino Premerger Notification— Section 7A.	8-65
	[1]	Identification of the Parties	8-65
	[2]	Commerce Test	8-67
	[3]	Size of Parties and Transaction Tests	8-67
	[4]	Subsequent Acquisitions	8-68
	[5]	Special Situations.	8-69
	[a]	Tender Offers and Acquisitions of Voting Securities from Third Parties.	8-69
	[b]	Secondary Acquisitions	8-70
	[c]	Acquisitions of Voting Securities by Sellers	8-70
	[d]	Joint Ventures.	8-71
	[6]	Notification Requirements.	8-72
	[7]	Request for Additional Information— “Second Request”	8-72.2
	[8]	Waiting Periods	8-72.3
	[9]	Confidentiality	8-73
	[10]	Exempted Transactions	8-73
	[a]	Acquisition of Goods or Realty in the Ordinary Course of Business	8-73
	[b]	Transfers to or from Governmental Entities	8-74

TABLE OF CONTENTS

xix

	[c] Antitrust Exempt Transactions . . .	8-74
	[d] Transactions Subject to Federal Agency Approval	8-74
	[e] Acquisitions Solely For Investment	8-76
	[f] Stock Dividends and Stock Splits	8-76
	[g] Amended or Renewed Tender Offers	8-76
	[h] Intraperson Transactions	8-77
	[i] Acquisitions Involving Foreign Assets, Voting Securities, Purchasers, or Governments . . .	8-77
	[i] Acquisition of Foreign Assets or Voting Securities	8-77
	[ii] Acquisitions by or from Foreign Governmental Corporations	8-78
	[iii] Certain Foreign Banking Transactions	8-78
	[j] Acquisitions by Securities Underwriters	8-78
	[k] Certain Acquisitions by Creditors and Insurers	8-79
	[l] Acquisitions of Voting Securities by Institutional Investors	8-79
	[m] Acquisitions Pursuant to Court or Commission Order	8-79
	[n] Acquisitions by Gift, Succession or Devise, or by Irrevocable Trust . .	8-80
	[o] Acquisitions by Employee Trusts	8-80
	[p] Certain Acquisitions of Real Property Assets	8-80
	[q] Acquisitions of Carbon-Based Mineral Reserves	8-80
	[r] Acquisitions of Voting Securities of Issuers Holding Certain Assets the Direct Acquisition of Which Is Exempt	8-81
	[s] Acquisitions of Investment Rental Property Assets	8-81
	[11] Enforcement	8-81
§ 8.06	Director and Officer Interlocks—Section 8 . . .	8-83

FEDERAL TRADE COMMISSION

CHAPTER 9

Consumer Credit Protection Act

§ 9.01	Consumer Credit Protection Legislation	9-4
§ 9.02	Truth in Lending Act	9-5
	[1] Introduction	9-5
	[2] Basic Concepts	9-5
	[a] Creditor	9-6
	[b] Open End Credit	9-6
	[c] Closed End Credit	9-6
	[d] Finance Charge	9-6
	[e] Annual Percentage Rate (APR)	9-7
	[3] Rules Applicable to Open End Credit	9-7
	[a] Initial Disclosures	9-7
	[b] Disclosures in Periodic Statements	9-7
	[c] Subsequent Disclosures	9-8
	[d] Provisions Relating to Credit Cards	9-8
	[i] Issuance of Credit Cards	9-8
	[ii] Liability for Unauthorized Use of Card	9-8.1
	[e] Right of Rescission	9-9
	[f] Advertising of Open End Credit	9-10
	[4] Rules Applicable to Closed End Credit	9-10
	[a] General Disclosure Rule and Format	9-10
	[b] Initial Disclosures for Closed End Credit	9-11
	[c] Subsequent Disclosure Requirements	9-12
	[d] Right of Rescission	9-12
	[e] Advertising of Closed End Credit	9-13
§ 9.03	Consumer Leasing Act	9-14
	[1] Coverage of the Act	9-14
	[2] Disclosure Requirements	9-14
	[3] Advertising of Consumer Leases	9-16
§ 9.04	Fair Credit Billing Act	9-17
	[1] Account Handling Procedures	9-17
	[2] Billing Errors	9-17
	[a] Types of Errors	9-17
	[b] Billing Error Notices	9-18
	[c] Error Resolution Procedures	9-18
	[i] Time Limits	9-18

