





targeted in scores of enforcement actions brought against telemarketers and other direct marketers over the last decade in federal district courts under Sections 5 and 13(b) of the FTC Act. Moreover, they are similar to those addressed by the Commission's Telemarketing Sales Rule, 16 C.F.R. Part 310 ("TSR"), promulgated pursuant to the Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C. §§ 6101-6108. The TSR covers telemarketing, defined as "a plan, program, or campaign which is conducted to induce the purchase of goods or services by use of one or more telephones and which involves more than one interstate telephone call. Any of the covered sales plans, programs, or campaigns rely on mail solicitations to induce consumers to call a telephone number to learn more about the product or service offered. Many of them also include a sweepstakes or prize promotion. It is a violation of the TSR for telemarketers to fail to disclose all material information, including total cost, and any material restrictions or limitations on the use of the product or service being sold via telephone. Significantly, in any prize promotion, including sweepstakes, the TSR requires the telemarketer to disclose: 1) the odds of being able to receive the prize; 2) that no purchase or payment is required to win a prize or to participate in the prize promotion; 3) instructions on how to participate in the prize promotion without purchasing the product or making a payment; and 4) all material costs or conditions to receive or redeem a prize that is the subject of the prize promotion. 16 C.F.R. § 310.3(a)(1)(iv) and (v). Each of the bills being considered includes a requirement for some of these disclosures.

The Commission's approach, both in its case enforcement and in its regulatory activities as embodied by the TSR, ensures that consumers receive material information necessary to prevent them from making purchasing decisions on the basis of material information that is false or misleading. The bills now pending are consistent with that approach since they would require business to provide consumers with material information about the nature of sweepstakes-related promotions. Such legislation should lead to fewer deceptive sweepstakes mailings and a better informed public.

In conclusion, the Commission recognizes that the practice of mailing deceptive materials relating to games of chance is detrimental to American consumers. The Commission will continue to use the full range of investigative techniques, targeted law enforcement actions,

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