



Negative **O**ptions

An Overview of the FTC's Enforcement Actions
Concerning Negative Option Marketing

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The views expressed in this presentation are those of the speaker and do not necessarily reflect the views of the Commission or any individual Commissioner.

Nature of the Study



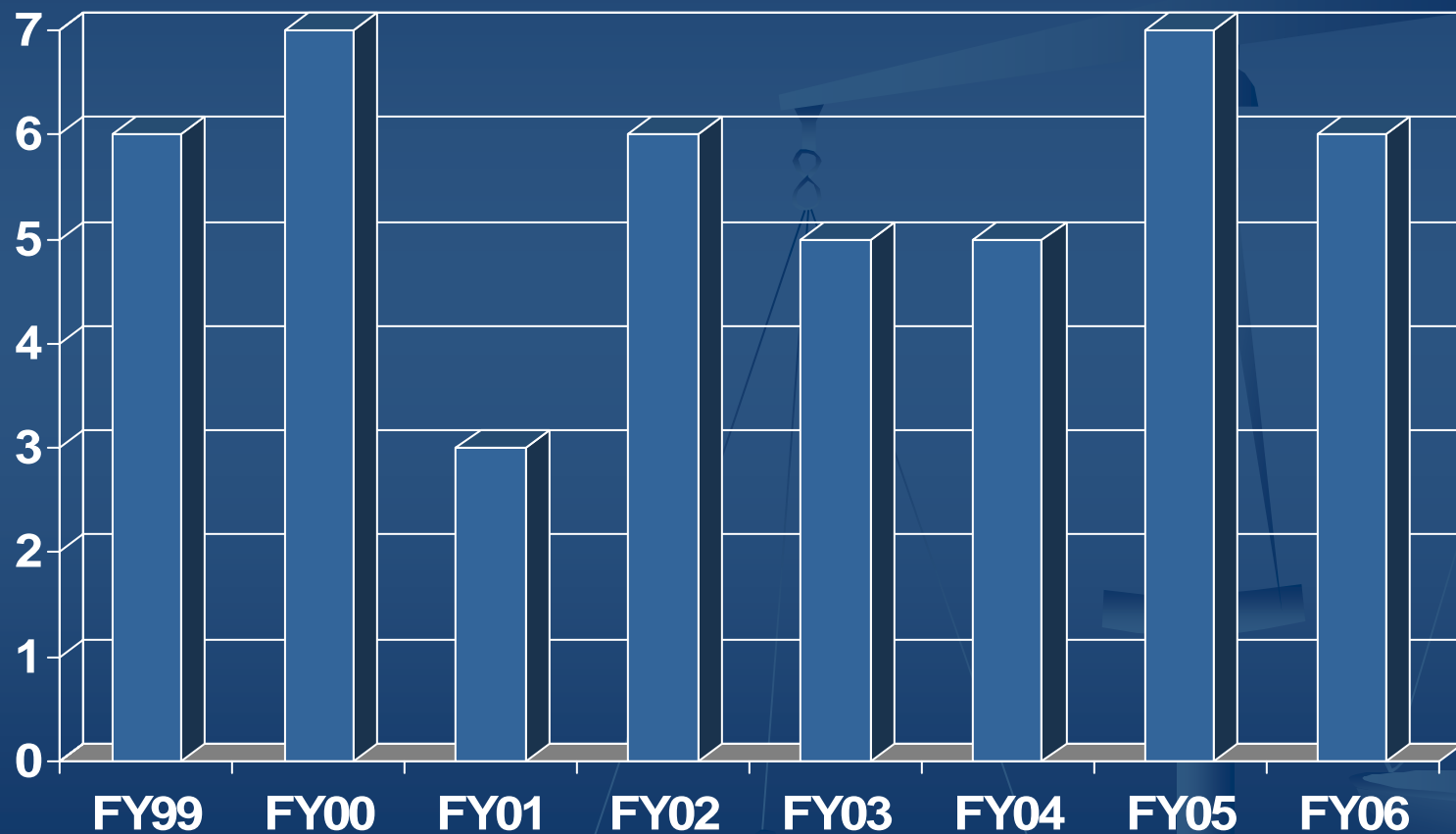
- Reviewed All Commission Federal District Court Cases Between FY96 and FY06
- Identified Those Cases Involving Alleged Unlawful Negative Option Marketing
- No Cases Found in FY 96-98
- Focus on FY 99 - 06

Prevalence of Negative Option Cases

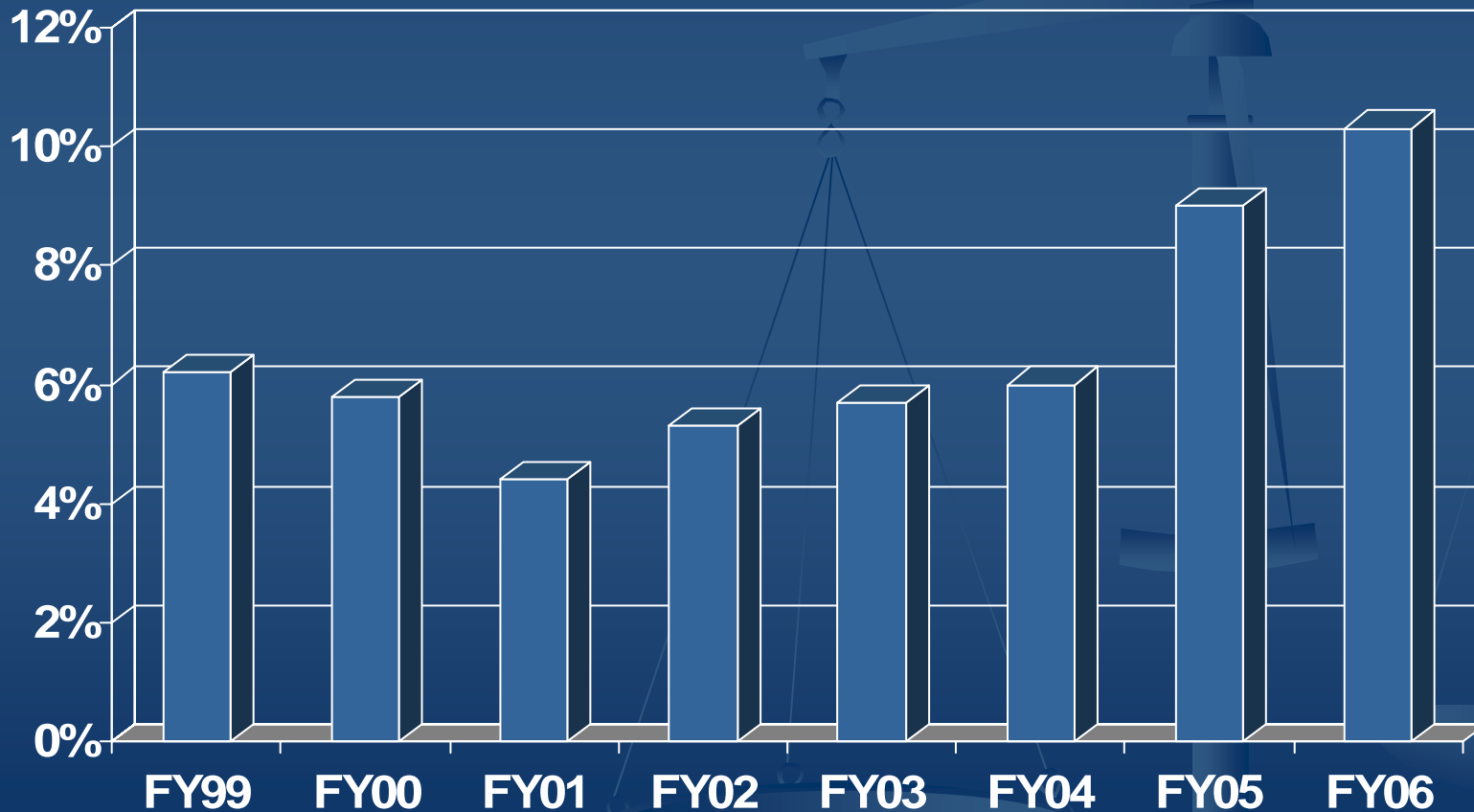
A faint, stylized image of a balance scale is visible in the background, symbolizing justice or legal proceedings. The scale is positioned on the right side of the slide, with its pans hanging from a central beam.

