Federal Trade Commission

MARKETING AND REGULATION IN A
A DYNAMIC ENVIRONMENT

Prepared Remarks of

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Direct Marketing Association
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I am very pleased to be invited to share with you some of my thoughts about consumer protection at the FTC.[1] The Direct Marketing Association has worked closely with the Commission over the years to the benefit of both consumers and the industry. The Ethics Policy Committee and the Committee on Ethical Business Practice, in particular, deserve special commendation for promoting sound and ethical practices in the direct marketing industry.

First, I would like to talk about the interrelation among technology, marketing and regulation. History has shown that new advances in information technology can foster innovative marketing strategies, which can improve consumer welfare by lowering costs and increasing the range of purchasing options. History has also shown that regulators play a critical role in this process. By being sensitive to the interrelationships among technology, marketing and regulation, regulators can ensure that regulation is focused on preventing consumer injury without retarding the development of innovations that will improve consumer welfare. In this way, I believe that regulators can better craft a truly pro-consumer agenda for the '90's -- one that fully recognizes the legitimate needs of consumers without implementing overly rigid and stultifying regulations that end up only hurting consumers.

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[1] The views I express here are, of course, my own and are not necessarily shared by any other Commissioner or Commission staff.

Second, I will discuss the Commission's ongoing enforcement efforts regarding telemarketing fraud and the Mail Order Rule, topics which I know are of special interest to you.

I. Technology, Marketing and Regulation

A. The Interrelationship between Technology, Marketing and Regulation

As many modern histories of industry note, new technology in many ways created the modern business enterprise.[2] New technologies -- specifically, the railroad and the telegraph -- made possible much greater speed and volume in the production, delivery, and marketing of products. This in turn required the creation of managerial hierarchies to supervise, monitor and coordinate production.[3]

In the 1840's, traditional merchants marketed goods much as merchants had done for hundreds of years. However, hundreds of years of experience were totally revolutionized within a generation of the introduction of the railroad and telegraph networks. As transportation and communication networks improved, the age-old commission merchant gave way to full-line, full-service wholesalers who, in turn, gave way to mass retailers -- such as department stores and mail-order houses.[4]

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[2] See, e.g., Managerial Hierarchies (A. Chandler & H. Deams, eds.) at 5 (1980). See generally A. Chandler, The Visible Hand: The Managerial Revolution in American Business (1977).

[3] Id. at 15.

[4] Id. at 19-20.

For the direct marketing industry, one new technology in particular -- the telephone -- can be said to have truly revolutionized the industry. Although telephones have been around for quite a while, rather recent changes in telephone technology are responsible for making the telephone the communication method of choice for both direct marketers and consumers interested in buying their products. Telephone communication became more efficient with the introduction of WATS[5] lines, a bulk discounted call service, in 1960. WATS lines increased the use of the telephone for marketing by enabling the introduction of large call centers for high-volume, low-cost out-bound calls.[6] Further efficiencies appeared in 1967 with the introduction of "800" number in-bound WATS lines, which provided a quick, low-cost way for consumers to place orders with direct marketers.[7]

Regulation plays an important role in the development of innovative technology. The history of regulation of the telecommunications industry -- an area of particular concern to direct marketers -- shows both how rigid regulations can sometimes retard innovation and how more prudent regulation can foster development and use of innovative products that directly benefit consumers. For decades, regulators permitted a single

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[5] Wide Area Telephone Service.

[6] Rudy Oetting, "Telephone Marketing: Where We've Been and Where We Should Be Going," Direct Marketing at 88 (Feb. 1987).

