A Guide To The Federal Trade Commission

The Federal Trade Commission (FTC) works to ensure that the nation's markets are vigorous, efficient and free of restrictions that harm consumers. Experience demonstrates that competition among firms yields products at the lowest prices, spurs innovation and strengthens the economy. Markets also work best when consumers can make informed choices based on accurate information.

To ensure the smooth operation of our free market system, the FTC enforces federal consumer protection laws that prevent fraud, deception and unfair business practices. The Commission also enforces federal antitrust laws that prohibit anticompetitive mergers and other business practices that restrict competition and harm consumers. Whether combating telemarketing fraud, Internet scams or price-fixing schemes, the FTC's primary mission is to protect consumers.

In addition, the Commission conducts economic research and analysis to support its law enforcement efforts and to contribute to the policy deliberations of the Congress, the Executive Branch, other independent agencies, and state and local governments.

This booklet explains how the Commission works to achieve these goals. I also invite you to visit our website, www.ftc.gov, to learn more about the FTC.

Timothy J. Muris, Chairman

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INTRODUCTION

As a consumer or businessperson, you may be more familiar with the work of the Federal Trade Commission than you think.

Consumers who refer to care labels in their clothes, product warranties or stickers showing the energy costs of home appliances are using information required by the FTC. Businesses must be familiar with the laws requiring truthful advertising or prohibiting price fixing. These laws also are administered by the FTC.

The FTC deals with issues that touch the economic lives of most Americans. In fact, the agency has a long tradition of maintaining a competitive marketplace for both consumers and businesses. When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to "bust the trusts." Over the years, Congress passed additional laws giving the agency greater authority to police anticompetitive practices.

In 1938, Congress passed the Wheeler-Lea Amendment, which included a broad prohibition against "unfair and deceptive acts or practices." Since then, the Commission also has been directed to administer a wide variety of other consumer protection laws, including the Telemarketing Sales Rule, the Pay-Per-Call Rule and the Equal Credit Opportunity Act.

In 1975, Congress passed the Magnuson-Moss Act, which gave the FTC the authority to adopt trade regulation rules that define unfair or deceptive acts in particular industries. Trade regulation rules have the force of law. As you read through this booklet, you will learn about other laws that enable the FTC to help consumers.

The FTC's work is performed by the Bureaus of Consumer Protection, Competition and Economics. That work is aided by the Office of General Counsel and seven regional offices.

COMMISSIONERS

The FTC is an independent agency that reports to Congress on its actions. The Commission is headed by five Commissioners, nominated by the President and confirmed by the Senate, each serving a seven-year term. The President chooses one Commissioner to act as Chairman. No more than three Commissioners can be of the same political party. The current Chairman and Commissioners are:

Chairman Timothy J. Muris

A Republican, he began his term as Chairman on June 4, 2001. Muris has held three previous positions at the Commission: Assistant to the Director of the Office of Policy Planning and Evaluation (1974 to 1976), Director of the Bureau of Consumer Protection (1981 to 1983) and Director of the Bureau of Competition (1983 to 1985).

After leaving the FTC in 1985, Muris served with the Executive Office of the President, Office of Management and Budget for three years, and afterward, as Of Counsel with the law firm of Collier, Shannon, Rill and Scott (1992 to 2000) and Howrey, Simon, Arnold and White (2000 to 2001). Muris joined George Mason University School of Law as a Foundation Professor in 1988 and was interim dean of the law school from 1996 to 1997.

A member of the American Bar Association's Antitrust Section, Muris has written widely on antitrust, consumer protection, regulatory, and budget issues. In 1981, he served as the Deputy Counsel to the Presidential Task Force on Regulatory Relief.

Commissioner Mozelle W. Thompson

A Democrat, he was sworn in as a Commissioner on December 17, 1997. Thompson most recently held the position of Principal Deputy Assistant Secretary at the Department of the Treasury overseeing domestic spending and credit policies. Prior to joining the Treasury, he served as Senior Vice President and General Counsel to the New York State Finance Agency. He also was an attorney with the firm of Skadden, Arps, Slate, Meagher and Flom in New York. Thompson has been president of the International Marketing Supervision Network (IMSN), an international consumer protection enforcement association, and also Vice Chairman of the OECD Consumer Policy Committee. Thompson has taught at the Fordham Law School and Princeton University's Woodrow Wilson School.