- 707 Federal District Court Cases
- 45 Cases Involving Allegedly Unlawful Negative Option Marketing
- 208 Corporate and 106 Individual Defendants

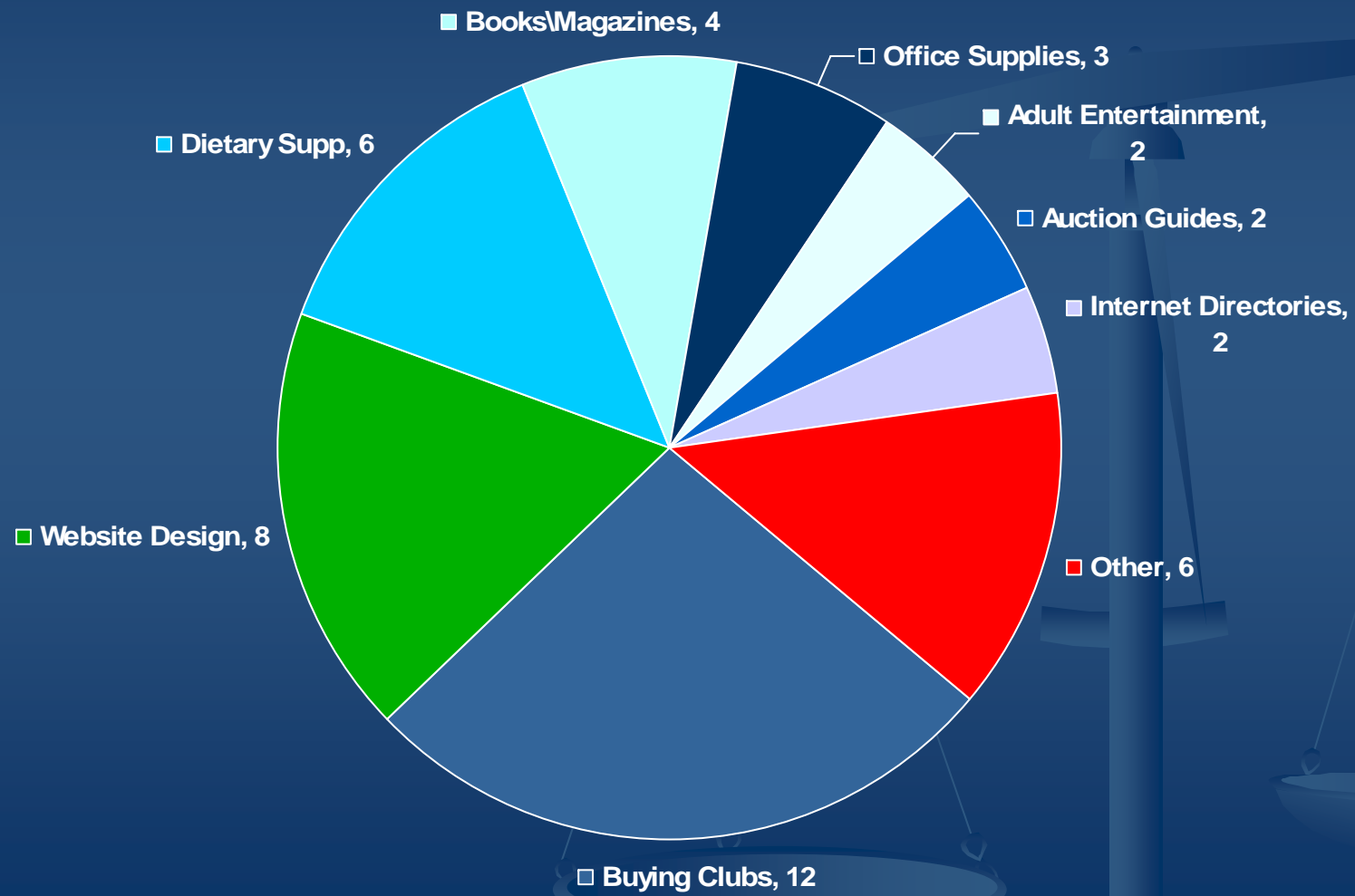
Federal District Court Cases Involving Allegedly Unlawful Negative Option Marketing