TABLE OF CONTENTS

xxi

	[ii] Rules Pending Resolution . . .	9-19
	[iii] Procedures If Billing Error Occurred as Asserted	9-19
	[iv] Procedures If No Billing Error or a Different Error Than Asserted Occurred	9-19
	[3] Creditor's Rights and Duties After Resolution	9-19
	[4] Provisions Relating to Credit Cards	9-20
	[a] Right to Assert Claims or Defenses Against Card Issuer	9-20
	[b] Offsets by Card Issuer Prohibited	9-20
	[c] Prompt Handling of Refunds and Returns	9-21
	[d] Discounts for Cash; Tie-Ins	9-21
§ 9.05	Administrative Enforcement of the Truth in Lending, Consumer Leasing and Fair Credit Billing Acts	9-22
	[1] FTC Enforcement Responsibility	9-22
	[2] Authority to Order Account Adjustments	9-23
	[a] Determining Existence and Amount of Errors	9-23
	[i] Tolerances on Transactions Prior to March 31, 1982	9-23
	[ii] Tolerances on Transactions After March 31, 1982	9-23
	[b] Mandatory and Discretionary Adjustments	9-24
	[i] Mandatory Adjustments	9-24
	[ii] Discretionary Adjustments . . .	9-25
	[c] Defenses To An Adjustment Order	9-25
	[i] Significant Adverse Impact	9-25
	[ii] Adjustments Less Than One Dollar	9-25
	[iii] Statute of Limitations	9-25
	[iv] Voluntary Adjustments	9-26
	[v] Reliance on Federal Reserve Board	9-26
§ 9.06	Fair Credit Reporting Act	9-27
	[1] Consumer Reports	9-27
	[2] Consumer Reporting Agencies	9-28

FEDERAL TRADE COMMISSION

	[3]	Furnishers of Information to Consumer Reporting Agencies	9-28
	[4]	Uses of Consumer Reports	9-29
	[5]	Content of Reports	9-31
	[6]	Disclosures to Consumers	9-31
	[7]	Disputes Over Accuracy of Reports	9-34
	[8]	Maintenance of Procedures to Assure Compliance	9-35
	[9]	Fraud and Identity Theft Provisions	9-36
	[10]	Enforcement Mechanisms	9-38
		[a] Criminal Sanctions	9-38
		[b] Civil Liability	9-38
		[c] Administrative Enforcement	9-39
	[11]	State Enforcement and Relation to State Laws	9-40
§ 9.07	Equal	Credit Opportunity Act	9-41
	[1]	Discrimination Prohibited	9-41
	[2]	Required Notices	9-41
	[3]	Administrative Enforcement	9-42
	[4]	Civil Liability	9-43
§ 9.08	Fair	Debt Collection Practices Act	9-44
	[1]	Debt Collectors Covered by the Act	9-44
	[2]	Debt Collector Communications	9-45
		[a] Communications with Third Parties	9-45
		[b] Communications with the Debtor	9-46
	[3]	Prohibited Practices	9-48
		[a] Harassment or Abuse	9-48
		[b] False or Misleading Representation	9-48
		[c] Unfair Practices	9-50
		[d] Venue of Legal Actions	9-51
	[4]	Enforcement	9-51
		[a] Administrative Enforcement	9-51
		[b] Civil Liability	9-53
	[5]	Exemption for State Regulation	9-53
§ 9.09	Electronic	Fund Transfer Act	9-54
	[1]	Scope of the Act	9-54
	[2]	Regulated Aspects of Electronic Fund Transfers	9-55
	[3]	Enforcement	9-56
§ 9.10	Credit	Repair Organizations Act	9-57
	[1]	Conduct Requirements	9-57
	[2]	Enforcement	9-58

