

Chapter 15
Consumer Protection

1 Source: Bohlman/Dundas, The Legal, Ethical, & International Environment of Business

Introduction

- Federal Trade Commission
- Deceptive advertising
- Other deceptive practices
- Selected Consumer laws

2 Source: Bohlman/Dundas, The Legal, Ethical, & International Environment of Business

Trade Regulation Rules

- FTC regulation rules
 - Cease and desist
 - Affirmative disclosure order
 - Corrective advertising order
 - Multiple product order
- Exemptions to FTC regulation

3 Source: Bohlman/Dundas, The Legal, Ethical, & International Environment of Business

Elements of Deceptive Advertising

- Advertisement must contain a representation, omission, or practice
- The action in the advertisement must be likely to mislead a consumer who is acting reasonably
- The action in the advertisement must be material although an actual deception need not occur

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Source: Bohlman/Dundas, The Legal, Ethical, & International Environment of Business

Grounds for Challenging Deceptive Advertising

- False statements or claims
- Failure to disclose important facts
- Statements less than the truth
- Unsupported claims

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Source: Bohlman/Dundas, The Legal, Ethical, & International Environment of Business

Other Deceptive Practices

- Multi-level marketing
- Bait and switch
- Deceptive comparison
- Deceptive endorsements
- Telemarketing fraud
- Market research

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Source: Bohlman/Dundas, The Legal, Ethical, & International Environment of Business

Selected Consumer Protection Laws

- Fair Packaging and Labeling Act
- Magnuson-Moss Warranty Act
- Food Drug and Cosmetics Act
- Postal fraud statutes
- Interstate land sales
- Mail-order house regulations
- Consumer Product Safety Act
- Door-to-door sales regulations
 - Three day rule

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Source: Bohlman/Dundas, The Legal, Ethical, & International Environment of Business

Cyberlaw

- One of the newest and hottest crimes is identity theft

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Source: Bohlman/Dundas, The Legal, Ethical, & International Environment of Business

Summary

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- Elements of Deceptive Advertising
- Grounds for Challenging Deceptive Advertising
- Other Deceptive Practices
- Selected Consumer Protection Laws
- Cyberlaw

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