Investigation into the requirements for a consumer organization in the Great Falls area

Randall James Mickey
The University of Montana

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AN INVESTIGATION INTO THE REQUIREMENTS
FOR A CONSUMER ORGANIZATION IN
THE GREAT FALLS AREA

By

Randall J. Mickey

B.S. University of Oregon, 1967

Presented in partial fulfillment of the requirements
for the degree of

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UNIVERSITY OF MONTANA

1972

Approved by:

Chairman, Board of Examiners

Dean, Graduate School

Date: Jan 5, 1972
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This paper would not have been possible without the help and patience of many people and organizations. I wish to express my gratitude to Dr. Bernard J. Bowlen, my advisor, and Head Administrator of the Minuteman Education Program. His patience and guidance in the development of my ideas was invaluable.

Clyde Jarvis, President of the Consumer Affairs Council, Betty Lou Hoffman, Secretary of the Consumer Affairs Council, and Jeanine Gilmartin, Board of Directors member of the Consumer Affairs Council were very helpful in matters concerning the consumer movement in Montana today. Robert A. Wells, Executive Vice President of the Great Falls Chamber of Commerce, was most gracious in offering suggestions and in helping to locate material. Special mention must also be made of the information and time contributed by many of the local businessmen. I am indebted to Mrs. Virginia Gilmore, Librarian for the Minuteman Education Program, for her help in tracing many of the federal and state documents.

Last, but not of least importance, I wish to thank my wife, Kathy, without whose typing, proofreading, patience and support, this paper would not have been possible.
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CHAPTER I

INTRODUCTION

It is no secret to anyone today that our society is one of great affluence. One only needs to look at a lake in the summertime or a snow covered hillside in the winter. Most families now have two cars, two televisions and many have two homes. Undeniably, Americans enjoy the highest standard of living of all the nations. This phenomenal standard of living was made possible by great advances in research and development. Business was able to produce consumer goods more efficiently, making them less expensive and more readily available. Profits soared, wages soared and the consumer had more leisure time and much more money to spend. As business became the ever dominating factor in the economy, the consumer fell silently along the wayside. As production technology was improved, more emphasis was put on the marketing of products, better advertising techniques, public relations, and new methods to obtain the desired results from consumers. Business was virtually uncontrolled and the rule caveat emptor (let the buyer beware) was more true than it had ever been. There were very few federal, state or local laws to control business
and the ones that existed were ineffective. There were no regulatory agencies to standardize weights and packaging or to insure that the drug you purchased would not harm you. The consumer's complacency had been rewarded with manipulation, deception and built-in obsolescence.

Slowly, Joe, the consumer awoke. He noticed that he no longer purchased his bread from the grocer across the street. Instead, he bought his groceries from the huge supermarket full of people he didn't even know. He noticed something else too. That large loaf of bread he now purchased which was only a few cents more expensive than its nearest competitor was all air. In fact, it weighed as much or less than the brand he formerly purchased. Why wasn't he told this? He did have a right to know, didn't he? Joe did some checking and found out that XX Company was not required to tell him anything; not even what that wholewheat bread had in it.

Because of some people like Joe who started making themselves heard some thirty-five years ago, the consumer movement was initiated. The old rule of caveat emptor was slowly transformed into a new rule, caveat venditor (let the seller beware). The federal government established the Federal Communication Commission which monitored the advertising on radio and television. The Federal Trade Commission also had a hand in controlling false and misleading advertising. In addition, the Federal Trade
Commission was to guard against monopolies and trusts. The Food and Drug Administration was established to regulate the food and drug industries. The people started writing their congressmen and consumer oriented bills were evident in the Congressional Record. The states realized they would be required to participate in this movement and legislation was also enacted by them. Some states, realizing the seriousness of the situation, empowered their Attorney Generals with the laws necessary to protect the consumers. Individual cities established protective agencies such as the Consumers League and Better Business Bureaus. Now there are also private agencies that serve the consumer directly. Some of the better known ones are Underwriters Laboratories, Electrical Testing Laboratories and the American Gas Association.

The voice of the consumer is finally being heard. Legislators are listening and businessmen are paying attention. More important though, the consumers themselves are starting to organize. The consumer movement, however, is still a feeble force in power politics and consumer interests are still low on the list of election issues. Also, the government's expenditures to protect consumer interests are negligible. There is still a long way to go, as evidenced by the consumer frauds occurring today. Although legitimate businesses are beginning to recognize the place of the consumer in society today, there exists a type
of businessman, and the term businessman is applied loosely here, that thrives on deceit and fraud. This is the individual that preys on the uninformed, uneducated consumer by moving into an area and using such techniques as deceptive real estate offers, bait advertising (seller tries to sell you a higher priced article than the one advertised), fake correspondence from vocational schools, false advertising or labeling, selling under false pretenses, referral plans and misrepresentation, bilks consumers of millions of dollars annually. The amount of money siphoned off per community may seem insignificant at first glance, but this is not the case. It is estimated that home repair frauds alone represent a loss of $500 million annually.\textsuperscript{1} It is not only the consumer who incurs the loss either. The money spent represents a loss of business or income to the local merchant also.

Many of these operators are organized nationally and some have gone as far as forming corporations. They operate in that gray area between what is legal and what isn't. They sell in an area until some cognizant individual realizes what they are doing and exposes them. Then they move on. The laws are usually neither general enough to cover their operation, nor are they specific enough. Thus, the persons who have been deceived are left without

recourse and with a lack of confidence in both businessmen in general and the legal system.

In 1962, President Kennedy, in the first consumer message to Congress, listed the following consumer rights:

1. The right to safety—to be protected against the marketing of goods that are hazardous to health or life.

2. The right to be informed—to be protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, and other practices, and to be given the facts needed to make informed choices.

3. The right to choose—to be assured, wherever possible, access to a variety of products and services at competitive prices. And in those industries in which competition is not workable and government regulation is substituted, there should be assurance of satisfactory quality and service at fair market prices.

4. The right to be heard—to be assured that consumer interests will receive full and sympathetic consideration in the formulation of government policy and fair and expeditious treatment in its administrative tribunals.\(^2\)

It is the purpose of this paper to report on an investigation into whether or not these consumer rights are being violated in the Great Falls area. The study was specifically concerned with the right to be informed. An examination was conducted to determine the amount of business transacted in the community by organizations employing unorthodox marketing techniques. This has been accomplished by sampling the residents of the Great Falls

\(^2\)Ibid., p. 18.
area. In addition, personal interviews were utilized to support the conclusions drawn. The research data gathered were examined for existing trends relating certain operating procedures to income groups and age groups. An examination was made to determine whether these operators worked with particular types of products or services rather than others.

The factor or factors which facilitate or prevent this specific business environment are discussed in Chapter Two. The involvement of the City of Great Falls in facilitating or preventing these operations was also investigated. In addition, the federal, state and city laws concerning this subject were examined. The effectiveness these existing and proposed laws have on preventing this environment have been included.

The final portions of the paper include a discussion of the situation existing in Great Falls today. Suggestions are submitted for consideration by the city or specific consumer groups. These suggestions are designed so as to facilitate implementation as separate entities or in conjunction with existing agencies.
CHAPTER II

THE EXISTENCE OF UNSCRUPULOUS OPERATORS
IN THE GREAT FALLS AREA

Definitions

Are the consumers of the Great Falls area subjected to the fraudulent practices of unscrupulous operators? For the purposes of this paper, a consumer shall be defined as "a person who uses goods or services to satisfy his needs rather than to resell them or produce other goods with them."³ Fraudulent practices are defined as those of intentional deception causing a person to give up property or some lawful right.⁴ Unscrupulous operators as a category contains hucksters, itinerant vendors, transient retail merchants and transient wholesale merchants.


⁴Ibid., p. 576.
A huckster shall be defined as.

Any person engaged or employed in going from place to place, and/or house to house, and/or at temporary premises, who carries for sale, offers for sale, or exposes for sale, either at wholesale or retail, farm, orchard, vineyard or garden products which have, or have not, been produced or grown by such a person in a radius exceeding two hundred fifty (250) miles of the city.  

An itinerant vendor shall be defined as:

Any person engaged or employed in the business of retailing to consumers by going from consumer to consumer, either on the streets or to their places of residence or employment and there soliciting, selling or offering for sale, by sample, catalog or otherwise, or taking orders for future delivery of any goods, wares, or articles of merchandise or notions or other articles of trade; and it is hereby declared that the term shall not include a person dealing in farm, orchard, vineyard or garden products, unless such person takes an order or orders, either from a consumer or merchant, for future delivery of the same and the products to be delivered on such order or orders are not produced or grown, or to be produced or grown by such person; however, that no person shall be deemed an 'Itinerant Vendor' when the taking of such orders or order is done prior to the introduction of the property to be delivered into and within the State of Montana.

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6 Ibid.
Research Method

The sampling method was employed in the determination of the existence of a problem. This method was selected for two reasons. First, it is more economical to question a sample of units from a population than it is to interview every unit of the population. Time consumption, the second reason, is held to a minimum through the utilization of the sampling method. All reference to time refers to the analyst's.