[7] Id.

monopoly to control all aspects of telephone communications -- from provision of services to development of related equipment. One commentator has even gone so far as to argue that, "a single monopoly, no matter how innovative, is ill-suited to providing a wide variety of equipment to meet specialized needs."[8] Beginning in the 1960's, new regulatory strategies concerning the telecommunications industry permitted greater competition in certain areas of the telecommunications industry, which in turn fostered the development and introduction of new technologies.[9] For example, the Federal Communications Commission's (FCC) 1969 decision in the Carterfone case facilitated the connection of non-AT&T telephone equipment to existing services, allowing direct marketers to use up-to-date telecommunications hardware that linked the marketer to the networks.[10] By doing so, the Carterfone decision made possible entry by new companies into the telephone industry. And, by bringing competition to the telephone equipment industry, the Carterfone decision increased the pace of technological innovation. Similarly, the FCC's 1969 decision to accept MCI's application to handle certain long-distance calls brought competition to long-distance services.

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[8] G. Brock, "The Regulatory Change in Telecommunications: The Dissolution of AT&T", in Regulatory Reform: What Actually Happened (L. Weiss and M. Klass, eds.) at 232-33 (1986).

[9] Id. at 215. See generally G. Faulhaber, Telecommunications in Turmoil (1987).

[10] Id. at 214-16.

This in turn led to more sophisticated networking technology and lowered transmission costs for direct marketers and others.[11]

This experience shows that regulatory agencies must always be sensitive to the interrelationships among technology, marketing and regulation. Regulations should not be so inflexible and burdensome as to risk stifling innovation that would ultimately benefit consumers. As the history of the telephone industry shows, strict regulation of entry can sometimes be used by dominant private companies to stifle competition and retard development of new technologies and better products that consumers desire.[12] When considering regulation, an agency must always ask: does the cost to consumers of the particular regulation outweigh the benefits to consumers? Of course, one should not use a narrow cost-benefit analysis that looks solely at efficiencies -- such limited analyses can be misused as an excuse to abdicate government responsibility in protecting consumers. Other considerations, such as equity and procedural justice, have played, and should continue to play, a major role in determining whether regulation is appropriate. The important point is that cost-benefit analysis should always be part of this broader basis for decision-making.

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[11] Brock at 221-222; Oetting at 88.

[12] Brock at 211 ("regulators accepted and protected the industry structure of one dominant firm ... because it existed when regulation was established, not because economic analysis indicated that it was a particularly desirable structure.").

While regulatory changes made possible the use of existing technology and spurred the search for new technology, concern about abuses of new technology has led to regulation designed to respond to consumer concerns. Congress has been very active in this regard. For example, the introduction of the Automatic Dial and Record Machine Players -- so-called "auto-dialer" systems -- led to consumer complaints and, eventually, to passage of a law mandating FCC rules to protect consumers from unwanted phone calls by auto-dialer systems.[13] Widespread consumer complaints about the deceptive marketing and billing of 900 number services resulted in Congress passing legislation to regulate such services.[14] This legislation requires the FTC to promulgate -- by July 1993 -- rules to handle the advertising of 900 numbers as well as the billing and collection of 900-call charges. The FTC has also responded to the misuse of new technology by some marketers with enforcement actions.[15]

The development of the computer is the other major technological innovation that has been of critical importance to the direct marketing industry. Publishers first used the computer in the early 1960's to capture subscriber names. The use of the computer as a marketing tool, however, did not really

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[13] The Telephone Consumer Protection Act of 1991, Pub. L. No. 102-243, 105 STAT. 2394 (Dec. 20, 1991).

[14] The Telephone Disclosure and Dispute Resolution Act, Pub. L. No. 102-556 (1992).

[15] See FTC v. M & H Associates, No. HAR-92-2198 (D. Md. Aug. 7, 1992); FTC v. M.D.M. Interests, Inc., No. H-92-0485 (S.D. Tex. Feb. 18, 1992).

explode until 1981, when the personal computer was first introduced.[16] Of course, the computer performs a host of functions that allow direct marketers to serve their customers better and more efficiently. But availability of increasingly sophisticated computer databases and software has sometimes facilitated the unlawful use of information. One example is when direct marketers have sought to gain access to consumer credit information from major credit bureaus' databases for marketing purposes. The Fair Credit Reporting Act[17] (FCRA) establishes strict guidelines for when such information can be used for marketing. Based on FCRA's language and its legislative history, the Commission has stated that prescreening[18] is permissible only if every consumer whose name appears on a prescreened list receives a firm offer of credit.[19] Last year, the Commission took action against a major credit bureau, TRW, for allegedly providing prescreened lists in violation of FCRA.[20] Concerning

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[16] R. Stone, "Direct Marketing: Then and Now," Direct Marketing at 42 (May 1988).