CHAPTER 10

**Other Laws for Which the FTC
Has Enforcement Responsibilities**

§ 10.01	Introduction	10-4
§ 10.02	Federal Cigarette Labeling and Advertising Act	10-4.1
§ 10.03	Webb-Pomerene Export Trade Act	10-7
§ 10.04	Textile, Wool and Fur Statutes and Rules	10-11
	[1] Introduction	10-11
	[2] Wool Products Labeling Act	10-12
	[a] Who Must Comply	10-12
	[b] Labeling Requirements	10-12
	[c] Tracing the Label Through the Distribution Chain	10-13
	[d] Advertising Requirements	10-14
	[e] Enforcement of the Act	10-14
	[3] Fur Products Labeling Act	10-15
	[a] Who Must Comply	10-15
	[b] Proper Labeling, Advertising and Invoicing	10-16
	[c] Tracing the Label Through the Distribution Chain	10-16
	[d] Enforcement of the Act	10-17
	[4] Textile Fiber Products Identification Act	10-18
	[a] Who Must Comply	10-18
	[b] Advertising and Labeling Requirements	10-18
	[c] Tracing the Label Through the Distribution Chain	10-20
	[d] Enforcement of the Act	10-21
§ 10.05	Fair Packaging and Labeling Act	10-22
	[1] Who Must Comply	10-22
	[2] Consumer Commodities	10-22
	[3] “Packaged” Consumer Commodities	10-23
	[4] Labeling Requirements	10-23
	[5] Enforcement of the Act	10-25
§ 10.06	Energy Related Enforcement Responsibilities	10-26
	[1] Liquid Automotive Fuel Ratings, Certification and Posting	10-26
	[1A] Labeling Requirements for Non-Liquid Alternative Fuels	10-28

FEDERAL TRADE COMMISSION

	[2]	Consumer Appliance Labeling	10-29
	[3]	Fuel Economy Representations for Cars and Retrofit Devices	10-31
	[4]	Installation of Residential Energy Conservation Measures by Public Utilities	10-33
	[5]	Test Procedures and Labeling Standards for Recycled Oil	10-33
§ 10.07		Hobby Protection Act	10-35
§ 10.08		Magnuson-Moss Warranty Act	10-36
	[1]	Introduction	10-36
	[2]	Warranties Covered	10-36
	[3]	Required Disclosure of Warranty Terms	10-40
	[a]	Terms To Be Disclosed	10-40
	[b]	Availability of Warranty Terms Prior to Sale	10-40.2
	[c]	Time Extensions on Written Warranties	10-40.3
	[d]	Prohibition of Conditioning Warranty on Purchase of Other Goods or Services	10-40.4
	[4]	Designation of Warranty as “Full” or “Limited”	10-41
	[a]	When Warranty May be Labeled “Full”	10-42
	[b]	When Warranty Must Be Labeled “Limited”	10-43
	[5]	Limitations on Implied Warranties	10-43
	[6]	Use of Warranty Registration Cards	10-44
	[7]	Remedies	10-44
	[a]	Informal Dispute Settlement Mechanisms	10-45
	[b]	Application of FTC Act	10-46
	[c]	Injunctions	10-46
	[d]	Consumer Cause of Action	10-47
	[8]	Effect on State Law	10-48
§ 10.09		Comprehensive Smokeless Tobacco Health Education Act	10-50
§ 10.10		Comprehensive Deposit Insurance Reform and Taxpayer Protection Act	10-51
§ 10.11		Telephone Disclosure and Dispute Resolution Act	10-52
	[1]	Advertising of Pay-Per-Call Services	10-52
	[2]	Pay-Per-Call Service Standards	10-53
	[3]	Billing and Collection For Pay-Per-Call Services	10-54

TABLE OF CONTENTS

xxv

	[4] Enforcement	10-54
§ 10.12	Telemarketing and Consumer Fraud and Abuse Protection Act	10-55
	[1] Scope	10-55
	[2] Deceptive Acts and Practices Prohibited	10-57
	[3] Abusive Telemarketing Acts or Practices Prohibited	10-59
	[4] “Do Not Call” Provisions	10-61
	[5] Enforcement and Preemption	10-63
	[6] Final Rule Extending Telemarketing Fraud Protections to Businesses	10-63
§ 10.13	Children’s Online Privacy Protection Act of 1998	10-66
§ 10.14	Identity Theft and Assumption Deterrence Act of 1998	10-66.3
§ 10.15	Gramm-Leach-Bliley (Financial Privacy) Act	10-67
	[1] Financial Institutions Defined and Enforcement Authority	10-67
	[2] Circumstances That Trigger the Notice Requirement	10-68
	[3] Contents of Policies and Practices Notice	10-69
	[4] The Opt-Out Option	10-70
	[5] Safeguarding Customer Information	10-70
§ 10.16	CAN-SPAM Act of 2003	10-72
§ 10.17	Medicare Prescription Drug, Improvement, and Modernization Act of 2003	10-75
§ 10.18	Sports Agent Responsibility and Trust Act	10-76
§ 10.19	Energy Independence and Security Act of 2007	10-77
§ 10.20	Health Information Technology for Economic and Clinical Health Act	10-78
§ 10.21	Mortgage Acts and Practices Rules	10-79
	[1] Mortgage Acts and Practices (MAP)—Advertising Rule	10-79
	[2] Mortgage Assistance Relief Services (MARS) Rule	10-81
§ 10.22	Restore Online Shoppers’ Confidence Act	10-83
§ 10.23	Section 19 of the FTC Act	10-85
§ 10.24	Consumer Fairness Review Act	10-86
§ 10.25	Better Online Ticket Sales Act	10-87
§ 10.26	Fairness to Contact Lens Consumers Act	10-88
§ 10.27	Horseracing Integrity and Safety Act of 2020	10-89