There is no one research method that was considered ideal and it is recognized that the sampling method has its disadvantages. Sampling neither gives information on every unit of the population nor does it provide information for action with respect to individual account.\(^{10}\)

Objective

Three primary objectives were established for the Questionnaire. The first was the determination of whether or not unscrupulous operators were transacting business in the area. The second area of concern was consumer education programs in Great Falls. Consumer opinion on consumer protection agencies constituted the third area of concern.

---

Population

The population which was sampled during this survey consisted of 18,440 households in the Great Falls area. Access to addresses was gained through the use of the 1971 Mountain Bell telephone directory for Great Falls and North Central Montana. The procedure employed consisted of going through the phone directory numbering the addresses from one to 18,440. In going through the directory certain addresses were omitted. Many of the professionals (lawyers, doctors, certified public accountants) had their home addresses listed twice in the directory; once with their business address and then again as a home address. Caution was taken to insure there was only one address per person available for the selection in the sample. In some instances the children or teenagers had an additional phone. This second phone was considered as not available for the purpose of the survey. All Malmstrom Air Force Base personnel were omitted for two reasons. First, through an interview with Michael McGrath, Commercial Supervisor for Mountain Bell in Great Falls, it was learned that there was a high turnover of population in this area. The statistical percentage used by the phone company is 39.7. It is felt that this high mobility factor is due in large part to the military establishment. The second reason was the limited access to on-base personnel available to businesses. Four possible methods that might be used to enable operators to
make initial contacts was dealt with in Question 3 ( Appendix II ). The first method was the approach by a door-to-door salesman. These salesmen would have no problems in the city but they are not allowed on base unless invited. The second method was the initial contact or sale through use of the telephone. Any resident listed in the telephone directory, military or civilian, would be vulnerable to this method. The third method was that of enticement through material received by mail. A business would need only look at the telephone directory and a list of addresses would be readily available. The fourth approach was that of advertising over television, radio or in the newspaper. The method would present access to almost the entire population of Great Falls. It is evident that access to the local residents could be gained using any one or all of the four approaches whereas the military personnel were vulnerable to only three approaches. For this reason as well as the high mobility factor, military personnel were excluded. There was also one group of residents that were exempt from the questionnaire but not necessarily from the four methods of approach. The residents of Great Falls with unlisted numbers were not available for participation in the survey. They would have been vulnerable to the door-to-door salesman, enticement through the mail, and television, radio and newspaper advertising. It was felt that since these residents had unlisted telephone
numbers, their desire to participate in this survey would have been very low. It was also felt that even if their addresses had been attainable, the response would have been low.

Discussion of Question Design

The questionnaire was designed to investigate three main areas. Its primary purpose was to determine whether unscrupulous operators were transacting business in the Great Falls area. If the results were positive, the questionnaire would gather data on the type of business, i.e., what they are selling, and prices, being transacted. The second reason was to gain some insight into the consumer's opinions involving consumer related education programs for the area. The last reason, but by no means the least important, was the gathering of data concerning consumer opinion on consumer protective agencies.

An example of the questionnaire to be discussed below is provided in Appendix II.

The first question was designed to gather information on the familiarity of the people with the laws controlling business transactions.

Question 2 was included in the questionnaire to investigate the consumer's exposure to consumer literature.

Through the use of these first two questions, data were gathered concerning the level of awareness of consumer related subjects. The questions were also designed to make
possible the determination of just how aware the consumer was of the situation existing today.

Questions 3 through 10 were designed to make possible the determination of whether operators were transacting business in the Great Falls area. Question 3 dealt specifically with four possible methods of contacting prospective buyers that salesmen might employ. There was also a fifth part of Question 3 entitled "OTHER". If part five was used to answer the question, the participant was asked to comment. In cases where participants had made a purchase under the existing conditions, they were asked to continue with Questions 4 through 10. Those not making purchases were asked to answer Questions 11 through 15, the opinion questions (Appendix II).

Question 8 dealt with the phase or phases of the transaction where a problem or problems had occurred. Here, as in Question 3, there was a part labeled "OTHER" asking for comments. Question 9 was concerned with the avenues of recourse open to the consumer. There was also an "OTHER" portion of the question requesting comments. Question 10 dealt with the satisfaction the consumer had obtained in regard to his complaint.

Questions 11 through 15 were designed to investigate the consumer's opinions on the subjects of consumer education and consumer protection organizations. Question 11 dealt with consumer education for the consumer out of
school, whereas Question 12 was concerned with the participant's opinion concerning a consumer oriented education program for the Great Falls High School system.

Questions 13 through 15 were concerned with the participant's opinion concerning consumer protection organizations; the possible need for an organization in the Great Falls area, the type of authority it should be empowered with and how it should be financed. All three of these questions had parts where the participant could make comments.

Questions 16 through 18 were optional and were concerned with the age, sex and income bracket of the participant.

As was mentioned earlier, the questionnaire was multipurposed. This particular aspect has both advantages and disadvantages. It was advantageous in that information was gained concerning a number of different subjects. Information was collected concerning consumer response to a program of consumer education, consumer protective agencies and the existence of consumer problems. It was most advantageous in that a questionnaire of this sort does not lend itself to strict statistical analysis.

Application

Three approaches were considered. The questionnaires could be sent by mail, used in a personal interview or in a telephone interview. Each has advantages and
disadvantages. The mail approach conserves time but is expensive. The telephone approach is time consuming but relatively inexpensive and produces better response. The interview is time consuming but inexpensive unless trained interviewers are employed. Since time was the deciding factor, the questionnaire was mailed.

**Selection of Sample**

In order to select the participants to be surveyed, a simple random sample of \( n \) elements was taken. The term "simple random sample of \( n \) elements" means that the sample drawn from the population for these purposes has the same chance or probability of being selected as every other combination.\(^{11}\) Because time was critical, it was decided to use a sample of size five hundred with no follow-up. This represented 2.71 percent of the population. Instead of using a table of random numbers from a text, a table was generated for the purpose of this survey. These numbers were produced on an IBM 1620 Model I computer employing a "Lehmer" generator. This generator has a uniformly-distributed output between 0.0 and 1.0 (exclusive of these limits). The generator is a simple multiplicative type of the form

\[
    r_{i+1} = A r_i \mod (C)
\]

---

where \( A = 23 \), \( C = 10^{-8} + 1 \), \( r_i \) is the last number generated, and \( r_{i+1} \) is the new number generated. Therefore, \( r_{i+1} \) becomes the remainder of the division, \( \frac{23r_i}{1.00000001} \).

For this application, the generator was modified as follows:

\[
\text{NUMB} = 18440 \times \text{RAND} + 1. \quad 12
\]

Where RAND is the generator function whose value is between zero and one (Appendix IV). The decimal portion was then truncated. The value of NUMB therefore became the set of integers from one to 18,440, inclusive, with each value having equal probability of selection.

**Pretest**

Prior to sending the questionnaire to participants a random sample of twenty-five addresses was selected and these people were asked to complete the questionnaire and make comments. In addition to this, the questionnaire was given to two classes of business students in the AFIT program and suggestions were requested. As a result of this pretest, the original questionnaire (Appendix I) was amended (Appendix II). The biggest objection to the original questionnaire was the "age", "sex", and "income" questions at the beginning. In order to rectify this situation, these questions were removed to the end of the

---

questionnaire and made optional. The second largest problem encountered was the number of open-ended questions. These were changed so that all the participant had to do was check a block, unless a comment was felt necessary. In this case there was a part of the answer entitled "OTHER" where a space for comments was provided. The revised questionnaire was mailed with a self-addressed, stamped envelope enclosed.

Analysis of Data

Of the 500 questionnaires mailed, 154 were returned for a percentage of 30.80. Only 137 (27.40%) were usable. Seventeen (3.4%) questionnaires or return envelopes were unusable for the reasons depicted in Table 1.

The low response can be attributed in part to two reasons. First, as planned, there was no follow-up questionnaire. It was felt that an initial sample of size five hundred would produce an adequate response. The second reason was the nature of the questionnaire. Human nature dictates an unwillingness in man to confess ignorance of a subject or admit a mistake. This is basically what the questionnaire asked the participant to do.

For the ensuing analysis of the returns, reference is made to Appendix II for examination of the questionnaire and Appendix III for the tabulated data.

The exposure rate of the respondents to the laws controlling business (Question 1) was quite low. Only
33 (24.08%) respondents were familiar with the laws. Seven (5.10%) respondents failed to answer the question and 97 (70.80%) admitted no familiarity. It is possible that a more accurate response would have been attained had the specific laws been listed, i.e., Green River Ordinance. Since this was not accomplished, the data indicate that 24.08 percent of the respondents were familiar with "the laws controlling business".