[17] 15 U.S.C. § 1681 et seq.

[18] Prescreening is the selection of a list of names that meet certain credit-related criteria from a credit bureau's database for purposes of offering credit.

[19] Statements of General Policy or Interpretations Under the Fair Credit Reporting Act, 16 C.F.R. Part 600, App. Section 604(3)(A), item 6.

[20] FTC v. TRW, Inc., 784 F. Supp. 361 (N.D. Tex. 1991).

another marketing device, target marketing,[21] the Commission has opined that FCRA bars disclosure of consumer credit information for such a purpose, arguing that the business purpose underlying target marketing is not one of the permissible purposes enumerated in FCRA for obtaining credit reports.[22] This is an issue the Commission is looking further into as it is currently investigating allegations of unlawful target marketing.

B. The Need for Flexibility in Drafting and Reviewing Regulations

To my mind, the close interrelationships among technology, marketing and regulation mandate that, when regulations are deemed necessary to prevent consumer injury, they be written in a flexible fashion so that they do not inhibit innovation. For example, in drafting the recently issued Environmental Marketing Guidelines,[23] the Commission was determined to avoid overly rigid standards and definitions that could be rendered obsolete by changes in scientific understanding or by changes in consumer perceptions. In particular, our guidance for claims relating to "degradability", "recyclability", and "recycled content" allow advertisers to qualify claims in a manner that avoids deception,

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[21] Target marketing involves the selection of a list of names as with prescreening, but for the purpose of marketing goods and services.

[22] Prepared Statement of the FTC for Hearings on H.R. 3596, before the House Banking, Finance and Urban Affairs Comm., Subcomm. on Consumer Affairs and Coinage (Oct. 24, 1991).

[23] Guides for the Use of Environmental Marketing Claims, July 1992.

but still communicates any significant environmental advantages their products might have. Further, the Commission committed itself to a review of the Guides in three years to determine whether its objectives are being achieved. I believe that such a flexible approach in drafting guidelines and rules ensures that the Commission's actions will not retard beneficial innovation.

In determining whether regulation is appropriate in the first place, a cost-benefit analysis should be undertaken as part of an effort to ensure that the cost does not outweigh the benefits to consumers. Although cost-benefit analysis often has been used to justify deregulating actions, it is in fact a neutral tool. How one assigns dollar values to qualitative or intangible benefits or costs can push the analysis in one way or the other.

These considerations led me to dissent this year from the Commission's decision, prompted by a Presidential request,[24] to review <u>all</u> of its trade regulation rules and guides on a recurring ten-year cycle.[25] Such a review might appear at first blush to be a good idea -- until one realizes that the Commission has rules and guides in what now seem to be obscure areas, such

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[24] "Reducing the Burden of Government Regulations," (Memorandum from President George Bush to Certain Department and Agency Heads, Jan. 28, 1992).

[25] Regulatory Review Activities at the Federal Trade Commission (April 1992) (The Commission voted 4 to 1, Commissioner Yao dissenting). The reviews mandated by the Commission involve a preliminary review of a particular regulation first to see if in fact a full-blown review is justified.

as fallout shelters and shell homes.[26] It is possible -- even likely -- that for certain regulations their only cost may be the yearly cost of reprinting the rules in the Code of Federal Regulations. Review of esoteric regulations can sap the limited resources of regulatory agencies and prevent them from pursuing other, more meritorious matters. In particular, the Commission's past experience has been that even obscure regulations similar to the fallout shelter rule have sometimes proven resource-intensive to review.