Commissioner Orson Swindle

A Republican, he was sworn in as a Commissioner on December 18, 1997. He has had a distinguished military career and served in the Reagan Administration from 1981 to 1989 directing financial assistance programs to economically distressed rural and municipal areas of the country. As Assistant Secretary of Commerce for Development, he managed the Department of Commerce's national economic development efforts, directing seven offices across the country. He was State Director of the Farmers Home Administration for the U.S. Department of Agriculture financing rural housing, community infrastructure, businesses, and farming.

Commissioner Thomas B. Leary

A Republican, he was sworn in on November 17, 1999. From 1983 to 1999, he had been a partner at Hogan and Hartson, where he practiced principally in the areas of antitrust and trade regulation. Before becoming a partner at Hogan and Hartson, he was the Assistant General Counsel of General Motors, with overall responsibility for antitrust, consumer protection and commercial law matters. He also served as an Air Intelligence Officer on active duty in the United States Navy from 1952 to 1955.

Commissioner Pamela Jones Harbour

An Independent, she was sworn in as a Commissioner on August 4, 2003. She joined the FTC from Kaye Scholer, where, as a partner in the litigation department, she counseled clients on Internet privacy, e-commerce, consumer protection, and a variety of competition-related matters. Before joining Kaye Scholer, she was New York State Deputy Attorney General and Chief of the Office's 150-attorney Public Advocacy Division. During her 11-year term in the Attorney General's office, she handled a number of notable antitrust cases, including State Oil v. Khan, a landmark price-fixing case, and States v. Primestar Partners, a consent judgment that culminated a four-year multi-state investigation of the cable TV industry.

BUREAU OF CONSUMER PROTECTION

The Bureau of Consumer Protection's mandate is to protect consumers against unfair, deceptive or fraudulent practices. The Bureau enforces a variety of consumer protection laws enacted by Congress, as well as trade regulation rules issued by the Commission. Its actions include individual company and industry-wide investigations, administrative and federal court litigation, rulemaking proceedings, and consumer and business education. In addition, the Bureau contributes to the Commission's on-going efforts to inform Congress and other government entities of the impact that proposed actions could have on consumers.

The Bureau of Consumer Protection is divided into six divisions and programs, each with its own areas of expertise.

■ The Division of Advertising Practices

The Division of Advertising Practices is the nation's enforcer of federal truth-in-advertising laws. Its law enforcement activities focus on:

- Claims for foods, drugs, dietary supplements, and other products promising health benefits.
- Health fraud on the Internet.
- Weight-loss advertising.
- Advertising and marketing directed to children.
- Performance claims for computers, ISPs and other high-tech products and services.
- Tobacco and alcohol advertising, including monitoring for unfair practices or deceptive claims and reporting to Congress on cigarette and smokeless tobacco labeling, advertising and promotion.
- Protecting children's privacy online.

- Claims about product performance made in national or regional newspapers and magazines; in radio and TV commercials, including info-mercials; through direct mail to consumers; or on the Internet.

The Division of Enforcement

The Division of Enforcement conducts a wide variety of law enforcement activities to protect consumers, including: (1) ensuring compliance with administrative and federal court orders entered in consumer protection cases; (2) conducting investigations and prosecuting civil actions to stop fraudulent, unfair or deceptive marketing and advertising practices; and (3) enforcing consumer protection laws, rules and guidelines.

- Monitoring compliance with Commission cease and desist orders and federal court injunctive orders involves:
  - Investigating compliance of parties subject to agency and federal court orders.
  - Initiating federal court actions for substantial civil penalties for violation of agency orders.
  - Enforcing federal court injunctive orders through civil and criminal contempt actions (Project Scofflaw).
- Investigations of violations of consumer protection laws and litigation before the Commission's administrative law judges or the U.S. District Courts involve:
  - E-Commerce and the Internet, including online shopping and unfulfilled holiday delivery promises.