TABLE 1
UNUSABLE RETURNS

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blank, no reason</td>
<td>6</td>
</tr>
<tr>
<td>Moved, leaving no address</td>
<td>2</td>
</tr>
<tr>
<td>Questionnaire not completed or returned</td>
<td>3</td>
</tr>
<tr>
<td>because writer did not sign it</td>
<td></td>
</tr>
<tr>
<td>Empty Envelope returned</td>
<td>2</td>
</tr>
<tr>
<td>Person deceased</td>
<td>1</td>
</tr>
<tr>
<td>Questionnaire returned but not completed for</td>
<td></td>
</tr>
<tr>
<td>reasons listed below:</td>
<td></td>
</tr>
<tr>
<td>Nothing like this happened to us</td>
<td>1</td>
</tr>
<tr>
<td>Am 88, almost blind and deaf</td>
<td>1</td>
</tr>
<tr>
<td>Husband not home for few weeks</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
</tr>
</tbody>
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The exposure among respondents to consumer literature was better (see Table 2).

**TABLE 2**

LITERATURE

<table>
<thead>
<tr>
<th>Publication</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer's Research Bulletin</td>
<td>23</td>
<td>16.79%</td>
<td>3,096*</td>
</tr>
<tr>
<td>Consumer's Annual Bulletin</td>
<td>16</td>
<td>11.79%</td>
<td>2,154</td>
</tr>
<tr>
<td>Consumer Reports</td>
<td>67</td>
<td>48.91%</td>
<td>9,019</td>
</tr>
<tr>
<td>&quot;Facts&quot; Pamphlet</td>
<td>16</td>
<td>11.68%</td>
<td>2,154</td>
</tr>
<tr>
<td>Consumer Action</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Journal of Consumer Affairs</td>
<td>3</td>
<td>2.19%</td>
<td>404</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>5.10%</td>
<td>940</td>
</tr>
<tr>
<td>None</td>
<td>55</td>
<td>40.15%</td>
<td>7,404</td>
</tr>
</tbody>
</table>

* The sample is assumed to indicate a sufficiently accurate percent of individuals effected to permit an estimate of total population effected.

Of the 137 respondents, 82 (59.85%) were familiar with the literature listed above. There were 32 (39.02%) that were familiar with more than one publication. The "OTHER" category consisted of National Business, Changing Times, Consumer's Digest and Newsweek.

Consumer Reports, the publication with the greatest exposure rate among participants, is available at the Great Falls Public Library or through subscription from...
Consumer Union. The next most familiar was Consumer's Research Bulletin, a publication published by Consumer's Research, Incorporated. The Consumer's Annual Bulletin is distributed by the same organization and both it and the Consumer's Research Bulletin are available by subscription. The "Facts" booklets are distributed by local Better Business Bureaus and as such are not directly available to the consumers of Great Falls. Consumer Action is a newsletter published by the Consumer Federation of America for its members. The Journal of Consumer Affairs is a publication available to the members of the American Council on Consumer Interests.

This question would be of more use if it had been designed to specify either the degree of familiarity or whether the publication was read. However, there was an indication that the consumers were at least interested enough to go to the library or local book store. When these data were applied to the population sampled, 11,036 households were interested to some degree.

The next block of questions, 3 through 10, were concerned with the determination of the extent to which unscrupulous operators were transacting business in the Great Falls area. The third question dealt with four methods of approach possibly used. Of the 137 respondents, 67 (48.90%) had neither made any purchases at all where initial contact had been established using any of the four
methods listed, nor had they used the "OTHER" block. There were 69 (50.36%) respondents making purchases. Only one respondent failed to answer Question 3. The breakdown by method is shown in Table 3.

TABLE 3
RESPONSE PER METHOD

<table>
<thead>
<tr>
<th>Method</th>
<th>No Purchase</th>
<th>Purchase</th>
<th>No Response</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Door-To-Door</td>
<td>116</td>
<td>20</td>
<td>1</td>
<td>137</td>
</tr>
<tr>
<td>Telephone</td>
<td>128</td>
<td>8</td>
<td>1</td>
<td>137</td>
</tr>
<tr>
<td>Enticement</td>
<td>106</td>
<td>30</td>
<td>1</td>
<td>137</td>
</tr>
<tr>
<td>Newspaper/TV/radio</td>
<td>113</td>
<td>23</td>
<td>1</td>
<td>137</td>
</tr>
<tr>
<td>Other</td>
<td>124</td>
<td>12</td>
<td>1</td>
<td>137</td>
</tr>
</tbody>
</table>

There were 18 (16.08%) respondents who made purchases where more than one method was employed. Of the 12 respondents utilizing the "OTHER" block, eight had made purchases from catalogs; two had made purchases from organizations employing national advertising; one had made a purchase from an oil company and one respondent answered "yes".

These data become more meaningful when applied to the total population as illustrated in Table 4.

The data for Questions 4 and 5 have been combined (Appendix III). There were 80 purchases made by 64
respondents. Of the original 69 respondents making purchases, five did not indicate the type of product or the amount involved. The number of purchases made according to price and method employed is shown in Table 5.

**Table 4**

**Method Relationship to Population**

<table>
<thead>
<tr>
<th>Method</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Door-To-Door</td>
<td>20</td>
<td>28.98</td>
<td>2,691</td>
</tr>
<tr>
<td>Telephone contact</td>
<td>8</td>
<td>11.59</td>
<td>1,076</td>
</tr>
<tr>
<td>Enticement</td>
<td>30</td>
<td>43.47</td>
<td>4,037</td>
</tr>
<tr>
<td>Newspaper/TV/radio</td>
<td>23</td>
<td>33.33</td>
<td>3,095</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>17.36</td>
<td>1,612</td>
</tr>
</tbody>
</table>

Using conservative examples (the bottom figure for each price bracket, i.e., $1.00 for the bracket $0.00-$6.00, $6.00 for the bracket $6.00-$26.00, etc.) the 80 sales represent a total of $5,175.00 (Appendix III).

If this is applied to the total population, it represents a loss of business to the local community of $696,447.\(^{13}\)

\(^{13}\)The 80 purchases were made by 64 (46.71%) respondents. Applied to the population, this represents 8,613 households. The 80 purchases are the equivalent of $5,175 or $80.86 per household. Therefore, 8,163 purchases at $80.86 equal $696,447.
TABLE 5
PURCHASES AND AMOUNT PER METHOD

<table>
<thead>
<tr>
<th>Method</th>
<th>$0-$5</th>
<th>$6-$25</th>
<th>$26-$50</th>
<th>$51-$100</th>
<th>$101-$500</th>
<th>Above $500</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Door-To-Door</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>6</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Telephone</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Enticement</td>
<td>4</td>
<td>13</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>22</td>
</tr>
<tr>
<td>Newspaper/TV/radio</td>
<td>0</td>
<td>7</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8</td>
<td>30</td>
<td>14</td>
<td>4</td>
<td>19</td>
<td>5</td>
<td>80</td>
</tr>
</tbody>
</table>

The financial nature of the 80 purchases is illustrated in Table 6.

TABLE 6
FINANCING

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Dollar</th>
<th>Estimated Population</th>
<th>Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>40</td>
<td>62.50</td>
<td>3,062</td>
<td>5,383</td>
<td>412,069</td>
</tr>
<tr>
<td>Credit</td>
<td>21</td>
<td>32.81</td>
<td>1,910</td>
<td>2,826</td>
<td>257,025</td>
</tr>
<tr>
<td>No response</td>
<td>3</td>
<td>4.69</td>
<td>203</td>
<td>404</td>
<td>27,338</td>
</tr>
</tbody>
</table>

There were 15 (23.55%) respondents making 20 purchases that experienced problems. The breakdown is depicted in Table 7.
TABLE 7
PROBLEM PURCHASES

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Dollar</th>
<th>Estimated Population</th>
<th>Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem</td>
<td>23.44</td>
<td>2,551</td>
<td>2,019</td>
<td>343,371</td>
</tr>
<tr>
<td>No problem</td>
<td>73.44</td>
<td>2,522</td>
<td>6,325</td>
<td>339,399</td>
</tr>
<tr>
<td>No response</td>
<td>3.12</td>
<td>102</td>
<td>269</td>
<td>13,719</td>
</tr>
</tbody>
</table>

Questions 8 through 10 were answered by only the respondents experiencing problems. The phase of the transaction where the problems or problem occurred was dealt with in Question 8. The problem areas are illustrated in Table 8.

TABLE 8
PHASE OF TRANSACTION INVOLVING PROBLEM(S)

<table>
<thead>
<tr>
<th>Phase of Transaction</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>4</td>
<td>20</td>
<td>431</td>
</tr>
<tr>
<td>Purchase</td>
<td>4</td>
<td>20</td>
<td>431</td>
</tr>
<tr>
<td>Service</td>
<td>5</td>
<td>25</td>
<td>538</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>60</td>
<td>1,292</td>
</tr>
</tbody>
</table>

There were five respondents that experienced problems in more than one area.
The recourse available to the respondent was the subject of Question 9. There were 12 respondents that complained to the business. One respondent went to the Chamber of Commerce, two tried the courts and one respondent answered "no recourse". One respondent tried both the business and the courts.

There were eight respondents (53.33%) that received no satisfaction with their complaints. There were six (40%) receiving satisfaction and one respondent answering "sometimes". The data for Question 10 are depicted in Table 9.

What has the investigation shown? There are unscrupulous operators transacting business in the Great Falls area. Of the original sample of 137, sixty-four had made purchases from foreign businesses. Applied to the population this represented 8,163 households. The sixty-four respondents' purchases amounted to $5,175, while for the entire population the total would have been $696,447.00.