I dissented from the Commission's decision to lock itself into a review of all regulations regardless of their impact on society, because I felt, first, that the Commission acted without a well-considered cost-benefit analysis of the proposal and, second, that further analysis would likely have suggested that a mandatory review (as opposed to a demand-driven review) would not be good policy. I was particularly concerned that such reviews would draw resources away from our enforcement activities at a time of limited budgets. I therefore preferred a more flexible approach that would have allowed the Commission to focus its attention on those regulations that are causing the greatest problems for society.

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[26] Request for Comments Concerning Guides for Advertising Fallout Shelters and Guides for Advertising Radiation Monitoring Instruments, 57 Fed. Reg. 41,706 (Sept. 11, 1992) (codified at 16 C.F.R. Parts 229, 232); Request for Comments Concerning Guides for Advertising Shell Homes, 57 Fed. Reg. 41,707 (Sept. 11, 1992) (codified at 16 C.F.R. Parts 230).

C. The Commission's Review of the Mail Order Rule

In instances when a valuable regulation needs to be revised, petitions from interested parties allow the Commission to focus its energy on reviewing such important regulations. The Mail Order Merchandise Trade Regulation Review is a prime example of a review that has profited enormously from public input. This review is also a good example of one that is sensitive to the direct connections among technology, marketing and regulation.[27] As you know, since 1989, the Commission has been conducting a rulemaking proceeding to amend the Mail Order Rule. On November 18, the Commission tentatively voted to extend the Rule to telephone orders and to make other changes to "update" the Rule.[28] As I said earlier, the use of the telephone has increasingly become the preferred way for customers to order merchandise, especially given the increased use of credit cards.

Our experience with the review of the Mail Order Rule demonstrates that input from interested parties is crucial to the regulatory process. On November 3, 1992, the Commission held a public meeting to hear oral presentations from DMA and the Mail Order Association of America (MOAA), the two rulemaking participants who had asked for the opportunity to make oral

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[27] 54 Fed. Reg. 49060 (Nov. 28, 1989).

[28] This vote is tentative because, by law, one additional step must be completed before the Commission can issue final amendments. 15 U.S.C. § 18(d)(1). Specifically, the Commission must approve a justification for the amendments, which is called a "Statement of Basis and Purpose."

presentations. Your counsel, Robert Sherman, and David Todd for MOAA made excellent and helpful presentations.

One section that the Commission has tentatively voted to change is the definition of a "properly completed order". In this new proposal, the 30-day clock for credit sales would begin to run from the day the merchants receive enough information to process the charge. The current Rule delayed start of the 30-day clock for delivery until the credit card account is actually charged.[29] Substantial evidence on the public record demonstrated that consumers who pay by credit card expect shipment significantly faster than consumers who pay by other means.[30] Thoughtful commentary from your association and staff analysis persuaded the Commission to direct staff to clarify a timing issue concerning credit card payments in the Statement of Basis and Purpose. Specifically, for orders where the company subsequently learns that the buyer does not qualify for the credit charge, the 30-day clock is reset so that it begins to run when, and if, the buyer subsequently qualifies for credit. In other words, the credit charge is not a "properly completed

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[29] The Rule currently states that the clock begins to run for charge orders when the merchant charges the consumer's account, whereas the clock begins to run for orders paid for in other ways as soon as the order, including payment, is received by the merchant. For example, if a personal check is sent as payment, the clock begins upon receipt of the order and check, not when the check is deposited or when it clears. Cf. 16 C.F.R. § 435.2(b)(2) with § 435.2(b)(1).

[30] For orders accompanied by applications for credit -- as opposed to orders to be charged to existing accounts, the time by which shipment or a delay notice must be provided will be extended from 30 to 50 days.

order" as defined in the Rule if the merchant cannot get authorization from the credit card company because, for example, the consumer is temporarily over his or her maximum charge level. Although the Rule already provided for this limited exception,[31] your comments demonstrated the need for further clarification.