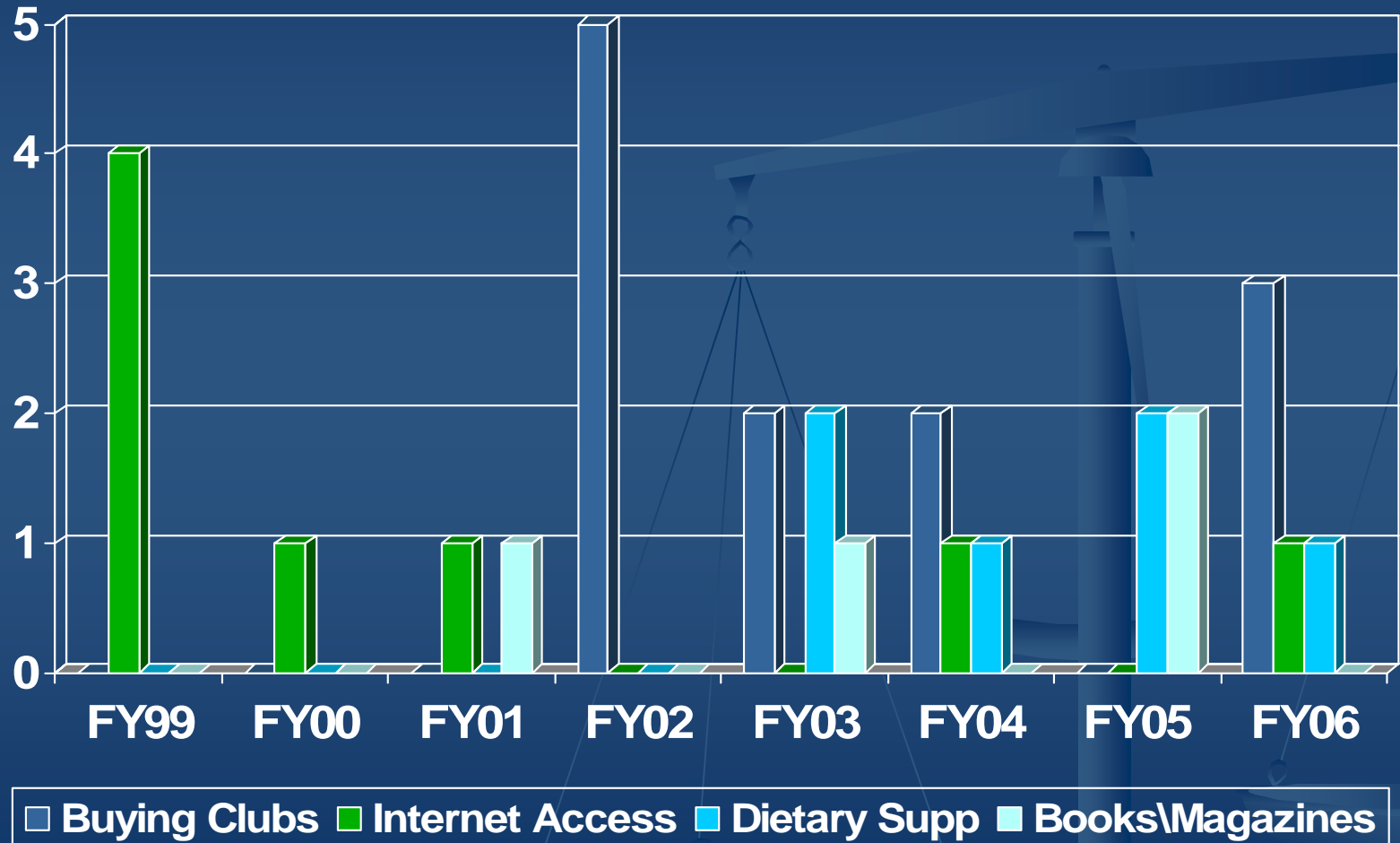
Percentage of Federal District Court Cases Involving Allegedly Unlawful Negative Option Marketing



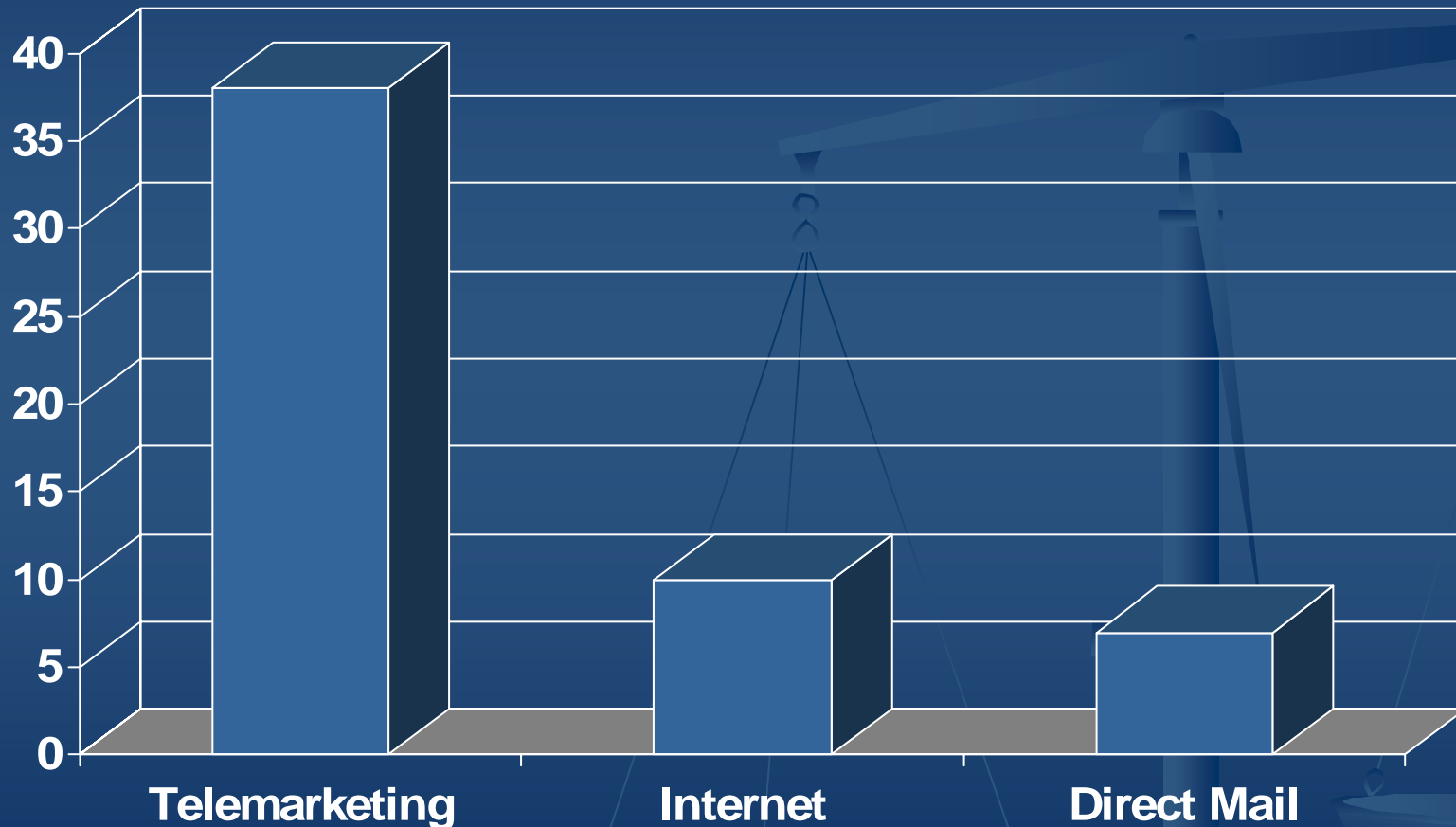
Goods and Services Marketed by Commission Defendants