- Employment opportunities fraud, such as false promises about the availability of jobs with the U.S. Postal Service, federal government or modeling agencies.
- Scholarship scams, targeting services that falsely guarantee scholarships or claim to have information that is unavailable elsewhere.
- Office supply fraud, including "toner-phoner" scams where small businesses are billed for unordered copier and printer toner.

- Enforcement of trade laws, rules and guides through administrative or federal court proceedings includes:
  - The Mail or Telephone Order Merchandise Rule, which requires "brick and mortar" and online companies to ship purchases when promised (or within 30 days if no time is specified) or to give consumers the option to cancel their order for a refund.

THIS SCULPTURE IS ONE OF A PAIR ENTITLED "MAN CONTROLLING TRADE" AND WAS COMPLETED FOR THE FTC BUILDING IN 1942 BY NEW YORK SCULPTOR MICHAEL LANTZ.

- Textile, Wool, Fur and Care Labeling Rules, which require proper origin and fiber content labeling of textile, wool and fur products, and care label instructions attached to clothing and fabrics.
- Energy Rules, which require the disclosure of energy costs of home appliances (the Appliance Labeling Rule), octane ratings of gasoline (the Fuel Rating Rule), and the efficiency rating of home insulation (the R-Value Rule).
- Green Guides, which govern claims that consumer products are environmentally safe, recycled, recyclable, ozone-friendly, or biodegradable.

The Division of Financial Practices

The Division of Financial Practices is responsible for developing policy and enforcing laws related to financial and lending practices affecting consumers. It also is responsible for most of the agency's consumer privacy program. Among its specific areas of responsibility are:

- Financial privacy, including enforcement of the Fair Credit Reporting Act (FCRA) and the Gramm-Leach-Bliley Act (GLBA).
  - The FCRA ensures the accuracy and privacy of information kept by credit bureaus and other consumer reporting agencies, and gives consumers the right to know what information these entities are distributing about them to creditors, insurance companies and employers.
  - The GLBA requires financial institutions to provide notice to consumers about their information practices, and to give consumers an opportunity to direct that their personal information not be shared with non-affiliated third parties.

- Subprime lending, including enforcement of laws targeting deceptive, unfair and abusive practices in the subprime market, such as the Federal Trade Commission Act, the Home Ownership and Equity Protection Act, and the Equal Credit Opportunity Act.
- Enforcement of many of the nation's other consumer credit statutes, including:
  - The Truth in Lending Act, which requires creditors to disclose in writing certain cost information, such as the annual percentage rate (APR), before consumers enter into credit transactions.
  - The Consumer Leasing Act, which requires lessors to give consumers information on lease costs and terms.
  - The Fair Debt Collection Practices Act, which prohibits debt collectors from engaging in unfair, deceptive or abusive practices, including over-charging, harassment and disclosing consumers' debt to third parties.

■ The Division of Marketing Practices

The Division of Marketing Practices responds quickly and decisively to the rapidly changing world of fraudulent marketing practices. It enforces federal consumer protection laws by filing actions in federal district court on behalf of the Commission to stop scams, prevent scam artists from repeating their fraudulent schemes in the future, freeze assets, and obtain compensation for scam victims. The Division also files administrative cases with the Commission to stop these scams.

The Division's enforcement priorities include:

- Shutting down high-tech Internet and telephone scams that bilk consumers out of hundreds of millions of dollars annually;
- Halting deceptive telemarketing or direct mail marketing schemes that use false and misleading information to take consumers' money; and
- Stopping pyramid schemes and other fraudulent investment scams.

The Division also is responsible for the issuance, revision and enforcement of many of the Commission's rules, including:

- The Telemarketing Sales Rule, which prohibits deceptive sales pitches and protects consumers from abusive, unwanted, and late-night sales calls.
- The 900 Number Rule, which requires sellers of pay-per-call ("900 number") services to clearly disclose the price of their services, prohibits the targeting of most of those services to children, and forbids unfair billing practices.
- The Franchise and Business Opportunity Rule, which requires sellers of franchises and business opportunities to give prospective buyers a disclosure containing specific information about the business and any earnings claims that are made, to help them evaluate the value of the franchise.
- The Funeral Rule, which requires funeral directors to disclose price and other information about their services to consumers.
- The Magnuson-Moss Act, which requires merchants to make warranty information available to consumers before they make a purchase.