Another area of possible change in the Rule demonstrates once again the direct relationships among technology, marketing and regulation. The Rule currently provides for a rebuttable presumption that delay option notices are not properly given if they were not sent by first-class mail. New technology, however, may have changed the importance of mailed notices. Commentary from the industry indicated how communications technology has evolved to the point that telephone notification systems, such as the Call Data Recording System, can in some ways document delay notifications as well as a "paper trail" can. The record evidence also indicates the advantages of telephone delay notification in terms of speed and ability to communicate information about the order and alternatives. On the other hand, written and mailed communications have advantages, primarily in the area of enforcement. Also, some consumers might find the options easier to understand if notices were in writing.

At the November 18 meeting, Bureau of Consumer Protection staff raised a possible compromise solution -- eliminating the

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[31] See 16 C.F.R. § 435.2(b)(2) ("Provided, however, That where ... the buyer does not qualify for a credit sale, receipt of a properly completed order shall mean the time at which ... the seller receives notice that the buyer qualifies for a credit sale.").

mail notification presumption only for delays that are 30 days or less.[32] Staff reasoned that the information the seller must communicate to the buyer when delays are short is relatively simple and thus telephone notification may be adequate. In contrast, the information for delays that are more than 30 days is more complex and thus may need to be made in writing. At the meeting, the Commission directed staff to provide it with record information about this recommendation. The Commission expects to make a final decision soon.

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In sum, by being sensitive to the relationships among technology, marketing and regulation, I believe that regulators can better craft a truly pro-consumer agenda for the '90's -- one that fully recognizes the direct needs of consumers without implementing overly rigid and stultifying regulations that would ultimately hurt consumers. The Commission's experience in reviewing the Mail Order Rule is a good example of the many benefits of such an approach.

II. Current Enforcement Efforts at the FTC

A. Telemarketing Fraud

Just as the Commission must prioritize in the regulatory area, the Commission must also prioritize its enforcement actions. Telemarketing fraud is high on my list of enforcement priorities for several reasons. First, individual consumers

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[32] The Bureau of Consumer Protection had originally recommended retaining the rebuttable presumption. The Bureau of Economics had recommended deleting the presumption entirely.

often find it difficult to protect themselves against injury from telemarketing fraud. In fact, fraudulent telemarketers frequently target vulnerable groups such as the elderly and recent immigrants.[33]

Second, consumer injury from telemarketing fraud is enormous. The House Committee on Government Operations reports that consumers lose between $3 billion and $40 billion each year to fraudulent telemarketers.[34] Losses are not only staggering in the aggregate; unscrupulous telemarketers have been known to swindle individual consumers out of their life savings.[35]

Finally, the appropriate remedies in telemarketing fraud cases are typically clear-cut and stringent sanctions against bad actors are unlikely to deter honest businessmen from providing beneficial telemarketing services. The only issue then is the effectiveness of our orders in ensuring that fraud is actually stopped. Aggressive enforcement against telemarketing fraud requires that the Commission seek the strongest remedies

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[33] According to a recent House Report, retirees and immigrants are often victimized by telemarketing fraud. House Committee on Government Operations, The Scourge of Telemarketing Fraud: What Can Be Done Against It?, H.R. Rep. No. 421, 102d Cong., 1st Sess., at 5. The Commission has handled cases where the elderly have been singled out for fraud. In Morgan Whitney, the Commission presented the court with evidence that the elderly were targeted by the company for the fraudulent sale of interests in precious metals. FTC v. Morgan Whitney Trading Group, Inc., No. 90-4887 RSWL (SX) (C.D. Cal. Sept. 12, 1990).

[34] Id. at 7.

[35] According to the House Report, some retirees have lost their entire life savings and have been forced to return to the workforce in low paying jobs. Id. at 6.

available. I support the use of bans and bonds to stop recidivist actors who engage in egregious fraudulent conduct.