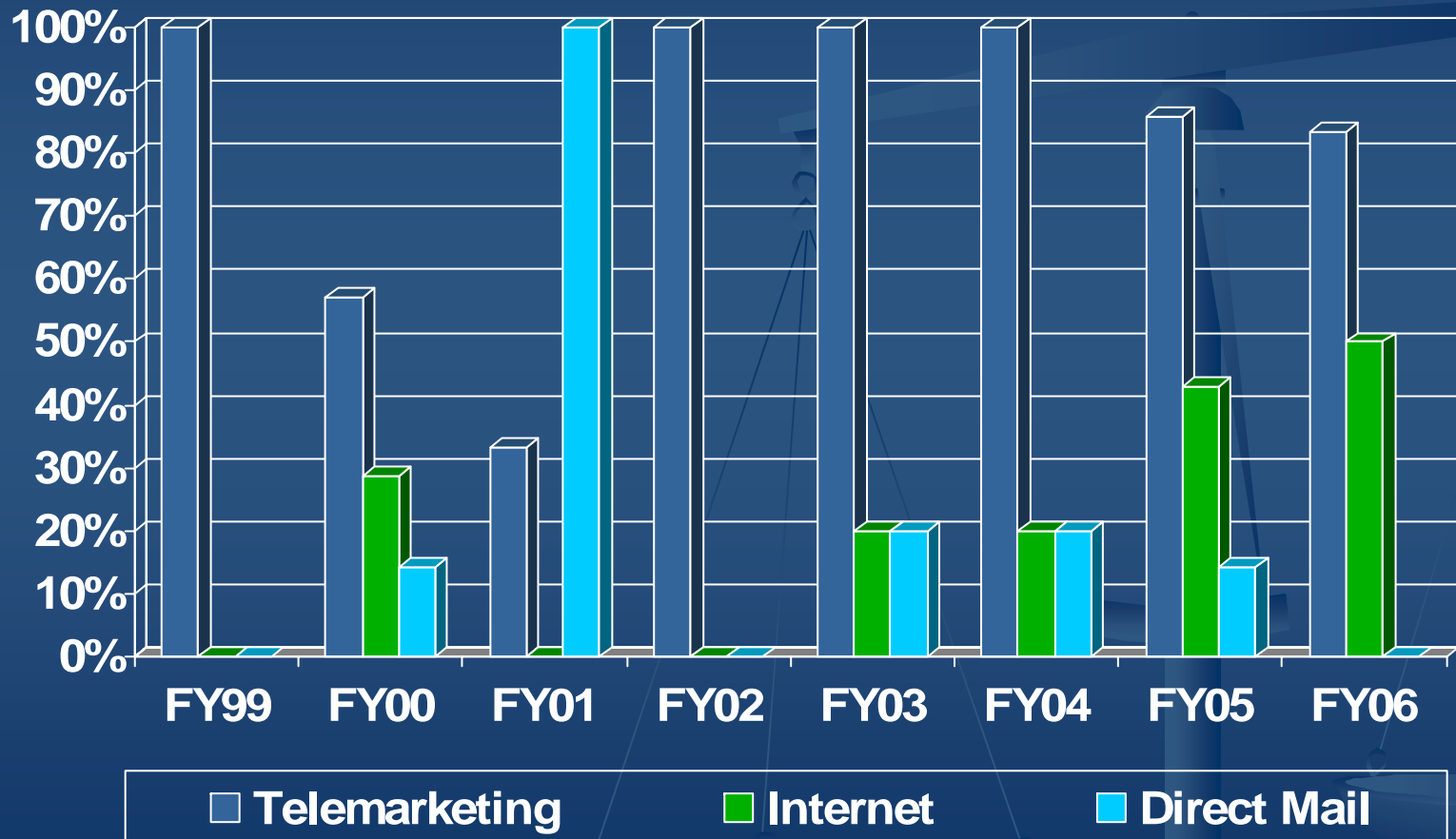
Distribution of Frequently Targeted Categories of Goods/Services Over Study Period



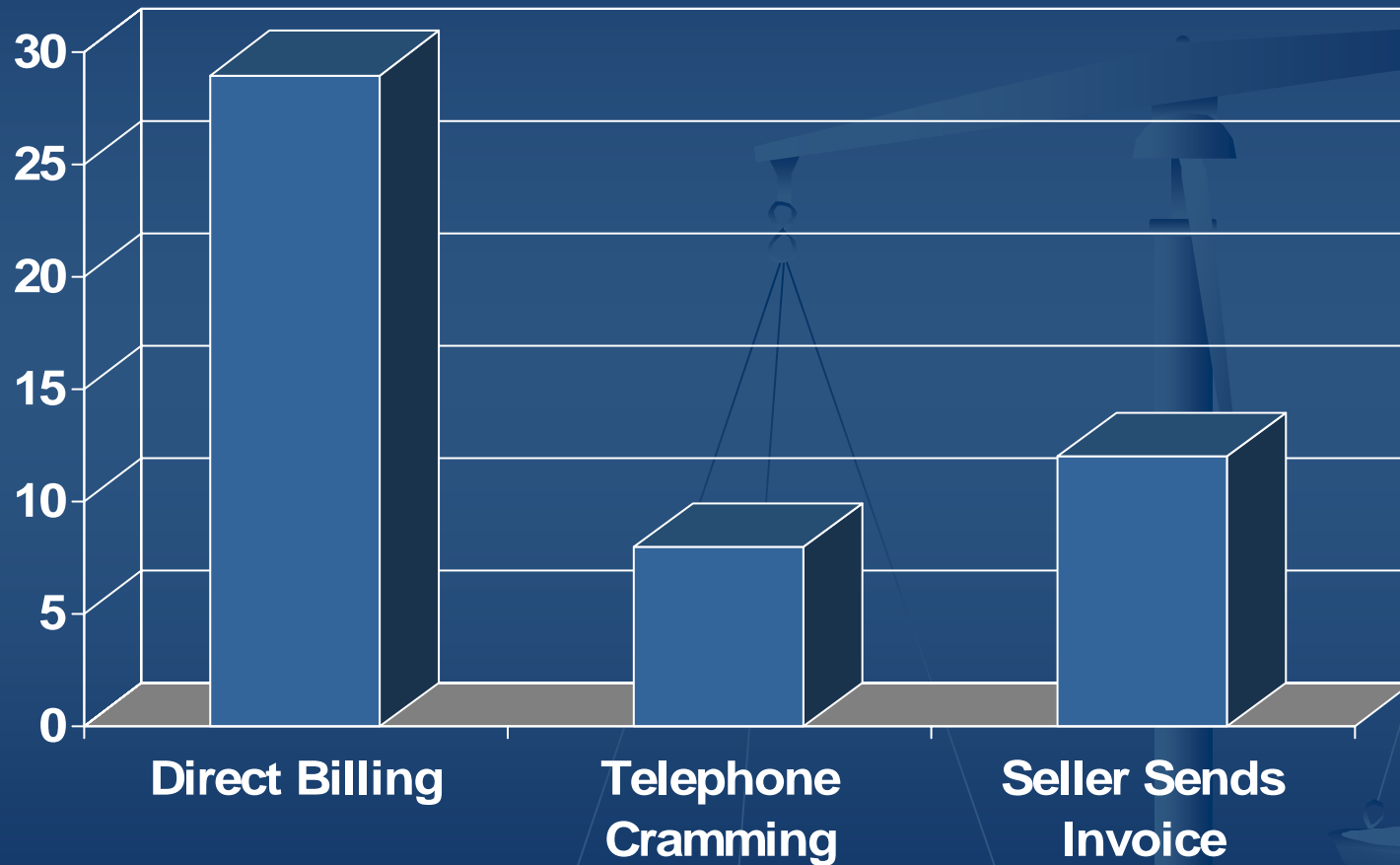
Marketing Media Used by Commission Defendants