**TABLE 9**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Dollars</th>
<th>Estimated Population Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>6</td>
<td>40.00</td>
<td>210</td>
<td>808</td>
</tr>
<tr>
<td>Negative</td>
<td>8</td>
<td>53.33</td>
<td>2,315</td>
<td>1,076</td>
</tr>
<tr>
<td>Sometimes</td>
<td>1</td>
<td>6.67</td>
<td>26</td>
<td>135</td>
</tr>
</tbody>
</table>
It would be incorrect to conclude that all of the 80 purchases representing the $5,175.00 were made from unscrupulous operators. A better indicator would be the number of cases where problems occurred and no satisfaction was obtained. Many of these businesses sell a product on a credit basis, sell the contract to a financial institute and then leave the state. The consumer is usually left with no recourse. In the sample, there were 15 instances where problems occurred. Of these 15, 8 (53.33%) involved respondents who were unable to obtain satisfaction. These 8 cases represented $2,315.00 of the original $5,175.00.

If this is applied to the population, 1,076 households have had problems. These 1,076 household's problems represent a dollar value of $341,372.00. Clearly, the survey indicates these operators represent a problem in the Great Falls area.

**Interviews**

In order to support or disprove this conclusion, a number of businessmen and officials of the City of Great Falls were interviewed. It was learned from Robert A. Wells, Executive Vice President, Chamber of Commerce, that there have been reported instances where unscrupulous operators have transacted business in the area. One such operator, which seems to appear once a year during spring, does a lucrative business spraying the area's trees with insecticide. The content of the insecticide has not yet been determined but it has been determined that the spray is
ineffective. So persuasive was this operator that the county awarded him a contract to spray the trees around the courthouse. Another operation dedicated itself to the extinction of drug abuse. Their operating procedure was to canvass the city promoting a "Drug Abuse Program". The program consisted of a placard to put in your window and some literature, usually free. An endorsement was requested from the Chamber of Commerce. Unable to obtain the endorsement, they continued to sell their "Program". Another organization sold tickets to local businessmen under the pretense that all proceeds were to go to the Montana Association for the Blind. The salesmen were enforcing their "pitch" with a letter of recommendation from the Montana Association for the Blind. When they were discovered, they attempted to leave the state with the charity funds in their pockets and a number of unpaid bills behind them.

In an interview with J. Fred Bourdeau, County Attorney, the existence of other operations was learned. The "magazine sellers" are ever present. Their pitch is "only a few cents per week" when the publications are distributed monthly or quarterly. Sometimes the salesmen are not even authorized to sell the publications. Another organization is selling a package deal consisting of electrical appliances, pots and pans. Although the quality of the wares is satisfactory, the package is overpriced. However, once

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the contract is signed, there is no recourse. Literature is sent through the mail to the surrounding communities indicating that the recipients have won a prize. The literature fails to indicate that a purchase must be made before the prize may be picked up. Mr. Bourdeau also indicated that there was a problem with housing material frauds.

Through an interview with Harold Patten, chairman of the City Trade Commission, it was learned that an operation sold local residents approximately $80,000.00 "worth" of carpets. The organization had a letter of recommendation from the Better Business Bureau of one of the bordering states. This organization sold good quality carpeting but failed to indicate the price per square yard or foot. Again, the carpeting was overpriced. Purchasers were signing contracts, some of which contained liens on the purchaser's home or property. The paragraph or paragraphs containing the information concerning the lien were being covered up because of the way the salesmen were folding the contract to make it easier for the purchaser to sign. Many of these cases are still in court.

**Trends**

An examination of the data from the eight unsatisfied respondents (see Table 10) in conjunction with the information gained from the personal interviews was made to determine existing trends. There appears to be no pattern
as far as age, sex and income group is concerned. The "Door-to-door" method was the most often mentioned approach. In the problem area, "Advertising" and "Service" were the most frequently mentioned. There was one respondent that made a purchase (pots and pans) corresponding to a product sold by one of the operations learned of through an interview. It is interesting to note that of the 64 respondents making purchases representing $5,175.00 only 15 encountered problems (see Appendix III), but these 15 represented $2,551.00 or almost 50 percent of the total value of all the purchases. This is again illustrated by the answers to Question 10 (see Appendix III). Of the 15 instances valued at $2,551.00, the eight in which the respondents were unsatisfied represented $2,315.00. The high dollar value for the eight respondents could have many explanations. First, it is possible that the unscrupulous operators work only with schemes that yield a high return. It could also mean that the respondents that didn't lose a large quantity of money were not troubled much, whereas, the opposite was true for those losing large sums. It is probable that both are partially true. A person that mortgages his house for $700.00 for carpet would probably be very bitter, whereas a person losing $6.00 to $10.00 on a record "deal" could write it off to experience.
Summary

It can be concluded then that a problem does exist and operators are transacting business in this area. The questionnaires returned indicated a total of 80 purchases made by 64 (47.71%) of the 137 respondents. The value of these 80 purchases was $5,175.00. Applying these data to the population (see figure 1), 8,613 households made purchases representing $696,447.00. There were 15 (23.44%) respondents experiencing problems. These 15 respondent's problems represented $2,551.00 of the original $5,175.00. Applying these to the population again, 2,019 households made purchases where problems were involved. These 2,019 households made purchases representing $343,371.00 (see figure 2). There were 8 (53.33%) problem cases where the respondents were unsatisfied. This represented $2,315.00 of the original $5,175.00. Applying this to the total population, we get 1,076 unsatisfied consumers making purchases involving $341,372.00 (see figure 3). A problem does exist.
### TABLE 10

**UNSATISFIED RESPONDENTS**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Product</th>
<th>Method</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Housecovering</td>
<td>Door-to-Door</td>
<td>Above $500</td>
</tr>
<tr>
<td>2.</td>
<td>Vending Machine</td>
<td>Door-to-Door, Telephone</td>
<td>Above $500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enticement, Newspr/TV/radio</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Post and Pans</td>
<td>Door-to-Door, Telephone</td>
<td>$101-$500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enticement</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Not indicated</td>
<td>Door-to-door</td>
<td>$101-$500</td>
</tr>
<tr>
<td>5.</td>
<td>Records</td>
<td>Enticement</td>
<td>$6 -$25</td>
</tr>
<tr>
<td>6.</td>
<td>Car Wash Machine</td>
<td>Door-to-Door</td>
<td>Above $500</td>
</tr>
<tr>
<td></td>
<td>Cemetery Plot</td>
<td>Newspr/TV/radio</td>
<td>Above $500</td>
</tr>
<tr>
<td>7.</td>
<td>Diet Pills</td>
<td>Newspr/TV/radio</td>
<td>$6 -$25</td>
</tr>
<tr>
<td>8.</td>
<td>Vacuum Cleaner</td>
<td>Door-to-door, Telephone</td>
<td>$101-$500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enticement</td>
<td></td>
</tr>
</tbody>
</table>
## CONTINUATION--TABLE 10

### UNSATISFIED RESPONDENTS

<table>
<thead>
<tr>
<th>Finance</th>
<th>Problem</th>
<th>Age</th>
<th>Sex</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Credit</td>
<td>42</td>
<td>F</td>
<td>$10,001-$12,500</td>
</tr>
<tr>
<td>2</td>
<td>Cash</td>
<td>43</td>
<td>M</td>
<td>$10,001-$12,500</td>
</tr>
<tr>
<td>3</td>
<td>Credit</td>
<td>-</td>
<td>F</td>
<td>$2,501-$5,000</td>
</tr>
<tr>
<td>4</td>
<td>Credit</td>
<td>58</td>
<td>M</td>
<td>$5,001-$7,500</td>
</tr>
<tr>
<td>5</td>
<td>Credit</td>
<td>35</td>
<td>M</td>
<td>$5,001-$7,500</td>
</tr>
<tr>
<td>6</td>
<td>Cash</td>
<td>60</td>
<td>M</td>
<td>$2,501-$5,000</td>
</tr>
<tr>
<td>7</td>
<td>Cash Bankruptcy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Cash</td>
<td>40</td>
<td>M</td>
<td>$10,001-$12,500</td>
</tr>
</tbody>
</table>
Figure 1.—Sample Purchases Applied to Population.
Figure 2.—Total Problem Purchases Applied to Population
Figure 3.

Dollar Amount of Unsatisfied Respondents Making Purchases Applied to Population

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CHAPTER III

AN EXAMINATION OF THE FACTORS
CONTRIBUTING TO THE PROBLEM

The existence of a condition is dependent upon its environment. In this case, the condition is the deceit and fraud practiced in this community. The environment making possible these practices is composed of a number of factors. This portion of the study considers these factors.

If a situation is to be rectified, it must first be detected. If a wrong goes unreported, it is not detected and therefore cannot be rectified. This is one of the factors that makes it possible for fraudulent operators to practice. People are reluctant to admit they have made a bad investment or were "taken" by a smooth talking salesman. Thus, these salesmen are permitted a free hand.