The Division is on the cutting edge of investigating and addressing the ever-evolving use of the Internet and other emerging technologies to defraud consumers. The Division has taken the lead in developing new strategies and techniques to combat the latest high-tech scams and in sharing those strategies and techniques with federal, state, local, and international law enforcement agencies through its training programs. Its initiatives in this area include:

- Developing and presenting Internet Investigation Training to federal, state, local, and international law enforcement agencies.
- Sponsoring and conducting symposia on legal issues arising from cutting-edge technologies.
- Prosecuting civil enforcement actions to keep fraud artists from operating on the Internet and in other high-tech areas.

The Division of Planning and Information

The Division of Planning and Information helps consumers get the information they need to protect themselves, and gives FTC attorneys and other consumer protection law enforcers the information and support they need to take action. The Division pursues this mission in several ways:

- Consumer Response Center, which houses counselors who respond to consumer complaints and requests for information (1-877-FTC-HELP [1-877-382-4357] or www.ftc.gov).
- Identity Theft Data Clearinghouse, which houses counselors who tell consumers how to protect themselves from identity theft and what to do if their identity has been stolen (1-877-IDTHEFT

[1-877-438-4338]; TDD: 202-326-2502; or www.consumer.gov/idtheft).

- Consumer Sentinel. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database and cybertool available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad (www.consumer.gov/sentinel).
- International Consumer Protection. The Division coordinates the FTC's international consumer protection work, and helps facilitate international information-sharing among consumer protection law enforcers to combat cross-border fraud and deception. This work includes a joint project with more than a dozen countries to collect and share cross-border ecommerce complaints (www.econsumer.gov).
- Operations. The Division also administers the core financial, administrative and litigation support activities of the Bureau, and manages the agency's consumer redress program.

The Consumer and Business Education Program

The Consumer and Business Education Program plans, develops and implements creative, practical, plain-language mission-related campaigns aimed at both broad and segmented consumer and industry audiences. These efforts encourage informed consumer choice and competitive business practices in the marketplace, and are viewed by the Commission as a cost-effective way to help minimize consumer injury and obtain compliance with the law. To leverage expertise and limited resources, the program partners with businesses, trade associations, consumer groups and other government agencies when appropriate, exhibits at national conferences and conventions, and produces public service announcements for radio, print and web. A consumer and/or business education component is included in each major consumer protection law enforcement initiative.

In addition to producing award-winning publications and websites, the program maintains **www.consumer.gov**. The Program launched this "one stop" site for federal consumer information with four partner agencies (Food and Drug Administration, Consumer Product Safety Commission, National Highway Traffic Safety Administration and the Securities and Exchange Commission) in December 1997. Today, the site links to consumer information, arranged in 10 broad topic areas, from more than 170 federal agencies. It also has become the consumer information portal for **FirstGov.gov**, a public-private partnership, led by a cross-agency board and administered by the Office of FirstGov in the General Services Administration's Office of Governmentwide Policy.

BUREAU OF COMPETITION

The FTC's antitrust arm, the Bureau of Competition seeks to prevent anticompetitive mergers and other anticompetitive business practices in the marketplace. By protecting competition, the Bureau promotes consumers' freedom to choose goods and services in an open marketplace at a price and quality that fit their needs – and fosters opportunity for businesses by ensuring a level playing field among competitors.

The Bureau fulfills this role by reviewing proposed mergers and other business practices for possible anticompetive effects, and, when appropriate, recommending that the Commission take formal law enforcement action to protect consumers. The Bureau also serves as a research and policy resource on competition topics and provides guidance to business on complying with the antitrust laws.

REPRESENTING "INDUSTRY," CHAIM GROSS' PANEL ON THE FTC'S WEST ENTRANCE ON PENNSYLVANIA AVENUE DEPICTS TWO RIVETERS WORKING ON A STEEL SKELETAL STRUCTURE.