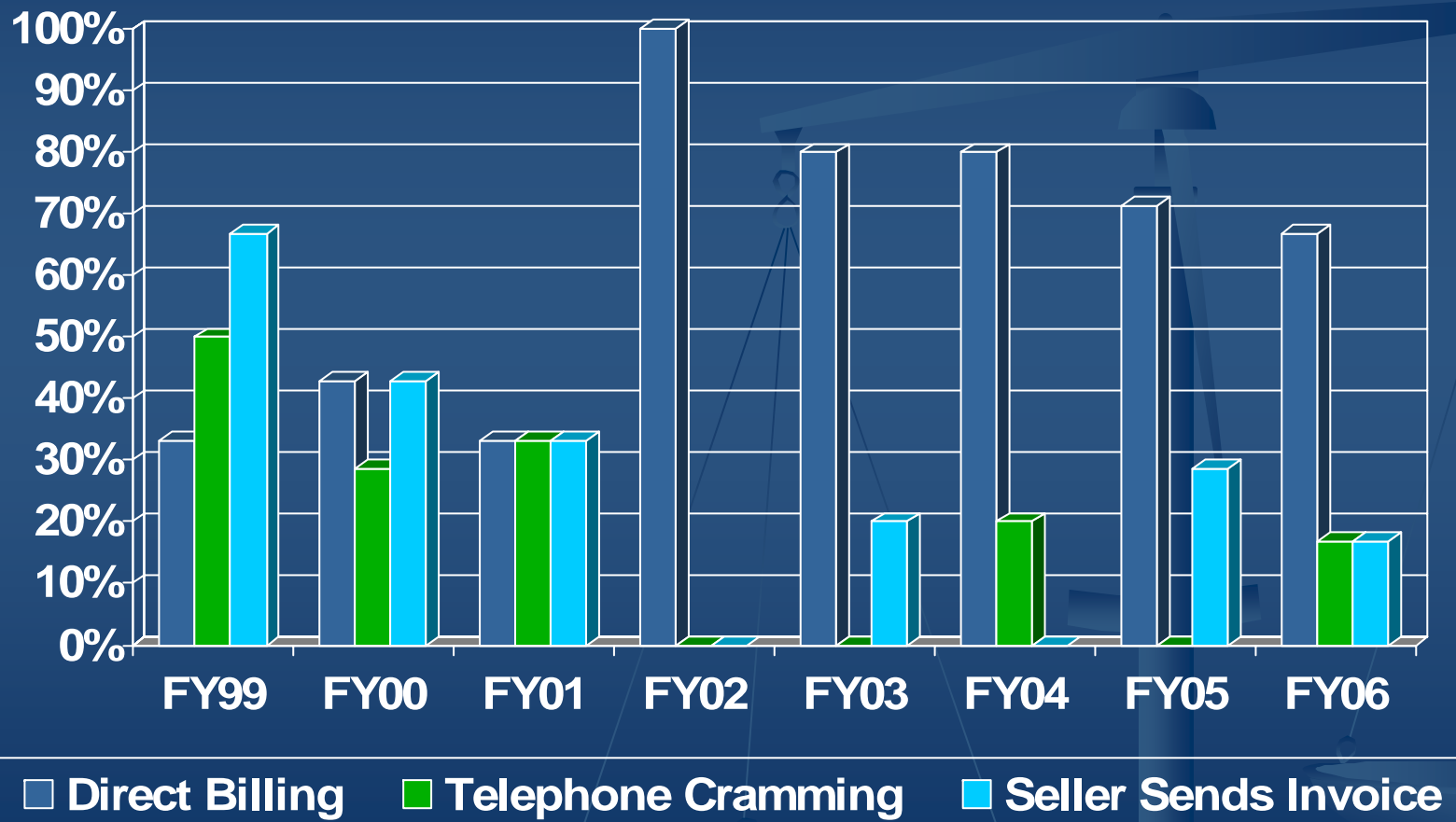
Distribution of Marketing Media as a Percentage of Total Negative Option Cases



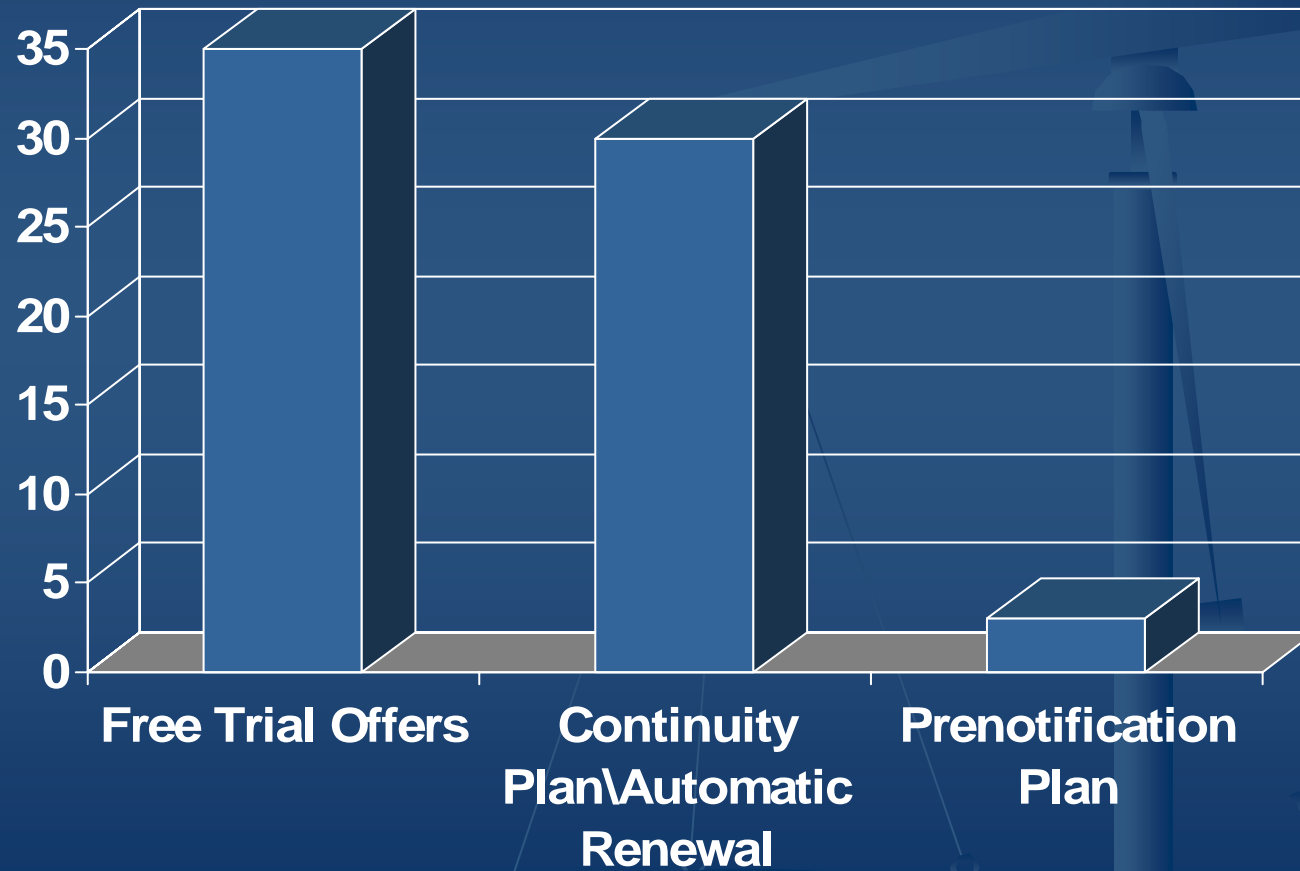
Billing Methods Used by Commission Defendants