Suppose that the opposite of the case above were true. A consumer does recognize some operation as less-than-legal and reports it. Whom is the incident reported to? Normally it is to some form of protective agency. This agency investigates the incident and if it appears the consumer has a legitimate complaint the agency will try to convince the unscrupulous operators to cease their practice.
Outside of publicly exposing these operators, even the protective agencies are for all purposes impotent. The underlying reason is the lack of laws needed to stop these operations. This deficiency in the judicial system exists at the federal, state and local levels. Although there are many bills introduced, most die in committee. The cause—lack of support. To define the problems more precisely, there are not enough consumer advocates in Congress.

**Federal Legislation**

The main weapon in the Federal government's arsenal for the prevention of fraudulent business practices is the Federal Trade Commission Act. Through the use of a particular statute, the Federal Trade Commission is capable of stopping almost every type of deception. The heart of this statute (Section 45, Title 15 of the U.S. Code) reads "Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce are hereby declared unlawful".\(^{14}\) This act enables the government to stop deceptive practices without proving the wrongdoer guilty of a crime. If this law is violated, the offender is subject to civil penalties of up to $5,000.00 per day for each violation.\(^{15}\) Although this law is flexible, it does have


\(^{15}\)Ibid.
loopholes and much legislation has been proposed to make it more powerful. If the Federal Trade Commission determines that a business is in violation of this act, it may order the business to "cease and desist" from its unfair or deceptive practices. The problem arises during the period from the time of receipt of a complaint until the "cease and desist" order is issued. The business usually continues to operate. During the 90th Congress, Senate Bill 3065, entitled the "Deceptive Sales Act of 1968" (Appendix V) was introduced to amend Section 13 (a) of the Federal Trade Commission Act (15 U.S.C. 53 (a)). The bill provided for the issuance of temporary injunctions or restraining orders. Senate Bills 3065 and 3066, similar bills, were never signed into law.

The proposal was presented again at the 91st Congress as S. 2246 and died in committee. In the 92nd Congress the proposal was presented as H.R. 667 in the House and was referred to the Interstate Foreign Commerce Committee.

The power to issue an injunction was also the main subject of S. 3201, entitled the "Consumer Protective Act of 1970". The bill, passed by the Senate, was killed in the House Rules Committee. A revised Consumer Protective Act was introduced to the 92nd Congress and is presently in the Senate Government Operations Committee.

Another subject of much proposed legislation is the "Class Action Suit". Through a "Class Action Suit"
consumers could sue as a group for restitution. If they were awarded the judgment, the defendant would have to make restitution to each member of the group. Passage of a law of this nature would enable consumers to sue as a group where it would not otherwise be economically feasible. Introduced to the 91st Congress as S. 3092 entitled the "Consumer Class Action Act" (Appendix V) the bill would have enabled the district courts to sit in judgment of civil class action suits. The bill died in committee. The proposal was introduced in 1971 to the 92nd Congress in the form of two bills, S. 984 and S. 1378, both entitled "Consumer Class Action Act of 1971". Senate Bill S. 1378 set forth the requirement that the total amount in controversy had to exceed $25,000.00. Both bills required that before a consumer could be a member in an action, his loss had to exceed $10.00. Senate Bills S. 984 and S. 1378 were read twice and referred to the Committee on Commerce.

In addition to the legislation proposed involving temporary injunctions and Class Action Suits, a number of other bills have been introduced. One of the most important, S. 1599 entitled the "Door-to-Door Sales Act", was proposed in the 90th Congress (Appendix V). This bill, had it passed, would have permitted the consumer to reconsider any purchase in excess of $25.00 made in a place other than the seller's place of business. The purchaser would have had until midnight of the first business day following the
purchase to submit a letter of intent. The bill died in committee.

Introduced in 1971, S. 1222 entitled the "Consumer Fraud Prevention Act of 1971" would have enabled the consumer to sue for damages and the cost of the suit. The only prerequisite was an action to enjoin the violator from practicing by the Attorney General. The bill was read and referred to the Committee on Commerce. An identical bill H.R. 6315 was introduced to the House and referred to the Interstate and Foreign Commerce Committee.

The "Consumer Claims Court Assistance Act" was introduced as S. 1602 (Appendix V) to the 92nd Congress. This bill, if passed, will authorize the Attorney General to make grants for the establishment of Small Claims or Consumer Claims Courts.

There was another bill authorizing action on the part of the Federal Trade Commission that requires mentioning. It was Senate Joint Resolution 130, which authorized an investigation of the home improvement industry. The bill would have also given the Commission the authority to issue restraining orders when violations were uncovered.

In the area of education, two important bills were introduced. The first, H.R. 3327 directs the Federal Trade Commission to compile data concerning consumer frauds and distribute it to recipients of old age, survivors and disability benefits. The bill was introduced in the 92nd
Congress and is presently in the House Interstate and Foreign Commerce Committee. The second bill, S. 1981 entitled the "Consumer Education Act" (Appendix V) was also introduced in the 92nd Congress. This bill, if passed, will establish consumer education programs to be administered through the Office of Consumer Education branch of the Office of Education. The bill was read and referred to the Labor and Public Welfare Committee.

It is apparent that a foundation exists for a network of consumer laws in the Federal Trade Commissions Act. This law, however, is not completely adequate and cannot be expected to carry the burden alone. There have been amendments proposed and most of these would have provided the authority for the issuance of restraining orders in cases where the Act was violated. There has been much legislation proposed in the area of the Class Action Suit, but to date none has been signed into law.

State Legislation

The Revised Codes of Montana include four laws concerned with the subject of unscrupulous operators. Under Title 84 (TAXATION) there were three laws (29, 30, 31) dealing with the licensing of hucksters, itinerant merchants and itinerant vendors respectively.\(^\text{16}\) The fourth law, under

\(^\text{16}\) Montana, Revised Codes, (Choate and Wertz, 1947).
Title 47 (LOANS) was the "Consumer Loan Act".\textsuperscript{17} This state law is mainly concerned with the setting of interest rates, licensing and conduct of banks and finance companies. Although not conceived for this purpose, the law could probably be applied to an unscrupulous operator abusing interest rates. There was no general law of the type used by the Federal Trade Commission in existence.

The fact that so few laws were in force does not mean that the Congressmen have not been active. Just the opposite is true for here also many bills were introduced but were not signed into law.

In the 40th Legislative Assembly (1967), four bills were introduced. Senate Bill No. 177, entitled "An Act To Establish A Small Claims Department of The Justice's Court" (Appendix VI) along with an identical bill, House Bill No. 473, was presented. These bills set forth the amounts, costs and procedures to be applied, provided the courts were established. The Senate Bill was killed in the House Committee of the Whole and the House Bill was tabled. Senate Bill No. 118 entitled "An Act To Prohibit Unfair Methods of Competition And Unfair Or Deceptive Acts or Practices In The Conduct of Any Trade Or Commerce" (Appendix VI) included a comprehensive list of "Unfair methods of competition and unfair or deceptive acts or practices".

\textsuperscript{17} Ibid.
More important, the bill would have empowered the Attorney General with the right to issue an "investigative demand" thus enabling the Attorney General's office to investigate the nature of the business in question. The bill also gave the Attorney General the power to issue an injunction in cases where any of the listed unfair or deceptive practices were employed. Unfortunately, the bill was killed in the House Judiciary Committee. A sister bill, House Bill No. 485, met the same fate in the Senate.

Very little consumer legislation was introduced to the 41st Legislative Assembly. An attempt was made to create a Consumer's Council in the executive branch of the state government. Senate Bill 27 also defines the powers and duties of the council. The bill was killed by the Senate Administrative Committee.

The 42nd Legislative Assembly was much more active in proposing consumer legislation. The first bill, Senate Bill No. 57, was an attempt to force transient retail merchants to label their cars with either their names or the name of their business in addition to their permanent address. The bill was killed in committee. Senate Bill No. 132 entitled the "Montana Consumers Protection Act", again defines deceptive trade practices but this time provides for damages. In cases where the plaintiff was awarded the judgment, restitution and attorneys fees could be collected. The bill was killed in the House. The most
comprehensive piece of legislation proposed was House Bill 326, entitled "An Act Relating To Unfair Trade Practices And Consumer Protection" (Appendix VI). The bill outlines unfair practices specifically listing thirteen types. Again, the attorney general would have been given the authority to issue injunctions. In conjunction with this, the city or county attorneys would have also been able to exercise this authority within certain limits. The bill lists penalties for violations of the act. The Business and Industry Committee approved the bill but it was killed in the Senate. The reasons given were harshness of the penalties and the selectiveness of the protection offered. This bill, had it passed, would have provided a solid foundation for consumer protection in the state. One other bill, Senate Bill No. 4 (Appendix VI) went to the Governor's office. The bill provided a three day "cooling off" period where purchases were made from door-to-door salesmen. If signed, this bill could do much to dampen the effectiveness of pressure tactics.

It is believed that the most badly needed legislation is the type empowering the Attorney General with the right to issue injunctions. As mentioned earlier, one of the main problems in stopping these operators is the accumulation of evidence. Usually, much damage is done before enough evidence is accumulated. If the Attorney General could issue the injunction, enough time could be gained
to investigate the situation. Senate Bill 118 and House Bill 326 both included this feature. House Bill 326 had another attractive feature that would have speeded up the process even more. This was the provision allowing the city or county attorney to act under the supervision of the Attorney General. It is the opinion of J. Fred Bourdeau, Cascade County Attorney, that a system of this sort is badly needed.