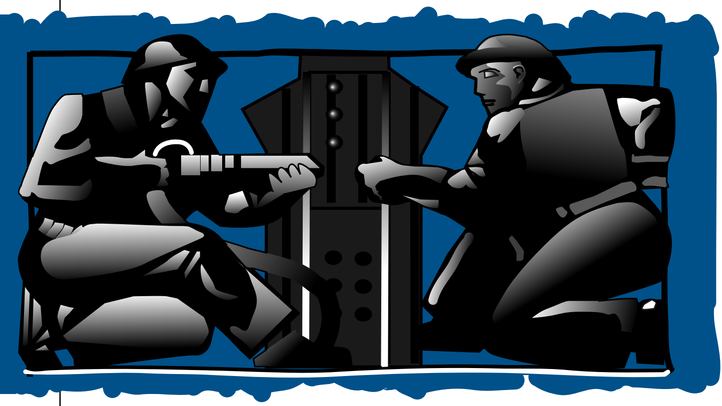
The FTC is careful to attend to segments of the economy that will have the greatest impact on behalf of consumers, such as:

- Energy for homes, manufacturing or transportation – electricity, oil and gas;
- Prescription drugs and health care;
- Food – consumer products and grocery retailing; and
- High-tech industries such as computers, broadband Internet access, and cable TV distribution and programming.

The Antitrust Laws

The Bureau protects competition through enforcement of the antitrust laws. These laws include:

- Section 5 of the Federal Trade Commission Act, which prohibits "unfair methods of competition."
- Section 1 of the Sherman Act, which outlaws "every contract, combination . . . , or conspiracy, in restraint of trade."



- Section 2 of the Sherman Act, which makes it unlawful for a company to "monopolize, or attempt to monopolize," trade or commerce.
- Section 7 of the Clayton Act, which prohibits mergers and acquisitions the effect of which "may be substantially to lessen competition, or to tend to create a monopoly."
- Section 7A of the Clayton Act (added in 1976 by the Hart-Scott-Rodino Antitrust Improvements Act), which requires companies to notify antitrust agencies before certain planned mergers.
- Other provisions of the Clayton Act, including the Robinson-Patman Act, which prohibits certain forms of price discrimination that are found to be anticompetitive; Section 3 of the Clayton Act, which proscribes certain types of tying and exclusive dealing arrangements; and Section 8 of the Clayton Act, which proscribes interlocking directorates and officers.

Merger Enforcement

Most mergers actually benefit competition and consumers by allowing firms to operate more efficiently. In a competitive market, firms pass on these lower costs to consumers. But some mergers, by reducing competition, can cost consumers many millions of dollars every year in the form of higher prices and reduced product quality, consumer choice and innovation.

The Bureau of Competition reviews mergers to determine which ones have the potential to harm consumers; thoroughly investigates those that may be troublesome; and recommends enforcement action to the Commission when necessary to protect competition and consumers. While the FTC challenges only a small percentage of mergers, its merger enforcement actions typically save consumers hundreds of millions of dollars each year.

The Commission's merger enforcement activity focuses primarily on mergers between direct competitors ("horizontal" mergers), because these may be most likely to harm consumers. The Commission also examines mergers involving firms at different levels of the same industry ("vertical" mergers) and those involving firms that exert a procompetitive influence because of the possibility of their entering a market ("potential competition" mergers).

- In a *horizontal* merger, a direct competitor may be eliminated, allowing the acquiring firm latitude to raise prices without losing sales.
- A *vertical* merger, such as a manufacturer acquiring a supplier of component products, or a manufacturer merging with a distributor of its products, is less likely to be anticompetitive, because the parties do not compete with each other. A vertical merger may harm competition, however, by making it difficult for competitors to gain access to an important component product or to an important channel of distribution, such as cable TV networks for providers of television programming.

Various remedies may be suitable for transactions that pose antitrust concerns. These include settlement, litigation or abandonment of the transaction by the parties:

- It often is possible to correct the antitrust problems raised by a merger through the divestiture of assets used in the affected markets. Divestiture is the most common but not the only remedy employed.

Mergers of large companies usually involve many different markets, and a divestiture of a part of the company to another firm may protect competition while allowing the beneficial aspects of the merger to go forward.