CHAPTER 11

Investigations

§ 11.01	Origination of Investigations	11-3
	[1] Investigations Initiated in Response to Sources Outside the Commission	11-3
	[a] Request from the Attorney General	11-3
	[b] Request from the President	11-3
	[c] Request from Congress or Governmental Agencies	11-3
	[d] Requests from the Courts	11-4
	[e] Complaints from the Public	11-4
	[2] Investigations Initiated from within the Commission	11-4
§ 11.02	Investigation Procedures	11-6
	[1] Use of Investigatory Procedures	11-6
	[2] Law Enforcement Investigations	11-6
	[a] Characteristics and Special Considerations	11-6
	[i] Nonpublic Nature	11-6
	[ii] Liaison with Department of Justice Regarding Antitrust Investigations	11-7
	[iii] Investigations Involving Foreign Interests	11-8
	[iv] Grants of Immunity	11-8
	[b] Evaluation of Investigation Proposals	11-8.1
	[i] Office of Policy Planning	11-8.1
	[ii] Bureau of Competition	11-8.1
	[iii] Bureau of Consumer Protection	11-9
	[c] Investigatory Stages	11-9
	[i] Informal Staff Inquiries	11-9
	[ii] Initial Phase Investigations	11-10
	[iii] Full Investigations	11-10
	[3] Compliance Investigations	11-12
	[4] Disposition of Documents Submitted to the Commission	11-12
§ 11.03	Use of Compulsory Process	11-14
	[1] Authority	11-14
	[2] Compulsory Process Under Sections 6 and 9	11-15
	[a] Issuance, Recipients and Uses	11-15
	[b] Purposes	11-16
	[c] Subpoena Compliance	11-17

TABLE OF CONTENTS

xxvii

		[d] Challenges to a Subpoena	11-20
		[i] Petition to Limit or Set Aside.	11-20
		[ii] Preenforcement Court Challenge	11-20
		[e] Subpoena Enforcement Actions	11-23
		[i] Courts Where Action May Be Brought	11-23
		[ii] Nature of Proceeding	11-25
		[iii] Relevant Issues	11-26
		[f] Penalties for Noncompliance	11-29
	[3]	Civil Investigative Demands	11-30
		[a] In General	11-30
		[b] Service	11-32
		[c] Petitions to Limit or Set Aside	11-32
		[d] Document Production	11-35
		[e] Reports or Responses to Questions	11-35
		[f] Oral Testimony	11-36
		[g] Court Enforcement	11-37
§ 11.04		Confidentiality of Information Submitted to the FTC	11-39
	[1]	Statutory Protections	11-39
		[a] FTC Act Section 6(f)	11-39
		[b] Trade Secrets Act	11-42
		[c] Freedom of Information Act Exemptions	11-42
		[d] Federal Trade Commission Act Section 21	11-43
		[i] Documents Submitted Pursuant to Compulsory Process in a Law Enforcement Investigation	11-44
		[ii] Documents Submitted Voluntarily in a Law Enforcement Investigation in Lieu of Compulsory Process	11-47
		[iii] All Other Documents Marked “Confidential”	11-47
	[2]	Non-Statutory Assurances of Confidentiality	11-48
§ 11.05		Settlement Prior to Issuance of Complaint	11-52