City Ordinances

There is the Official Code of the City of Great Falls, at the local level. Chapter nine of this code deals with the licensing, bonding and control of hucksters, itinerant vendors, and transient retail and wholesale merchants. In the same context, there is Ordinance 1606 which controls mass telephone solicitations or the "Boiler Room" solicitation (Appendix VII). There are also two other Ordinances which control business sales. Ordinance 1588 regulates "Going-Out-Of-Business" sales, "Relocation" sales, and "Fire and Altered Goods" sales. Ordinance 1628 regulates "General Disposal" sales.

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18 Great Falls, Montana, Itinerant or Transient Sellers, Official Code of the City of Great Falls, (1958), Chap. 9.


One point was very apparent. The city ordinances were all very specific, i.e., the ordinances regulating sales. If a business came up with a new type of sale, there would be no rules covering the business. An unscrupulous operator could circumvent Ordinance 1606 by hiring a number of people with one phone each and achieve the same results attained with one room containing ten phones.

The fact that the more specific laws and ordinances can be circumvented further enforces the requirement for a law of a more general nature that could be applied to many different types of cases.

The inadequacy of consumer oriented laws is apparent. The problem appears to be in two areas. First is the lack of consumer oriented laws and second is the inefficiency of the existing laws.

Protective Agencies

Seldom is there a single cause for a problem. In the handling of consumer problems, it was mentioned that a consumer often times goes to a protective agency for satisfaction. Here possibly lies another reason for the problem in Great Falls. There is no consumer protective agency available in this area. There are, however, a number of agencies that handle cases when they arise. The first of these organizations is the Chamber of Commerce. In an interview with Robert A. Wells, Executive Vice President of the Great Falls Chamber, it was learned that a number of
cases do come to the Chamber. Although there is no specific person or office within the Chamber to handle such matters, there is a procedure followed. When a complaint is received, an investigation is held to obtain both sides of the story. In most cases a letter is written. Outside of this, the Chamber does not have the authority to do much more. In support of this, one of the unsatisfied respondents had gone to the Chamber of Commerce and was unable to obtain any satisfaction (Appendix III). Another activity practiced at the Chamber is the dissemination of information concerning the unscrupulous operations. If a consumer calls requesting information about a business, the Chamber will provide whatever data it has available. They will not endorse a product or downgrade it as this is not their purpose.

The County Attorney's office also gets involved in some of these cases although here again there is no specific branch or person designated for this type of work. According to Mr. Bourdeau, the County Attorney, they too have a procedure that is applied upon receipt of a complaint. A subpoena is issued and a representative of the business comes in for a conference. At this conference the County Attorney's office receives a guarantee of a certain standard of conduct. The representative is also informed that he will be responsible for the enforcement of this standard among his salesmen. If this guarantee is not met,
a warrant is issued. It is Mr. Bourdeau's opinion, and this seems well founded, that a system of state laws empowering the State Attorney General and enforced through County Attorneys is badly needed. Some of these laws were mentioned earlier.

In 1964, the City Council formed a City Trade Commission. This Commission was to be composed of one member of the Chamber of Commerce; one member of the Cascade County Trades and Labor Council; one member of the Great Falls Downtown Business Council and one member representing the advertising media. The members would serve three year terms and were to be appointed by the Mayor subject to approval by the City Council. The Council was started specifically for the purpose of regulating "liquidation or quitting business" sales. A local merchant would be going out of business. He either contacted or was contacted by out of state factories or distributors. The out of state concern would then move in its own merchandise, often times of very low quality, and sell it as part of the merchandise to be liquidated. After the sale was over, the business was gone and if a consumer had problems, there was no recourse. With the establishment of the City Trade Commission, these practices were stopped.

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21Great Falls, Montana, Ordinance No. 1464, Official Code of the City of Great Falls, (1964) Sec. 7.
There is a Small Claims Court available in many cities to which a person may turn with his complaints. Great Falls has Justice Courts which handle cases involving three hundred dollars or less and which do not require an attorney. According to Mary Turrin, Secretary of the Guy Palagi Justice Court, these courts are used mainly by collection agencies and persons filing insurance claims. The procedure starts when the agency or plaintiff files a complaint. The judge reviews it, signs it, and a constable serves the summons. The defendant may answer the summons with or without the assistance of an attorney. If the defendant does not reply within six days, the case goes into default and judgment and the agency or plaintiff start execution procedures. The one draw-back to this court is that attorneys are allowed to serve those capable of engaging them. Many claims are so small that it would not be economically feasible to take the case to court due to attorney's fees. The litigant employing the attorney definitely has the advantage. What is required is a court where the plaintiff and defendant meet and a third non-partisan individual hears both sides of the story and makes a decision.

Most of the above mentioned factors have been concerned with actions after the wrongdoing has been committed. The lack of a good program of prevention is a possible contributing factor. A strong consumer education program
in conjunction with a warning system would possibly prevent many complaints from ever arising. A warning system, for the purposes of this discussion, would be a method or system of informing the public of an unscrupulous business in the area. Through an interview with Betty Lou Hoffman, Office of Public Instruction, it was learned that a consumer oriented program is being incorporated into the home economics classes around the state. The Office of Public Instruction makes workshops available to the teachers where subjects concerning credit buying, purchasing food and clothing, and advertising are taught. Attendance at these workshops is not mandatory but the response has been encouraging. Presently, the program is only for students in the junior and senior high schools. Concerning the subject of a warning system, it was discovered that from time to time the police chief will authorize the publishing of an article concerning some type of sales operation. This is accomplished on a haphazard basis only.

All of the above mentioned problems are serious but are only the symptoms of the real problem which is the lack of organization of the consumer. It is in this area that the answer to the other problems lies. According to the definition in Chapter II, everybody is a consumer. It should be the consumer dictating to the businessman and yet the reverse may be the case all too frequently. Until a year ago, there was no organization in the Great Falls area.
at all. Today there is an organization, Forward Great Falls, but even it is having problems getting the public to participate. In an interview with Jack Stimpfling, now president of the organization, it was learned that the subject of consumer protection has been a very popular subject but at present is only in the discussion stage. Another organization at the state level is the Consumer Affairs Council. The Council was formally established in May, 1971. Presently it has a membership of 102 individuals and 19 groups. The Council has established five committees; Education, Legislation, Survey, Complaints and Organizations and Membership. Although not oriented towards processing complaints, the Council does have a committee for this area. The Council's main function is the promotion of consumer education and legislation. Public participation in the Council is still quite low.

**Summary**

To summarize, there is not one but a number of factors contributing to the existence of problems with unscrupulous business operators. The first problem was that of discovering the problem. People are usually reluctant to make public the fact that they exercised poor judgment. The second contributing factor concerned the judicial system. Federal, state and local laws are inadequate. At the federal and state level, they are practically non-existent. Many bills have been introduced but are never signed into
law. At the local level, there are laws, but many of them are specific and because of this, can be circumvented. The third factor was the lack of an organization oriented specifically towards consumer problems. There are many organizations that handle consumer complaints but on a part-time basis only. There also appears to be a lack of coordination between these agencies unless an emergency arises. The fourth factor concerns education. Although there is a program for the high school students, it does not benefit those out of school. In conjunction with the educational aspect, there is no established warning system whereby a consumer learns of the unscrupulous operation before it is too late. Finally, there is the underlying cause that manifests itself in these obvious problem areas. Consumer organization is practically non-existent. There is one organization in Great Falls, Forward Great Falls, and one, the Consumer Affairs Council, organized at the state level and both are experiencing problems in the area of public participation.
CHAPTER IV

POSSIBLE SOLUTIONS

The ideal solution to the problem is one that will be capable of eliminating all the factors contributing to the problem's existence. These factors, as set forth in the last chapter, are the reluctance of the people to admit the deceit, the ineffectiveness of the laws, the lack of protective agencies, and the lack of a program of prevention.

Any solution implemented will require the participation of all consumers, including local businessmen. As pointed out in Chapter II, the problem is also important to local businessmen for two reasons. When a consumer loses his money, it represents a financial loss to both he and the businessman. In addition to this loss, the consumer develops a negative attitude toward business in general.

Prevention

The first requirement, that of prevention, could be fulfilled with a program of consumer education. In Chapter II, it was mentioned that a program had been implemented at the junior high and high schools. This program, however, was not oriented towards the unscrupulous operator. It would be relatively simple to realign this program to
include education concerning this problem. This would be done through the Office of Education. The problem lies in reaching the consumers that are no longer in the school systems. This could be accomplished through programs administered at the city level or again through the Office of Education. A program of night classes could be implemented where local businessmen, including merchants, bankers and members of the Chamber of Commerce instructed the local residents on subjects such as available protection, consumer financing, contract law and sales techniques. The questionnaire sent to residents included a question in this area (Question 11, Appendix II). The results are presented in Table 11.