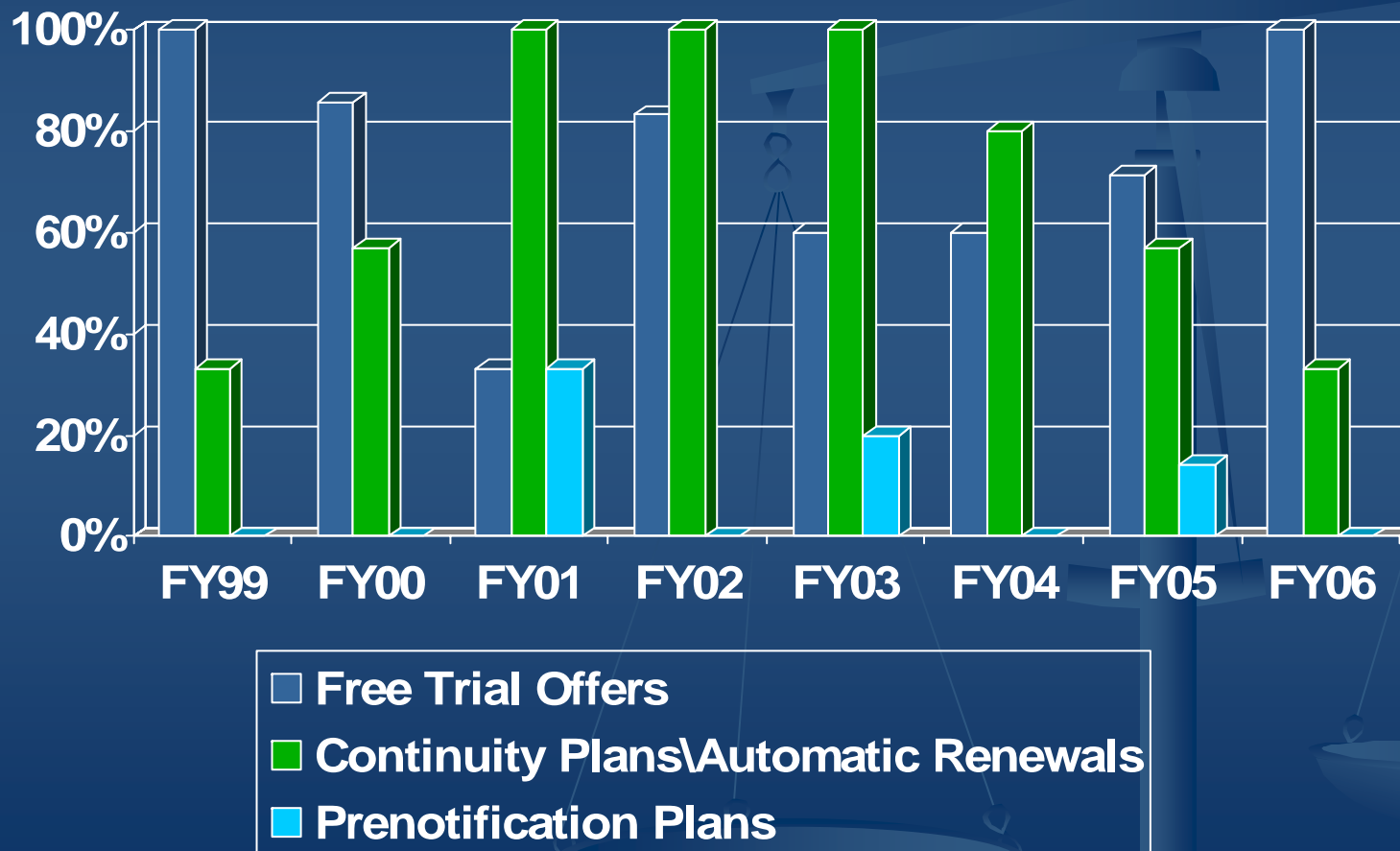
Distribution of Billing Methods as Percentage of Total Negative Option Cases



