

# 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
§ 2.08	Press Releases and Public Information . . . . .	2-26
	[1] Press Releases . . . . .	2-26

## TABLE OF CONTENTS

vii

	[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		Public Access . . . . .	2-36
	[1]	Freedom of Information Act . . . . .	2-36
		[a] Required Disclosures . . . . .	2-36
		[b] Material Exempt from Mandatory Disclosure . . . . .	2-37
		[i] Exemption 3: Matters Specifically Exempted from Disclosure by Statute . . . . .	2-38
		[ii] Exemption 4: Trade Secrets . . . . .	2-39
		[iii] Exemption 5: Agency Memoranda . . . . .	2-41
		[iv] Exemption 7: Law Enforcement Records . . . . .	2-44
	[2]	Government in Sunshine Act . . . . .	2-45
	[3]	Privacy Act Records Systems . . . . .	2-47
	[4]	Information Requested in Matters in Which the FTC Is Not a Party . . . . .	2-48

## CHAPTER 3

### Jurisdictional Prerequisites

§ 3.01		Commerce Requirement . . . . .	3-2
	[1]	Interstate Commerce . . . . .	3-2
	[2]	Foreign Commerce . . . . .	3-4

## FEDERAL TRADE COMMISSION

§ 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
§ 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

## TABLE OF CONTENTS

ix

	[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
	[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

**FEDERAL TRADE COMMISSION**

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

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
	[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

**FEDERAL TRADE COMMISSION**

	[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
[2]		Guides Relating to Deceptive Practices in Connection with Specific Products or Industries . . . . .	6-35
	[a]	Automobile Fuel Economy . . . . .	6-35
	[b]	Auto Parts (Rebuilt, Reconditioned or Used) . . . . .	6-35
	[c]	[Reserved]. . . . .	6-35
	[d]	[Reserved]. . . . .	6-35
	[e]	[Reserved]. . . . .	6-35
	[f]	Jewelry, Precious Metals and Pewter . . . . .	6-35
	[g]	Leather and Imitation Leather Products . . . . .	6-36
	[h]	[Reserved]. . . . .	6-36
	[i]	Schools (Private Vocational and Distance Education) . . . . .	6-36
	[3]	Repealed Guides . . . . .	6-37
§ 6.06		Application to E-Commerce . . . . .	6-38

**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
	[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 . . . . .	7-13

**TABLE OF CONTENTS**

xiii

[6]	Power Output Claims for Amplifiers Utilized in Home Entertainment Products .....	7-15
[7]	Preservation of Consumers' Claims and Defenses .....	7-16
[a]	Basis of the Rule .....	7-16
[b]	Notice Required in Consumer Credit Contracts .....	7-16
[c]	Application of Rule to Purchase Money Loans .....	7-18
[i]	Customer Referrals .....	7-19
[ii]	Affiliation .....	7-19
[iii]	Examples Where the Rule Applies to Acceptance of Proceeds .....	7-19
[iv]	Examples of Activity That, Standing Alone, Does Not Constitute a Seller/Creditor Relationship .....	7-20
[d]	Application of Rule to Creditors .....	7-20
[e]	Preservation Obligations for Collaboration Tools and Ephemeral Messaging .....	7-21
[8]	Mail, Internet Or Telephone Order Merchandise .....	7-21
[a]	Initial Solicitation .....	7-22
[b]	Procedures Governing Shipment Delays .....	7-22
[c]	Cancellation and Refund Procedures .....	7-23
[d]	Miscellaneous Provisions .....	7-23
[9]	Franchises and Business Opportunities .....	7-24
[a]	The Franchise Rule .....	7-24
[b]	The Business Opportunity Rule .....	7-27
[10]	Funeral Industry Practices .....	7-30
[a]	Who Is Covered by the Rule .....	7-30
[b]	Transactions to Which the Rule Applies .....	7-31
[c]	Requirements Regarding Price Information .....	7-31
[i]	Price Disclosures Over the Telephone .....	7-32
[ii]	Price Lists .....	7-32
[iii]	Statement of Funeral Goods and Services Selected .....	7-33

## FEDERAL TRADE COMMISSION

	[d] Misrepresentations and Preventive Requirements . . . . .	7-34
	[i] Embalming Provisions . . . . .	7-34
	[ii] Casket For Cremation Provisions . . . . .	7-34
	[iii] Outer Burial Container Provisions . . . . .	7-35
	[iv] General Provisions on Legal and Cemetery Requirements . . . . .	7-35
	[v] Preservative or Protective Value Claims . . . . .	7-35
	[vi] Cash Advance Provisions . . . . .	7-35
	[e] Required Purchase of Funeral Goods or Services . . . . .	7-36
	[i] Casket Purchases for Cremation . . . . .	7-36
	[ii] Other Required Purchases . . . . .	7-37
	[f] Embalming Services Provided Without Prior Approval . . . . .	7-38
	[g] Record Keeping . . . . .	7-38
	[h] State Exemptions . . . . .	7-39
[11]	Ophthalmic Practice . . . . .	7-39
[12]	Labeling and Advertising of Home Insulation . . . . .	7-40
	[a] Duties of Manufacturers . . . . .	7-41
	[b] Duties of Retailers . . . . .	7-41
	[c] Duties of Installers . . . . .	7-42
	[d] Duties of New Home Sellers . . . . .	7-42
	[e] Duties of Advertisers . . . . .	7-42
[13]	Credit Practices . . . . .	7-42
	[a] Confessions of Judgment . . . . .	7-43
	[b] Wage Assignments . . . . .	7-43
	[c] Security Interests in Household Goods . . . . .	7-44
	[d] Waivers of Exemption . . . . .	7-44
	[e] Late Charges . . . . .	7-45
	[f] Cosigner Provisions . . . . .	7-45
[14]	Used Car Rule . . . . .	7-46
	[a] Conduct Prohibited . . . . .	7-47
	[b] “Buyers Guide” Disclosures . . . . .	7-47
	[c] State Exemptions . . . . .	7-48
[15]	Made in USA Labeling Rule . . . . .	7-48
	[a] Promulgation and Application . . . . .	7-48
	[b] Noteworthy Penalty in Made in USA Case . . . . .	7-49

**TABLE OF CONTENTS**

§ 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
	[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
	[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

**TABLE OF CONTENTS**

xvii

	[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
	[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

## FEDERAL TRADE COMMISSION

	[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
	[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

## TABLE OF CONTENTS

xix

	[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

## 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

## FEDERAL TRADE COMMISSION

	[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
		[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

**TABLE OF CONTENTS**

xxi

	[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
	[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

**FEDERAL TRADE COMMISSION**

§ 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

**TABLE OF CONTENTS**

xxiii

	[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
	[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

**FEDERAL TRADE COMMISSION**

	[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
	[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

## TABLE OF CONTENTS

xxv

§ 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

## FEDERAL TRADE COMMISSION

	[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
	[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

## TABLE OF CONTENTS

xxvii

	[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 . . . . .	11-49
§ 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

## FEDERAL TRADE COMMISSION

	[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
	[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

**TABLE OF CONTENTS**

xxix

	[e]	Interrogatories . . . . .	12-46.1
	[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 . . . . .	12-48
	[iii]	Freedom of Information . . . . .	12-48
	[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

## FEDERAL TRADE COMMISSION

## 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
[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

## TABLE OF CONTENTS

xxxi

	[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
	[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

**FEDERAL TRADE COMMISSION**

	[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
<b>INDEX</b>		. . . . .	I-1