- In some cases, however, a divestiture remedy is insufficient, or the parties cannot agree on the scope of needed divestitures. Then, the Commission may seek to prevent the entire transaction by asking a federal court to block the merger from proceeding.

■ Nonmerger Enforcement

The Bureau receives numerous inquiries and complaints from customers and competitors throughout the country about possible antitrust law violations that do not involve mergers. The staff carefully evaluates each inquiry or complaint, and where appropriate, opens a formal investigation. In addition, the Bureau's staff monitors industry activities through trade publications, industrial reports and company press releases.

The Commission's nonmerger enforcement efforts focus on business activities that significantly threaten competition and harm consumers. These involve direct competitors ("horizontal" arrangements), suppliers and customers ("vertical" arrangements), or single firms.

The Bureau focuses significant attention on *horizontal restraints*, or agreements between or among direct competitors, because these pose the greatest risk of harm to competition. Under the antitrust laws, companies may not agree to limit competition in ways that hurt consumers.

Horizontal restraints may take many different forms:

- An explicit agreement among competitors on price – price fixing – is illegal *per se*. Competitors must establish prices and terms independently.
- The legality of many other types of agreements is not as clear cut. These cases often are complex and require a detailed and painstaking examination of the facts to determine whether the agreement violates antitrust laws. For example, an agreement among manufacturers to adopt specifications requiring fire-resistant materials for certain products may have a beneficial effect on public safety that far outweighs any impact on competition.
  - A group *boycott* – an agreement among competitors not to deal with another person or business – may hurt consumers by preventing the establishment of a new competitor. For example, the FTC has challenged boycotts by groups of physicians to prevent the establishment of competing health care facilities.
  - Agreements among competitors to divide sales territories or allocate customers are generally illegal because they are essentially agreements not to compete. For example, an agreement between cable TV companies not to enter each other's territory would prevent the head-to-head competition that helps consumers.
  - Restrictions on advertising can be illegal if they deprive consumers of important information. For example, if a group of auto dealers agrees to restrict comparative and discount advertising, consumers would have less information to comparison shop.

- A professional code of ethics may be unlawful if it unreasonably restricts the ways professionals may compete. For example, a code of ethics provision that restricts a group of professionals from engaging in alternative forms of delivery of services could deny consumers the benefits (including lower costs) of these methods.

Restrictions agreed to by firms at different levels within an industry, known as *vertical restraints*, also can be harmful to consumers, although these restraints tend to be more beneficial than not.

- The sale of one product on condition that a customer purchase a second product, which the customer may not want or can buy elsewhere at a lower price, is a "tie-in." Requirements like these are illegal if they harm competition.
- Manufacturers and dealers often enter into agreements related to resale price or on matters not related to price, such as limitations on dealers' territories or customer service obligations. Restrictions such as these generally are not illegal.

Practices of single firms may violate the antitrust laws' prohibition on *monopolization* or *attempted monopolization*. Although it is not illegal to have a monopoly, a single company cannot monopolize or try to monopolize an industry through unfair practices – tactics that either unreasonably exclude firms from the market or significantly impair their ability to compete. For example, it would likely be illegal for a company with a monopoly in one market to attempt to use its power in that market to interfere with competition in another market.

Research and Policy Studies

Congress created the FTC as a source of expertise and information on the economy. Consistent with this role, the Bureau regularly analyzes important competition-related topics:

- It organizes public workshops to examine emerging issues, such as the advent of software systems that allow multiple buyers and sellers to carry out sales and procurement activities over the Internet, known as business-to-business (B2B) electronic marketplaces.
- It reports to Congress and the public on topics of significant public interest, such as pricing of gasoline and other refined petroleum products.
- It contributes to FTC analysis of the competitive implications of important policy proposals, such as those relating to the deregulation of electricity.
- Bureau managers often testify before Congress on subjects of current public interest.

The Bureau also works to inform the business community about antitrust enforcement policies to facilitate compliance with the law.

- Often in conjunction with the Department of Justice, the Bureau develops enforcement guidelines on such topics as mergers or collaborations among competitors. These guidelines help companies and their legal advisors understand how the agencies analyze possible violations.
- Bureau managers regularly give speeches on current enforcement policies and priorities before legal and business groups.