**TABLE 11**

**CONSUMER EDUCATION PROGRAM**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>56</td>
<td>40.87</td>
<td>7,536</td>
</tr>
<tr>
<td>Negative</td>
<td>69</td>
<td>50.36</td>
<td>9,286</td>
</tr>
<tr>
<td>No Response</td>
<td>6</td>
<td>4.36</td>
<td>806</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Would but can't</td>
<td>3</td>
<td>2.18</td>
<td>402</td>
</tr>
<tr>
<td>Maybe</td>
<td>2</td>
<td>1.45</td>
<td>267</td>
</tr>
<tr>
<td>Don't know</td>
<td>1</td>
<td>.72</td>
<td>133</td>
</tr>
</tbody>
</table>

Although the number of respondents indicating they would not participate is larger, many respondents expressed
interest. Of the eight responses that had made purchases and experienced problems, only one said he would not attend these classes.

The second part of this prevention program, or the system or warning, would require the coordination of a number of organizations. Of utmost importance to this system would be the participation of the communications media. Through close coordination with consumer-oriented groups and the Chambers of Commerce of outlying towns, cities and states, the movement of these unscrupulous operators could be detected before they ever reached the area. The papers, television and radio could make known to the public the possible movement of these operations into the area. With this information, consumers would be prepared.

**Detection and Protection Agencies**

In the event that this system of prevention was unsuccessful and some of the consumers suffered financial loss, an organization to which the consumer could report the incident should be available. This is one of the services provided by a consumer protection agency. There are a number of agencies that could be instituted in this area. For the purposes of this paper, the discussion will be centered around those used in the survey.

The first organization is the Better Business Bureau. The Bureau's official objectives are:
To persuade the business community to practice self-regulation in controlling misrepresentation and deceptive advertising and selling.

To build and maintain public confidence in the willingness and ability of business to eliminate abuses and thus create a climate of public opinion favorable to economic growth and vitality.

To safeguard the community's buying power by providing information and education services that will keep the dollars flowing into legitimate business channels and keep them out of illegitimate ones.\(^{22}\)

The Better Business Bureau is first, an agency to insure the honest operation of local business and second, a consumer protection organization. The bureaus have advantages and disadvantages. These will be considered with regard to the requirements for this area. The main advantage is the provision for the collection of complaints. Unhappy consumers may report fraudulent acts to the bureaus. They also provide information and education services. There are disadvantages too and one of the greatest is the cost. The starting capital requirement is approximately $25,000.00.\(^{23}\) Another disadvantage, the bureaus can expose an operation but unless a crime has been committed there can be no prosecution.

The Consumer Affairs Council has five main objectives.

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They are

Education--to make the consumer more aware of the practices of the marketplace and to provide him with the knowledge necessary to buy wisely.

Information--to gather, exchange and disseminate information of value to the consumer.

Legislation--to initiate and to promote sound legislation in the interest of the consumer and to help insure its effective enforcement.

Coordination--to assist and to work for the coordination of other organizations of persons interested in the protection of the consumer.

Representation--to provide the consumer with a voice before agencies which regulate or affect those goods or services which he purchases.

As mentioned earlier, there is already a Consumer Affairs Council established for the State of Montana. This in itself is an advantage. The Council is also active in the area of education and legislation. Another advantageous area is that of coordination. In addition, the Council is not as expensive to establish as a Better Business Bureau.

In the area of disadvantages, the Council is not oriented towards the processing of complaints. The Montana Council has one committee for the whole state.

The National Consumers League has five stated "positive plans". The fifth is entitled "Building Consumer

Power". Under this fifth plan, the league will support programs of consumer education, consumer protection and consumer legislation.

Crackdown on frauds, deception and misleading advertising through enlarged powers, jurisdiction and appropriations for the Federal Trade Commission.

Legislation to eliminate abuses connected with games, contest, sweepstakes, lotteries and promotion schemes.

Enlarged and strengthened programs of consumer education and information in the schools and in the communities.

The National Consumers League works in all areas of consumer protection. The membership of the League is composed mostly of individuals, not groups. It does, however, have two state affiliated groups.

The city of Salem, Oregon, approximately equal in population and composition to the Great Falls area, employs a system of consumer protection through the Chamber of Commerce. The Chamber functions in the same way a Better Business Bureau does. It is funded by businessmen and has the same advantages and disadvantages a bureau does. The only thing the Chamber lacked was the Better Business Bureau name. The big advantage to a system such as this would be the ease in implementation. The drawback would

26 Ibid.
again be the financing.

The last agency is a small claims court which was discussed in Chapter II. Through the courts, the consumer may obtain restitution. The problem lies in the fact that the court is only for prosecution.

The consumer's opinions concerning these organizations were investigated through the use of the questionnaire sent to Great Falls residents (Question 13, Appendix II). The results are depicted in Table 12.

TABLE 12
CONSUMER PROTECTION ORGANIZATIONS

<table>
<thead>
<tr>
<th>Organization</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Business Bureau</td>
<td>82</td>
<td>59.85</td>
<td>11,306</td>
</tr>
<tr>
<td>Consumer Affairs Council</td>
<td>32</td>
<td>23.35</td>
<td>4,306</td>
</tr>
<tr>
<td>National Consumer League</td>
<td>19</td>
<td>13.86</td>
<td>2,556</td>
</tr>
<tr>
<td>Protection through Chamber of Commerce</td>
<td>40</td>
<td>29.19</td>
<td>5,383</td>
</tr>
<tr>
<td>Small Claims Court</td>
<td>30</td>
<td>21.89</td>
<td>4,037</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>.72</td>
<td>133</td>
</tr>
<tr>
<td>No response</td>
<td>5</td>
<td>3.64</td>
<td>671</td>
</tr>
</tbody>
</table>

There were 45 (34.09%) respondents indicating two or more agencies. The Better Business Bureau was the most popular followed by the Chamber of Commerce. It is suspected that part of the reason for the repeated selection...
of these two was familiarity.

**Ineffective Laws**

Finally, the solution should provide for effective laws. The first prerequisite to prosecution is a law making it illegal for the unscrupulous operator to use certain methods. As was evident in Chapter III, the laws are very inadequate. It would be unreasonable to expect one organization to pass laws but it could certainly promote the passage of certain laws. Therefore, the solution selected should provide for the promotion of consumer oriented legislation.

**The Best Solution**

It is contended that the solution to the problem does not lie in the selection of a particular program of education, protective agency or law. Since no one solution mentioned so far eliminates all the contributing factors, an organization will have to be designed to fulfill these objectives. For the purposes of this discussion, the organization will be entitled "Consumer's Association". Initially, the Association would hire one person working part or full time as dictated by the work load. This would require financing. The Consumer Affairs Council and National Consumer League procure their funds through yearly membership fees. The Better Business Bureaus obtain their funding through membership fees paid by local business.
The participants in the survey were asked about the financing of a consumer protection agency (Question 15, Appendix II). The results are illustrated in Table 13.

**TABLE 13**

**FINANCING**

<table>
<thead>
<tr>
<th>Financing</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>City funds</td>
<td>22</td>
<td>16.05</td>
<td>2,960</td>
</tr>
<tr>
<td>State funds</td>
<td>35</td>
<td>25.54</td>
<td>4,710</td>
</tr>
<tr>
<td>Local businessmen</td>
<td>63</td>
<td>45.98</td>
<td>8,479</td>
</tr>
<tr>
<td>Consumers</td>
<td>29</td>
<td>21.16</td>
<td>3,902</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>5.10</td>
<td>940</td>
</tr>
<tr>
<td>No response</td>
<td>15</td>
<td>10.94</td>
<td>2,017</td>
</tr>
</tbody>
</table>

There were 29 (23.77%) respondents indicating two or more methods of financing. City funding is definitely out of the question at present. It would seem that the people involved should pay, i.e., the local business and the consumers, however the ultimate decision will be left up to the financing committee.

The main responsibility of the individual hired would be coordination. The individual's office would serve as a collecting point for complaints and it would be up to the individual to act on them. This could be accomplished through coordination with the Police Department and County...
Attorney's Office. The association would also publicly expose any illegitimate operation.

The participants in the survey were asked about the authority this organization should have (Question 14, Appendix II). The results are depicted in Table 14.

<table>
<thead>
<tr>
<th>Authority</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press charges</td>
<td>58</td>
<td>42.33</td>
<td>7,806</td>
</tr>
<tr>
<td>Issue injunction</td>
<td>42</td>
<td>30.65</td>
<td>5,652</td>
</tr>
<tr>
<td>Inform/warn</td>
<td>70</td>
<td>51.09</td>
<td>9,421</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>2.91</td>
<td>537</td>
</tr>
<tr>
<td>No recourse</td>
<td>12</td>
<td>8.75</td>
<td>1,614</td>
</tr>
</tbody>
</table>

There were 37 (29.60%) respondents that indicated two or more answers. The association could accomplish or initiate all these actions through a program of coordination.

Prevention would require the cooperation of the local businessmen for they would have to be the instructors or discussion leaders in the education program. This would be voluntary on their part. The radio, television and newspaper owners would be in key positions involved in the establishment of a warning system. Through the maintenance of
contact with the bordering cities, towns and states, the association would be able to detect and announce the movement of any questionable business invaders.