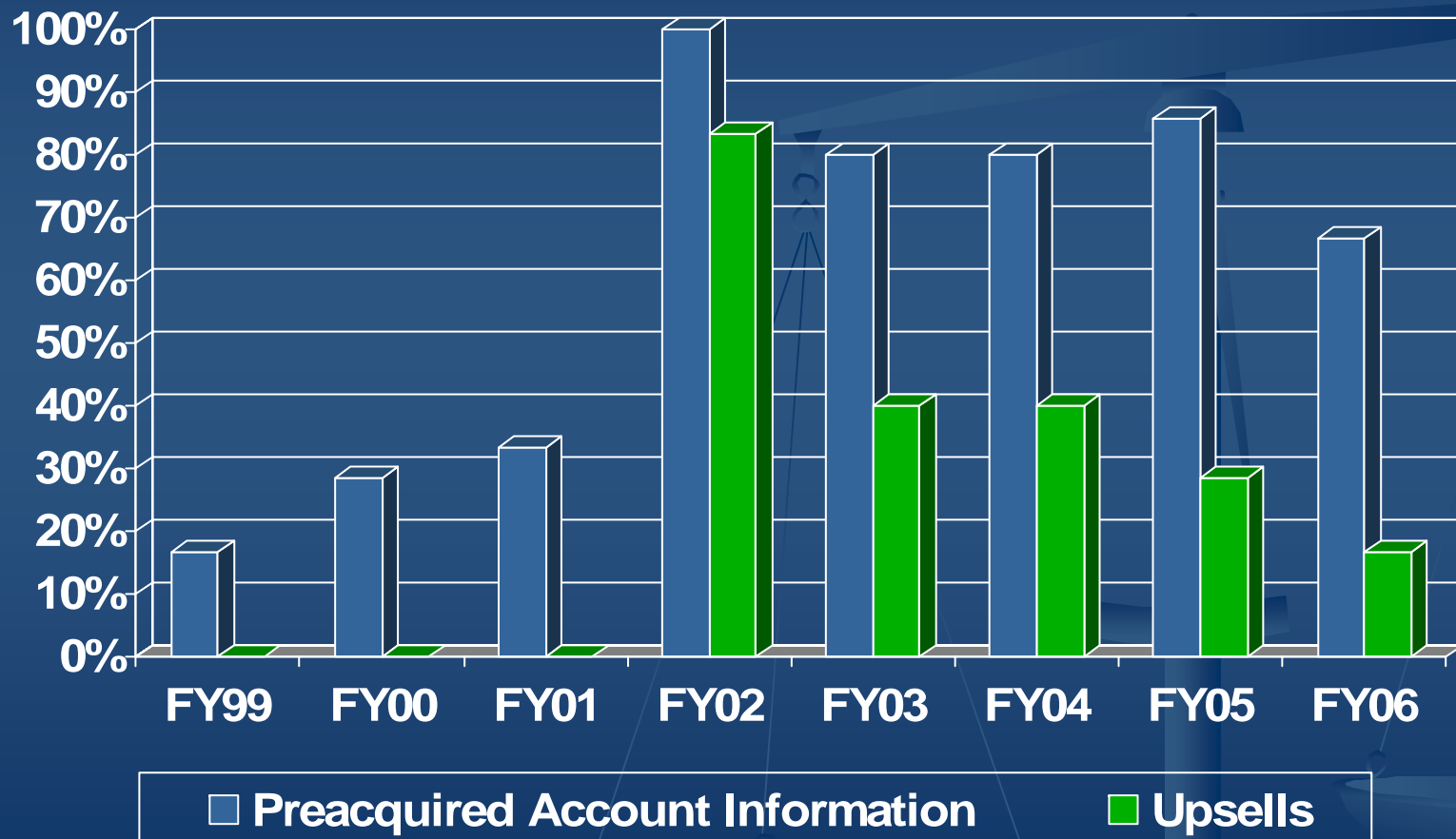
Negative Option Marketing Features Used By Commission Defendants



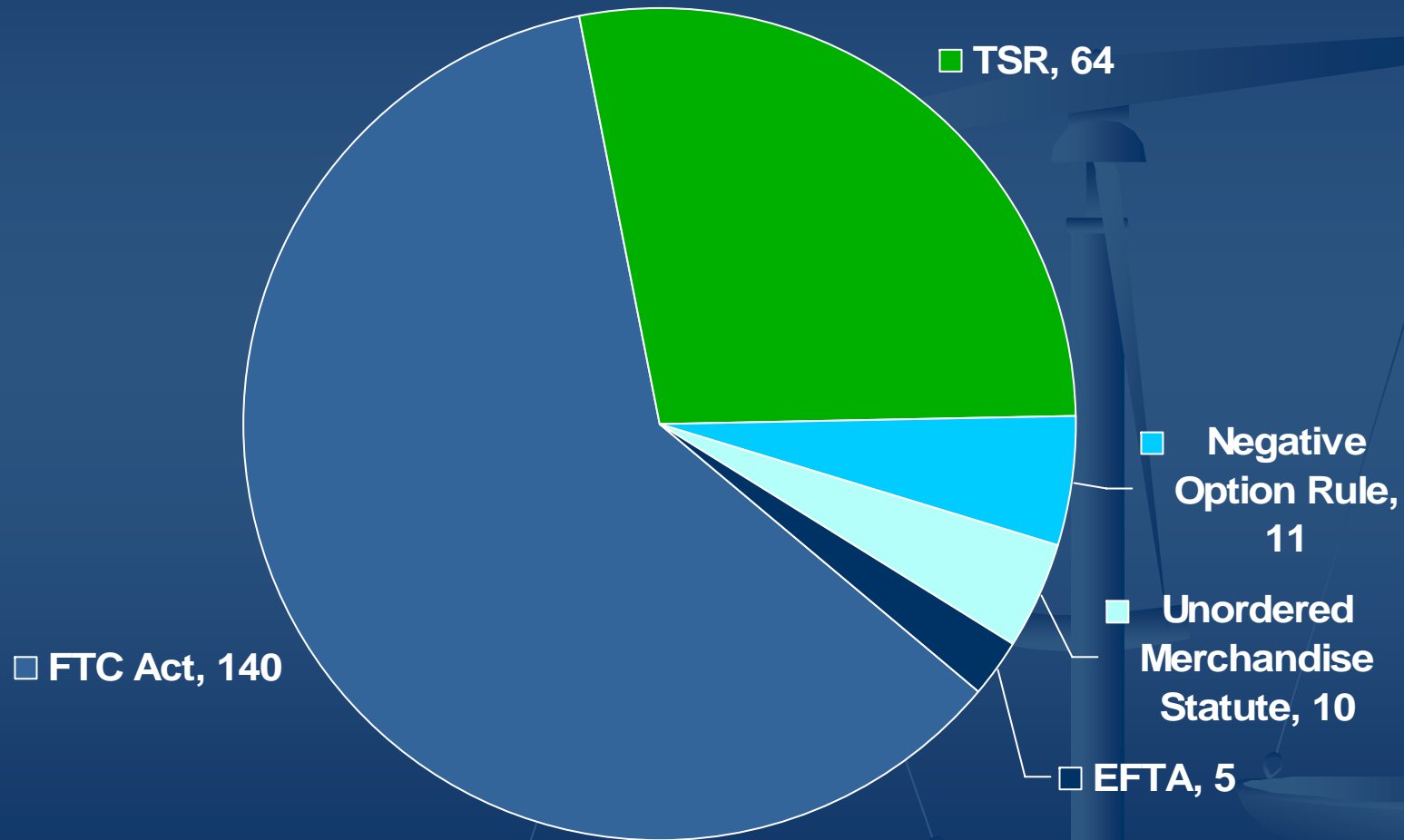
Distribution of Negative Option Features As A Percentage Of Total Cases