- The Bureau prepares advisory opinions to help businesses evaluate the legality of proposed ventures or course of action.
- Information on the Bureau's activities and policies is widely available to the public through the dissemination of frequent press releases and publication of materials on the FTC website.

LOCATED ON THE FTC'S EAST ENTRANCE ON PENNSYLVANIA AVENUE, THIS SCULPTURE, DESIGNED BY ROBERT LAURENT, REPRESENTS THE ROLE OF SHIPPING IN WORLD TRADE.

BUREAU OF ECONOMICS

The Bureau of Economics helps the FTC evaluate the economic impact of its actions. To do so, the Bureau provides economic analysis and support to antitrust and consumer protection investigations and rulemakings. It also analyzes the impact of government regulation on competition and consumers and provides Congress, the Executive Branch and the public with economic analysis of market processes as they relate to antitrust, consumer protection, and regulation.

Provides Economic Advice for Enforcement

The Bureau provides guidance and support to the agency's antitrust and consumer protection enforcement activities. In the antitrust area, the Bureau participates in the investigation of alleged anticompetitive acts or practices and provides advice on the economic merits of alternative antitrust actions. If an enforcement action is initiated, the Bureau integrates economic analysis into the proceeding (sometimes providing the expert witness at trial) and works with the Bureau of Competition to devise appropriate remedies.

In the consumer protection area, the Bureau provides economic support and analysis of potential Commission actions in both cases and rulemakings handled by the Bureau of Consumer Protection. Bureau economists also provide analysis of appropriate penalty levels to deter activity that harms consumers.

Studies Effects of Legislative Options and Regulations

The Bureau participates in the FTC's advocacy activities. The Commission's three bureaus present comments, upon request, to other agencies and entities concerning the effects of regulation on competition and consumers. At the request of lawmakers or agency officials, comments or testimony often are provided to assist legislatures' consideration of pending bills or to assist agency rulemaking proceedings. Similarly, amicus curiae briefs may be presented to federal or state courts. These submissions advocate policies that will enhance both competition and consumer choice.

Analyzes Market Processes

The Bureau also conducts economic analysis of various markets and industries. This work focuses on the economic effects of regulation and on issues important to antitrust and consumer protection policy. Many of these analysis are published as staff reports.

HOW THE FTC BRINGS AN ACTION

Letters from consumers or businesses, premerger notification filings, Congressional inquiries or articles on consumer or economic subjects may trigger FTC action. Generally, FTC investigations are nonpublic to protect both the investigation and the companies involved.

If the FTC believes that a person or company has violated the law or that a proposed merger may violate the law, the agency may attempt to obtain voluntary compliance by entering into a consent order with the company. A company that signs a consent order need not admit that it violated the law, but it must agree to stop the disputed practices outlined in an accompanying complaint or undertake certain obligations to resolve the anticompetitive aspects of its proposed merger.

If a consent agreement cannot be reached, the FTC may issue an administrative complaint or seek injunctive relief in the federal courts. The FTC's administrative complaints initiate a formal proceeding that is much like a federal court trial but before an administrative law judge: Evidence is submitted, testimony is heard, and witnesses are examined and cross-examined. If a law violation is found, a cease and desist order may be issued. Initial decisions by administrative law judges may be appealed to the full Commission.

Final decisions issued by the Commission may be appealed to the U.S. Court of Appeals and, ultimately, to the U.S. Supreme Court. If the Commission's position is upheld, the FTC, in certain circumstances, may then seek consumer redress in court. If the company ever violates the order, the Commission also may seek civil penalties or an injunction.

In some circumstances, the FTC can go directly to court to obtain an injunction, civil penalties or consumer redress. In the merger enforcement arena, the FTC may seek a preliminary injunction to block a proposed merger pending a full examination of the proposed transaction in an administrative proceeding. The injunction preserves the market's competitive status quo. The FTC seeks federal court injunctions in consumer protection matters typically in cases of ongoing consumer fraud. By going directly to court, the FTC can stop the fraud before too many consumers are injured.

DESIGNED BY CONCETTA SCARAVAGLIONE FOR THE FTC BUILDING, THIS BAS RELIEF SYMBOLIZES "AGRICULTURE" BY SHOWING TWO FIGURES BINDING WHEAT.

