

# Good example of answers to law application questions case study

[Business](#), [Company](#)



- 1a) FTC targeted POM wonderful because of misleading advertising of POM products which duped the customer. All claims made by the company ( a total of 36 advertisements were analyzed by the court) were related to serious health ailments such as prostate cancer, penile dysfunction etc. whereas experts held that all known information does not show any such beneficial properties in POM products (made of Pomegranate juice). The Resnick husband and wife and Matthew Tupper who was employed as the President were served with a “ cease and desist” order for twenty years.
- b) Here too, the respondents were charged with misleading advertising. Two car dealers from Maryland and Ohio agreed to the FTC’s charge that they advertised discounts, etc. on cars which do not qualify for the same. The dealers were prohibited from mentioning prices and/or discounts in the copy of their advertisements, without mentioning all details of the applicability or non-applicability of the cars they were applicable to.
- c) Lovelock Inc. was targeted because of misleading advertising. The company promised their customers that they would safeguard their personal information so as to prevent possible identity theft. However, no professional protection of any kind was maintained. Lovelock Inc. was fined to pay \$11 million dollars to the FTC and another \$1 million to the group of 35 state attorney-generals who were also suing the company for duping consumers.
- 2 a) (i)Derrick needs to know the laws regarding funerals in his home state. (ii)He also has to know about the FTC’s directions regarding his industry.(iii) Derrick’s proposals appear to endanger public health. He needs to check about whether his plans will be approved or not. He needs to mention this in his advertisements.

b)(Yes, the FTC does have rules for Derrick's business that is funeral homes. Derrick needs to follow them as he needs to tackle his business with these rules, not following them may result in the FTC targeting him and then taking him to court.

(C) (i) Wherever required, disclosures should be prominently placed.

(ii) Disclosures if connected to the main landing page, should be prominent.

(iii) Scrolling to read the disclosures below the visible screen after reading the connected offers etc. should be avoided. In other words, the same offers and connected disclosures should be viewable on the same screen.

3. Cruz's marketing plan is criminally fraudulent. He is not even paying someone to write his business favorable advertisements. He is writing them himself under assumed names. This may be a case of criminal fraud. Again, giving customers huge discounts if they write a favorable review is nothing but fraud since the reviews have to be honest if they are to be of value to other consumers.

4. David has offered a "full refund if not satisfied" guarantee when he wrote 'Satisfaction Guaranteed' in his advertisement which means that he guarantees the satisfaction of his customers. His customer's will be satisfied if David's students get straight A's in math. However, David cannot ensure this as there are too many factors beyond his control. Therefore, David will have to ensure that his students all get A's or he will have to refund the money he charged from his customer's. As the former is not possible intentionally, David will have to refund their money. He should immediately erase the words "Satisfaction Guaranteed" from his advertisement.

5. Yes, the small bakery 'cake specialist' business will have to offer

customers the 'Cooling-Off' period rights for all bridal cakes they sell/enter into a supply contract with a prospective buyer at their booth, since the booth has been set up temporarily at a wedding venue to attract customers. The sales would have been exempt had the order been placed on the bakery at their regular and permanent places of business. There is also the provision that the cost involved should be more than \$25 which I think, will not be applicable to a wedding cake. The name of the law "cooling-off" explains the logic of the idea. If you place your order in their shop, that is one of your errands. However, you have gone to a wedding and because of your curiosity, get a sales pitch and order something. After coming home, you find that you don't require it or is more expensive than your budget and you got carried away with the pitch. Cancellation within 76 hours appears very fair under these circumstances.

7. Products once manufactured and incorporated into the sales cycle are sometimes recalled. Recalling is done when the manufacturer finds out that the product which is has been sold and distributed, is dangerous or may be dangerous to human health due to some manufacturing defect. Recalls in the automobile industry sometimes take place frequently once the company discovers that a particular lot was defective but was sold all the same.

Recalls are looked after by the US C. P. S. C. Recalls are legally compulsory and ethically too because health and even lives are involved. Recalls can result in both civil and criminal lawsuits depending upon the circumstances.

8. Buck has to follow the law of hire purchase. Here, Buck will offer the customer the choice to pay at one time or to pay at equal monthly installments.

## **Two voluntary disclosures that Buck has to make**

- Amount of interest which will be charged.
- Whether provision for early payment is available and if so, are there any charges associated with this facility.

8(b) Buck will be violating the ' Discrimination in Financing and Credit Transaction Law'. As per this law, no discrimination can be made in providing credit in any respect except for the hirer's ' credit rating'. If Buck violates the law then he can be fined provided he has no history of previous breaking of the law.