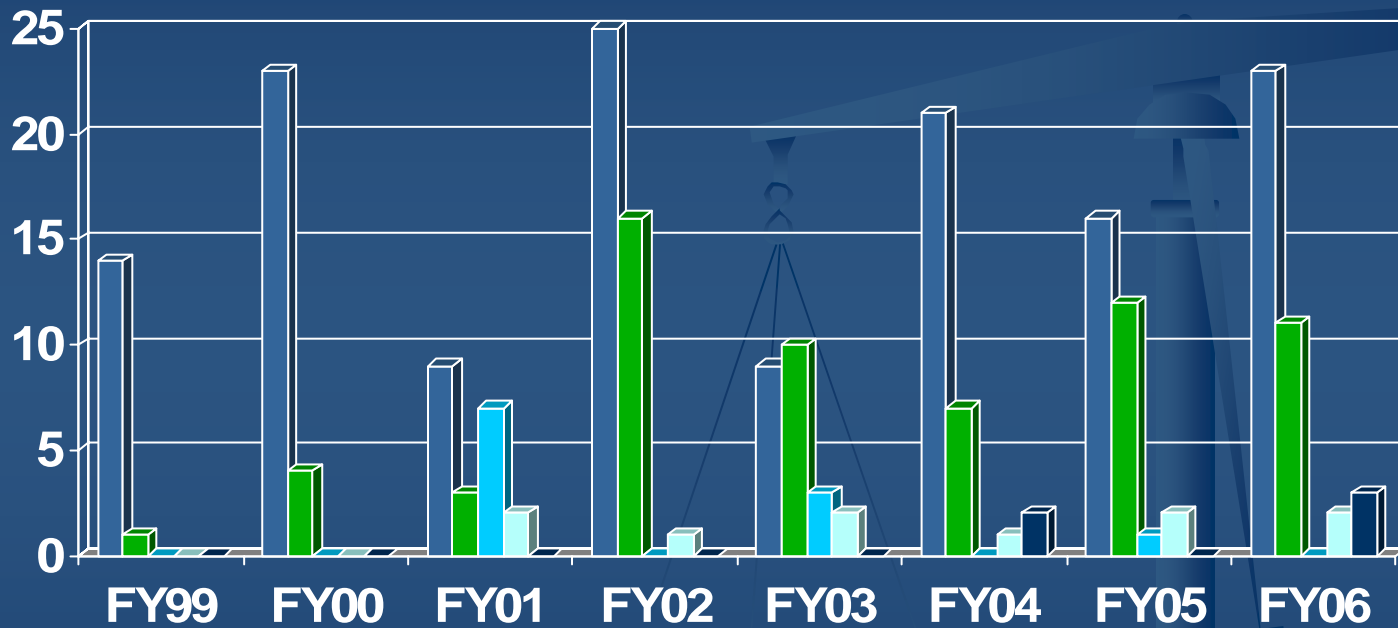
Distribution of Use of Preacquired Account Information and Upsells By Commission Defendants



Statute and Rule Violations Charged



Distribution of Law Violations



■ Section 5 of the FTC Act

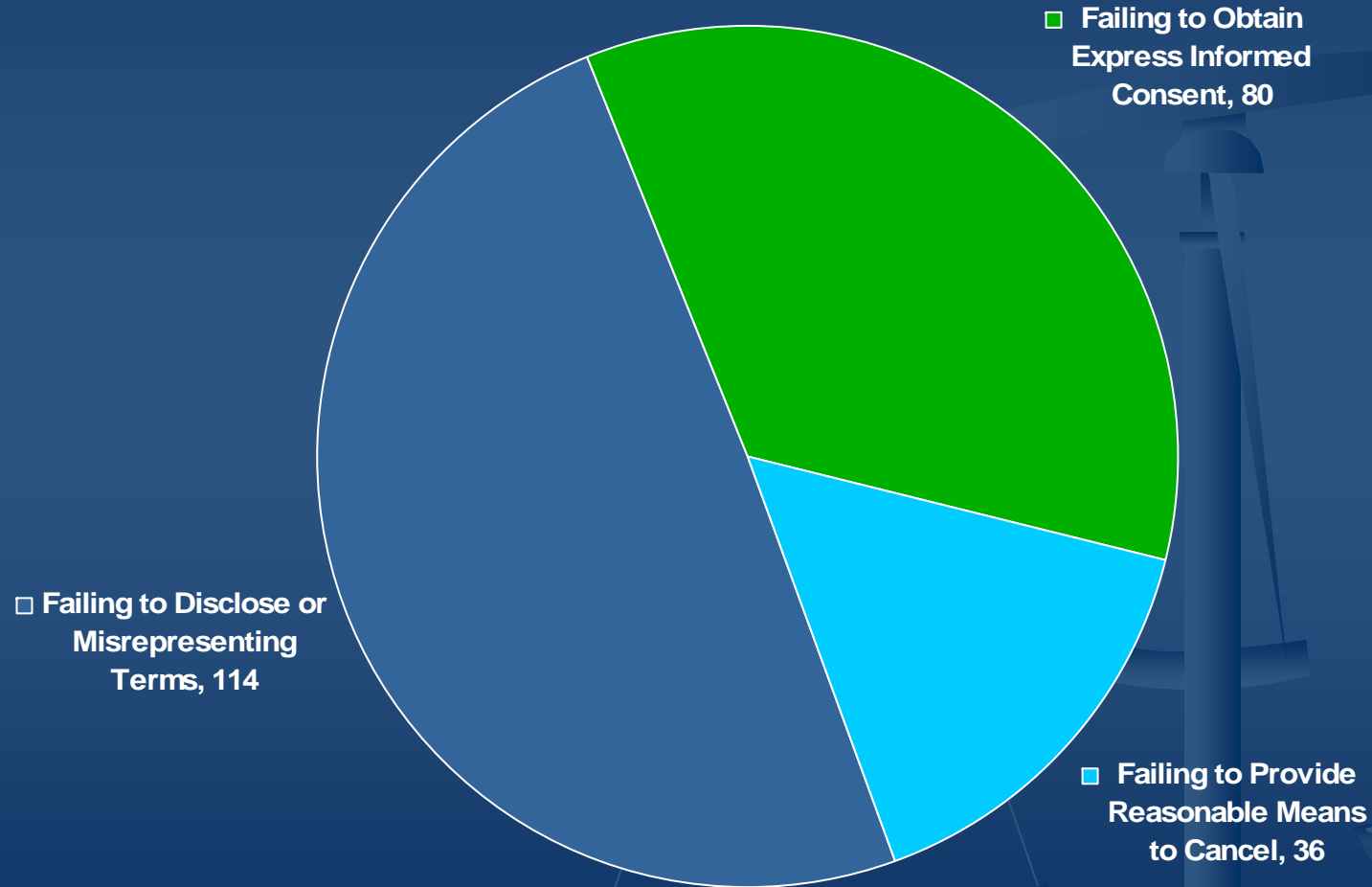
■ Negative Option Rule

■ EFTA

■ TSR

■ Unordered Merchandise Statute

Negative Option Marketing Abuses Charged



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