The Commission also can issue Trade Regulation Rules. If the FTC staff finds evidence of unfair or deceptive practices in an entire industry, it can recommend that the Commission begin a rulemaking proceeding. Throughout the rulemaking proceeding, the public has opportunities to attend hearings and file written comments. The Commission considers these comments along with the entire rulemaking record – the hearing testimony, the staff reports, and the Presiding Officer's report – before making a final decision on the proposed rule. An FTC rule may be challenged in any of the U.S. Courts of Appeal. When issued, these rules have the force of law.

FTC OFFICES YOU SHOULD KNOW ABOUT

The FTC's Regional Offices cover seven geographic areas. The regional offices work with the Bureaus of Competition and Consumer Protection to conduct investigations and litigation; provide advice to state and local officials on the competitive implications of proposed actions; recommend cases; provide local outreach services to consumers and businesspersons; and coordinate activities with local, state, and regional authorities. FTC regional offices frequently sponsor conferences for small businesses, local authorities, and consumer groups.

The General Counsel is the FTC's chief legal officer and adviser. The Office's major functions are representing the Commission in court and providing legal counsel to the Commission, bureaus and other offices.

The Office of Congressional Relations works closely with members of Congress and their staffs. The Office informs Commissioners and FTC staff of Capitol Hill issues and policies, and helps provide information on legislation of interest to the Commission. It also coordinates the preparation of both Congressional testimony and responses to Congressional inquiries concerning FTC policies and programs.

The Office of Public Affairs provides information to the public through the media. It issues news releases on all significant Commission actions; responds to reporters' inquiries; and arranges television, radio and print interviews for FTC officials. The Office issues a weekly calendar of Commission events and a weekly summary of press releases.

The Secretary is the Commission's "court clerk," responsible for implementing the Commission's voting procedures, creating official records of its decisions, receiving and serving Commission orders and other official documents, and coordinating the preparation of responses to congressional constituent inquiries.

The Executive Director is the FTC's chief operating officer and manager, responsible for such matters as administrative services, financial management, procurement, human resources management, information and technology management, as well as overall FTC program and policy execution. The Executive Director directs the agency's reauthorization and appropriations efforts, and works closely with the bureaus on strategic planning and assessing the management and resource implications of any proposed action.

The Office of Inspector General acts as the "agency cop" and as such, is responsible for the detection and prevention of waste, fraud and abuse in agency programs. The Inspector General conducts audits and investigates allegations of wrongdoing within the agency. Persons aware of any staff misconduct are encouraged to call the Office of Inspector General at 202-326-2800.

FOR MORE INFORMATION

To file a complaint or to get free information on consumer issues, call the Consumer Response Center toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at www.ftc.gov. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Contact the Public Reference Line, 202-326-2222; TDD: 202-326-2502, for FTC reports, speeches or testimony, trade regulation rules, and other general information, or visit www.ftc.gov.

Reporters may call the Office of Public Affairs at 202-326-2180 for assistance.

Contact the Library, 202-326-2395, to use the volumes on legal, economic and business subjects; periodicals; and interlibrary loan service.

FTC HEADQUARTERS

600 Pennsylvania Avenue, NW
Washington, D.C. 20580
1-877-FTC-HELP (382-4357)
TDD (202) 326-2502

FTC REGIONAL OFFICES

East Central Region

Federal Trade Commission
Eaton Center, Suite 200
1111 Superior Avenue
Cleveland, OH 44114
216-263-3455

Serves: Delaware, the District of Columbia, Maryland, Michigan, Ohio, Pennsylvania, Virginia, and West Virginia

Midwest Region

Federal Trade Commission
55 East Monroe Street, Suite 1860
Chicago, IL 60603
312-960-5634

Serves: Illinois, Indiana, Iowa, Kansas, Kentucky, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and Wisconsin

Northeast Region

Federal Trade Commission
One Bowling Green, Suite 318
New York, NY 10004
212-607-2829

Serves: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, the U.S. Virgin Islands, and Puerto Rico

Northwest Region

Federal Trade Commission
2896 Federal Building
915 Second Avenue
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