CHAPTER 12

Litigation

§ 12.01	Choice of Adjudication over Rulemaking	12-3
§ 12.02	The Complaint.	12-6
	[1] Issuance Procedure.	12-6
	[2] Class Actions	12-9
	[3] Indigent Respondents.	12-9
	[4] Amendment of Complaint.	12-10
§ 12.03	Filing and Service Requirements.	12-13
	[1] Filing Requirements.	12-13
	[2] Service Requirements.	12-13
	[a] Service by the Commission.	12-13
	[b] Service by Parties Other Than the Commission	12-14
	[i] Service on the Commission	12-14
	[ii] Service on Other Parties	12-14
	[c] Proof of Service	12-15
	[3] Time Requirements	12-15
	[a] Computation	12-15
	[b] Extensions of Time	12-15
§ 12.04	The Administrative Law Judge	12-17
	[1] Appointment and Status.	12-17
	[2] Disqualification	12-18
	[3] Substitution of Administrative Law Judge	12-20
	[4] <i>Ex Parte</i> Contacts	12-22
	[5] Authority, Powers and Duties	12-22
	[a] Delegated Authority	12-22
	[b] Powers and Duties	12-24
§ 12.05	Intervention	12-25
§ 12.06	Pleadings Directed at or Responding to the Complaint	12-28
	[1] Motion for More Definite Statement	12-28
	[2] Answer	12-28
	[3] Dispositive Motions and Motions to Strike	12-29
	[4] Indispensable Parties	12-30
	[5] Joinder of Parties	12-30
	[6] <i>Res Judicata</i>	12-30
	[7] Limitations of Actions, Laches or Equitable Estoppel.	12-31
§ 12.07	Post-Complaint Settlement	12-33
§ 12.08	Prehearing Procedures and Discovery	12-36
	[1] Prehearing Conferences, and Scheduling	12-36

TABLE OF CONTENTS

xxix

	[2] Motions	12-37
	[3] Discovery	12-38
	[a] General Provisions	12-38
	[b] Requests for Admission	12-41
	[c] Depositions	12-42
	[d] Subpoenas	12-42.1
	[i] In General	12-42.1
	[ii] Subpoenas of Government Documents or Testimony or to be Served in a Foreign Country	12-43
	[e] Interrogatories	12-47
	[f] Document Production and Access Orders	12-47
	[g] Discovery Other Than That Specifically Sanctioned by the Rules	12-48
	[i] In General	12-48
	[ii] Voluntary Methods	12-49
	[iii] Freedom of Information	12-49
	[iv] Special Reports under FTC Act Section 6(b)	12-49
	[v] Information Gathered by the FTC in Connection with Other Matters	12-50
	[h] Protective Orders	12-51
	[i] Enforcement and Sanctions	12-53
§ 12.09	The Hearing	12-56
	[1] Nature, Time and Place	12-56
	[2] Evidence	12-57
	[3] Jencks Act Statements	12-58.1
	[4] Granting Immunity to Witnesses Compelled to Testify	12-59
	[5] <i>In Camera</i> Treatment of Evidence	12-60
	[6] Proposed Findings	12-63
	[7] The Initial Decision	12-63
§ 12.10	Appeals to the Commission	12-65
	[1] Interlocutory Appeals	12-65
	[a] Administrative Law Judge Certification	12-65
	[b] Appeals without Certification from Administrative Law Judge	12-66
	[2] Appeal to the Commission from Initial Decision	12-67
	[3] Award of Expenses and Attorney Fees to Prevailing Respondent	12-70

§ 12.11	Judicial Review	12-72
[1]	Review of Actions Other Than Cease and Desist Orders	12-72
[a]	Jurisdiction in the Courts	12-72
[b]	Ripeness, Finality and Exhaustion	12-75
[2]	Review of Final Cease and Desist Orders	12-78.1
[a]	Court of Appeals	12-78.1
[b]	Supreme Court	12-83

CHAPTER 13

Rulemaking

§ 13.01	Rulemaking Authority under Section 6(g) of the FTC Act	13-2
§ 13.02	Specific Rulemaking Authorized by Statute	13-6
§ 13.03	Magnuson-Moss Section 18 Trade Regulation Rulemaking	13-7
[1]	FTC Authority	13-7
[2]	Development of a Rulemaking Proposal	13-8
[a]	Origination of a Proposal	13-8
[i]	Petition Submitted to the FTC	13-8
[ii]	Commission Initiative	13-8
[b]	Prerulemaking Investigation	13-9
[c]	Advance Notice of Proposed Rulemaking	13-9
[3]	Commencement of Rulemaking Proceeding	13-9
[a]	Notice of Proposed Rulemaking	13-9
[b]	Preliminary Regulatory Analysis	13-10
[c]	Environmental Impact Analysis	13-11
[d]	Paperwork Reduction Act Clearance	13-11
[e]	Written Comments and Opportunity for a Hearing	13-11
[4]	Notice of Informal Hearing and Designations	13-11
[a]	Notice of Informal Hearing	13-11
[b]	Appointment and Powers of Presiding Officer	13-12
[i]	Appointment of Presiding Officer	13-12
[ii]	Powers of Presiding Officer	13-12