Furthermore, I believe that the Commission must aggressively police those who aid and abet fraudulent marketers. In this regard, I can report that the Commission filed a lawsuit last week against a Minnesota law firm and a Minneapolis bank for allegedly aiding and abetting a fraudulent direct marketer in secreting his assets from the Federal Trade Commission and other law enforcement authorities.[36] The complaint alleges that these two defendants conspired with and aided and abetted William J. Ulrich, a fraudulent direct marketer of rare coins, in secreting property from the FTC in our efforts to recover on our $11.2 million judgment for consumer redress.[37] The Commission is seeking to void all illegal transfers of money made to the defendants and obtain damages against the defendants for aiding and abetting, conspiracy, and, as to the bank, breach of fiduciary duty.

Because this lawsuit is directed against reputable professionals, let me describe in some detail the bank and law firm's allegedly unlawful conduct. According to the complaint, in the fall of 1986, Ulrich, with the assistance of the law firm,

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[36] United States v. Larkin, Hoffman, Daly & Lindgren, Ltd. and National City Bank of Minneapolis, Civ. Action No. 3-92-789 (D. Minn. Dec. 1, 1992) (in a separate statement, Commissioner Owen indicated that she dissented in part as to the conspiracy count).

[37] FTC v. Security Rare Coin & Bullion Corp., et. al, Civ. No. 3-86-1067 (D. Minn.), aff'd, No. 90-5226 (8th Cir. May 2, 1991).

allegedly attempted to place a substantial amount of his rare-coin holdings into three identical trusts that the firm had helped him set up for his daughters in 1985. The complaint states that an attorney at the firm worked with Ulrich to devise a plan -- including backdating documents and altering them to remove creation-date codes -- to make it appear as if the coin holdings had been placed in the trusts prior to Ulrich's knowledge of the FTC investigation. (Had this been the case, the FTC could not have reached the trust-account holdings in its suit for consumer redress.) Later, according to the complaint, an attorney at the firm made numerous false statements during a deposition and misled the court in an affidavit about when he believed the gifts to the trust actually had been made.

Further, the complaint alleges that the bank accepted a position in April 1987 as corporate trustee of Ulrich's trusts, despite the objection of several bank employees who were concerned about Ulrich's legal problems and possible unlawful motives for using the bank as trustee. From June 1989 until April 1991, the complaint alleges, the bank substantially assisted Ulrich in a scheme to shield assets from the FTC by giving him free rein to control and liquidate the trust assets, in violation of the bank's legal responsibilities. The complaint alleges that the bank appointed Ulrich as its agent to liquidate the coins and allowed him to remove the coins from the bank's vaults. The complaint further states that, although the coins at issue in these sales were estimated by the bank to be worth upwards of several million dollars in 1987, the trust accounts received only $266,000 from the sales. Ulrich allegedly converted approximately $400,000 of the coin sale proceeds to his own use.

I hope this description of the allegations in the complaint provides you with a sense of what actions the Commission believes were unlawful. This lawsuit should send a clear message to lawyers, financial institutions and others that the Commission will not hesitate to prosecute when it has evidence of such unlawful behavior.

B. Current Enforcement of the Mail Order Rule

In addition to its involvement in combatting fraud, the Commission has continued to enforce the Mail Order Rule. Since 1990, the Commission has brought nine mail order cases, involving sixteen companies and individuals. A total of $825,000 in civil penalties was obtained in addition to injunctive relief.

One new enforcement action of note concerning the Mail Order Rule is the Commission's action against the Lillian Vernon Corporation.[38] According to the Commission's complaint, the company has, in numerous instances, failed to make appropriate refunds of shipping costs to consumers when some of the items in an order could not be shipped. The proposed consent decree provides for $310,000 in civil penalties. This case illustrates the principle that refunds for shipping costs on undeliverable

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[38] United States v. Lillian Vernon, 92 CIV 7535 (CLB) (S.D.N.Y. Oct. 15, 1992).

merchandise must place the consumer in no worse a situation than had she not ordered the merchandise in the first place.