TABLE OF CONTENTS

xxxi

	[iii] Post-hearing review of Presiding Officer Rulings	13-13
	[iv] Ex Parte Communications with Presiding Officers . . .	13-13
[5]	Rulemaking Proceeding Procedures . . .	13-13
	[a] Written Comments	13-13
	[b] Informal Hearing	13-13
	[i] Cross-Examination Rights . . .	13-14
	[ii] Rebuttal Submissions	13-14
	[c] Presiding Officer's Recommended Decision	13-15
[6]	Promulgation of Rule.	13-15
	[a] Procedure	13-15
	[b] Documents Accompanying Promulgation	13-15
	[i] Statement of Basis and Purpose	13-15
	[ii] Final Regulatory Analysis . . .	13-16
[7]	The Rulemaking Record	13-16
[8]	Funding for Public Participation	13-17
[9]	Congressional Review of Final Rule . . .	13-17
§ 13.04	Exemptions from Trade Regulation Rules.	13-18
§ 13.05	Preemption of State Laws	13-19
§ 13.06	Judicial Review of FTC Rulemaking.	13-30
	[1] Review of Rules Promulgated Pursuant to Section 6(g)	13-30
	[2] Review of Final Rules Promulgated Pursuant to Magnuson-Moss Procedures	13-30
	[3] Interlocutory Review	13-32.1
§ 13.07	Enforcement of Rules	13-36

CHAPTER 14

Remedies

§ 14.01	Cease and Desist Orders	14-2
	[1] Persons and Entities Subject to an Order	14-2
	[a] Nonprofit Entities	14-2
	[b] Company Whose Representatives Engage in Unlawful Activity . . .	14-3
	[c] Parent Company Whose Subsidiary Violates Law	14-4
	[d] Advertising Agencies	14-5
	[e] Individuals	14-6

FEDERAL TRADE COMMISSION

	[f]	Dissolved Corporations	14-8
	[g]	Successors and Assigns	14-9
	[h]	Aiders and Abettors	14-9
	[i]	Common Enterprise	14-10
	[2]	Scope of Cease and Desist Orders	14-10
	[3]	Modification of Orders	14-20
§ 14.02	Court	Injunctions	14-24
	[1]	Wheeler-Lea Act Injunctions Against False Advertising of Foods, Drugs, Devices and Cosmetics	14-24
	[2]	Injunctions Pursuant to the All Writs Act	14-26
	[3]	Injunctions Pending Completion of Administrative Proceeding	14-26
	[a]	Statutory Authority	14-26
	[b]	Statutory Criteria	14-29
		[i] Likelihood of Success	14-29
		[ii] Evaluation of the Equities	14-31
	[c]	Scope of Injunction	14-32
	[4]	Permanent Injunctions	14-35
	[5]	Injunctions in Connection with Civil Penalty Suits	14-41
§ 14.03	Civil	Penalties for Order or Rule Violations	14-42
	[1]	Penalties for Respondent's Violation of Its Order	14-42
	[2]	Penalties for Violation of Consumer Protection Order to Which Defendant Is Not a Party	14-48
	[3]	Penalties for Violation of Trade Regulation Rules	14-51
	[4]	Criteria for Assessment of Penalties Against Nonrespondents and Rule Violators	14-51
	[5]	Mechanics of Institution of Penalty Suit	14-52
§ 14.04	Consumer	Redress	14-54
	[1]	Redress for Violation of an FTC Rule	14-55
	[2]	Redress for Unfair or Deceptive Conduct	14-56
	[3]	Determination of Dollar Recovery	14-60
	[4]	Conclusiveness of FTC Findings in Redress Proceeding	14-61
	[5]	Statute of Limitations on Redress Actions	14-61
§ 14.05	Contempt of Court	14-63
INDEX		I-1