Currently, the Commission's staff is investigating a number of other mail order firms. In this regard, you should know that staff's investigative targets are not drawn solely from consumer complaints. Staff also uses other means, such as incidents described in consumer action line columns and other reports in newspapers and magazines and routine checks with other agencies, such as the Postal Service and Better Business Bureaus. Staff, of course, does not limit its investigations of mail order houses to Mail Order Rule violations. They also examine whether the merchant is complying with other rules, such as the Warranty Rules[39] and the Textile, Wool and Fur Rules.[40] For example, staff routinely reviews catalogs to determine whether the merchant is identifying the country of origin of textile products and using the proper generic names of fabrics, as required by the

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[39] 16 C.F.R. Parts 701 (Disclosure of Written Consumer Product Warranty Terms and Conditions or the "Disclosure Rule") and 702 (Pre-sale Availability of Written Warranty Terms). The Disclosure Rule requires warrantors of consumer products costing more than $15.00 to disclose specified terms and conditions of any written warranty in a single document. The Pre-sale Rule requires, among other things, that a seller who offers consumer products with written warranties disclose clearly and conspicuously the full text of the warranty or that the written warranty can be obtained free upon request and the address where the warranty can be obtained. § 701.3(c). <u>See</u> <u>United States v. Network Marketing</u>, CA 86-CIV. 6927 (S.D.N.Y. 1986) (alleged failure to comply with the Disclosure Rule and the Mail Order Rule).

[40] 16 C.F.R. Parts 300, 301 and 303.

Textile and Wool Acts.[41] In addition, staff may review product claims for possible Section 5 violations, scrutinizing catalogs for product claims that the Commission has previously challenged.[42] I urge you to be attentive to cases the Commission is bringing and to review the products advertised in your catalogs with the Commission's enforcement actions in mind.

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FTC vigilance in the direct marketing industry will help weed out those unscrupulous firms that could hurt the reputation of the industry as a whole. This vigilance should have long run payoffs to the industry, as well as consumers. The actions should also offer sound guidance to the vast majority of firms that are diligent in following the law.

Conclusion

Our duty to consumers mandates that the Commission both aggressively enforce its regulations to protect consumers and

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[41] See, e.g., United States Golf Association, File No. 912-3265 (Oct. 7, 1992) (proposed consent order) (alleged violations of country of origin and generic name requirements of the Textile Rules); Strawbridge and Clothier, Docket No. C-3322 (June 19, 1991) (final consent order); United States v. Rattner (Sofwear Shoes, Inc.), H90-3217 (S.D. Tex., Oct. 16, 1990) (alleged violations of both the Mail Order Rule and the Textile and Wool Rules); United States Sales Corp., Docket No. C-3313 (Nov. 21, 1990) (final consent order) (alleged violations of the country of origin disclosure requirements of the Textile Rules).

[42] See, e.g., Haverhills, Inc., Docket No. C-3322 (Jan. 25, 1991) (final consent order) (alleging that the mail-order company made false and unsubstantiated advertising claims about suntanning and fuel-economy devices). The Commission had previously challenged similar claims made by manufacturers. See, e.g., The Silver Group, Inc., 110 F.T.C. 380 (1988) (suntanning devices); Sun Industries, Inc., 110 F.T.C. 511 (1988) (same).

maintain its sensitivity to the interrelationships among technology, marketing and regulation in making policy choices about regulations. In this way, consumers will be protected against unscrupulous firms and practices, while gaining from beneficial innovative products and lower costs through more efficient production and distribution.

Thank you very much for your interest and attention today. I have enjoyed this opportunity to talk with you about some of my ideas on consumer protection and current matters at the Commission. I appreciate the assistance you and your Association have given us over the years and look forward to working with you in the future.