The final goal the association should strive towards is effective consumer legislation. This could be done in two ways. First and easiest, since the state already has a Consumer Affairs Council, would be to apply for membership with the group and develop methods to support it. The second method would be either to support a Congressional Incumbent or a person running for election.

The solution selected, if implemented, would eliminate the factors making the existence of the problem possible.

**Implementation**

The President's Committee on Consumer Interests publishes a booklet entitled "Forming Consumer Organizations". In it are listed eight steps in the formation of a consumer organization. The first step is to find a few individuals that recognize a need. In an interview with the now president of Forward Great Falls, it was learned that there had been "serious talk" about just such a consumer organization. The second step is the assembly of a nucleus group. This could probably be done through Forward Great Falls also. The third step calls for a public meeting. The remaining steps, conducting the public meeting, appointing and operating a steering committee, writing a statement of purpose, setting up subcommittees
and planning and conducting a charter meeting, would follow in order.

Summary

The solution selected would, of course, be the responsibility of the association formed. In order that the solution be effective, it will have to eliminate the contributing factors. The solution outlined employed the services of one individual closely coordinating the efforts of others in a program to prevent consumer fraud, provide for detection (and prosecution) of incidents, and promotion of effective legislation.
CHAPTER V

CONCLUSION

There exists in the world marketplace today a lack of equilibrium. On one side of the scales is the consumer and on the other side, business. Although the consumer does not have much to say about quality, efficiency and built-in obsolescence, it is not with this problem that this paper was concerned. The subject of concern is the group that capitalizes on the ignorance and naivete of some consumers.

In past decades, the consumer has fallen behind and now it appears, is unable to fend for himself in the marketplace. Portions of this problem were precipitated by an advance in technology with which very few people have been able to keep abreast. This spectrum in the area of development introduced a new variety of shysters and unscrupulous operators selling all sorts of products. The consumer was left vulnerable to the situation.

The consumer is not blameless, to say the least. His complacence has brought him about what he can expect. His failure to organize and inform himself has left him liable. In addition, his desire to get rich quick or get something for free has only aggravated the situation.
This is the situation in the world today and the Great Falls area is no exception. This paper establishes the existence of a problem faced by both the consumers and businessmen. There is a considerable sum of money being drained from the community. This was established through the use of a questionnaire sent to a sample of the local population. The fact that the problem existed was enforced through interviews with officials of the city and local businessmen.

The factors contributing to this problem were investigated. The main problem, as mentioned before, was a complacency on the part of the consumer. The more obvious factors were merely symptoms caused by the actual problem, a lack of consumer organization. After investigating these factors, solutions to the situation were suggested along with a possible set of steps toward a solution.

This plan could be implemented rather easily with the participation of the local group, Forward Great Falls, providing the initial impetus. More will be needed than a small group to provide the first push. The residents are going to have to be very active before this organization will be of any value. They will have to participate not only financially but also on committees and as individuals to promote the objectives of the organization. They will have to write to Congressmen, talk to their neighbors and local merchants. The amount of success experienced will be
directly proportional to the degree of participation by all members of the community, consumers, businessmen and professionals alike. Should any one segment fail to carry its share of the load the organization will lose some of its effectiveness and probably eventually fail.
APPENDIX I

FIRST QUESTIONNAIRE

University of Montana
Graduate School of Business Administration

Dear Participant,

I am working on my Master of Business Administration Degree from the University of Montana. One of the requirements for this degree is a Professional Paper. The subject of my paper is "A Study on the Necessity of Some Form of Consumer Protection Against Transient Retail Salesmen in the Community of Great Falls."

The attached questionnaire is part of the research for my paper. Your name was selected at random from a list of people in the Great Falls area to participate in this study. Please complete the questionnaire immediately and return it in the stamped, self-addressed envelope. The information will remain confidential.

Thank you very much for your cooperation.

Sincerely,

Randall J. Mickey
PLEASE ANSWER APPLICABLE QUESTIONS TO THE BEST OF YOUR KNOWLEDGE.

1. AGE_____

2. SEX  MALE_____ FEMALE_____

3. YEARLY INCOME  $0-$2,500_____ $7,501-$10,000_____
                   $2,501-$5,000_____ $10,001-$12,500_____  
                   $5,001-$7,500_____  ABOVE  -$12,500_____ 

4. ARE YOU FAMILIAR WITH THE LAWS CONTROLLING BUSINESS TRANSACTED BETWEEN YOURSELF, AS A RESIDENT OF GREAT FALLS, AND A BUSINESS LOCATED IN AN AREA OTHER THAN GREAT FALLS?  YES______  NO______

THE FIRST SERIES OF QUESTIONS IS CONCERNED WITH THE PRICE AND TYPE OF PRODUCT INVOLVED, METHOD OF PURCHASE AND PHASE OF TRANSACTION IN BUSINESS NEGOTIATIONS WHERE PROBLEMS HAVE OCCURRED.

5. HAVE YOU, WITHIN THE PAST SEVERAL YEARS WHILE LIVING IN GREAT FALLS, PURCHASED ANY PRODUCT(S) FROM A BUSINESS LOCATED IN A CITY OTHER THAN GREAT FALLS?
   
   A. AFTER BEING APPROACHED BY A DOOR-TO-DOOR SALESMAN?  YES______  NO______
   
   B. AFTER BEING INITIALLY CONTACTED ON THE TELEPHONE?  YES______  NO______
   
   C. WHICH MAILED YOU LITERATURE CONCERNING WINNING A CONTEST, RECEIVING A FREE GIFT, RECEIVING A BIG DISCOUNT OR SPECIAL SELECTION OF YOUR NAME, ETC.?  YES______  NO______
   
   D. WHICH ADVERTISED IN THE LOCAL NEWSPAPER OR OVER THE LOCAL RADIO AND/OR TELEVISION?  YES______  NO______

IF YOU ANSWERED YES TO ANY PART OF QUESTION 5, PLEASE ANSWER QUESTIONS 6 THROUGH 10. IF YOU ANSWERED NO TO ALL PARTS OF QUESTION 5, PLEASE ANSWER QUESTIONS 14 THROUGH 18.

6. WHAT TYPE OF PRODUCT, I.E., FOOD, FURNITURE, APPLIANCE, ETC., WAS INVOLVED IN THE TRANSACTION? ____________________________

7. WHAT WAS THE SELLING METHOD EMPLOYED IN YOUR CASE? (PLEASE ANSWER IN DETAIL) ____________________________
8. WHAT WAS THE PRICE OF THE MERCHANDISE?

<table>
<thead>
<tr>
<th>$0-$5</th>
<th>$51-$100</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6-$25</td>
<td>$101-$500</td>
</tr>
<tr>
<td>$26-$50</td>
<td>ABOVE $500</td>
</tr>
</tbody>
</table>

9. WAS THE SALE CREDIT _______ OR CASH _______

10. DID PROBLEMS ARISE DURING THIS TRANSACTION?
    YES _______ NO _______

IF YOU ANSWERED YES TO QUESTION 10 ABOVE, PLEASE ANSWER QUESTIONS 11 THROUGH 13. IF YOU ANSWERED NO TO QUESTION 10 ABOVE, PLEASE ANSWER QUESTIONS 14 THROUGH 18.

11. DURING WHICH PHASE(S) OF THE TRANSACTION DID THE PROBLEM(S) OCCUR?
    A. ADVERTISING OF PRODUCT _______ (PLEASE EXPLAIN)

    B. ACTUAL PURCHASE OF PRODUCT _______ (PLEASE EXPLAIN)

    C. SERVICE OF PRODUCT (WARRANTY, DELIVERY, ETC.) _______ (PLEASE EXPLAIN)

    D. OTHER _______ (PLEASE EXPLAIN)

12. WHAT RECOURSE DID YOU HAVE? (PLEASE EXPLAIN)__________

13. WERE YOU SATISFIED WITH THE RESULTS? (PLEASE EXPLAIN)__________

THE SECOND PART OF THIS QUESTIONNAIRE IS CONCERNED WITH YOUR OPINION ON CONSUMER PROTECTION AS IT APPLIES TO BUSINESS FROM OTHER CITIES OPERATING IN GREAT FALLS.

14. WHAT ARE YOUR FEELINGS TOWARDS A CONSUMER EDUCATION PROGRAM FOR THE CITY OF GREAT FALLS?__________
15. WHAT BENEFITS, IF ANY, COULD BE GAINED FROM A CONSUMER EDUCATION PROGRAM? ________________________________

______________________________________________________________

16. IF YOU FEEL THAT CONSUMER PROTECTION IS NECESSARY, WHAT TYPE OF ORGANIZATION WOULD YOU PREFER TO SEE INITIATED?

A. BETTER BUSINESS BUREAU
B. CONSUMER AFFAIRS COUNCIL
C. CONSUMER LEAGUE
D. PROTECTION THROUGH THE CHAMBER OF COMMERCE
E. SMALL CLAIMS COURT
F. OTHER (PLEASE EXPLAIN) ____________________________________________________________________________

17. WHAT TYPE OF AUTHORITY SHOULD THIS ORGANIZATION HAVE?

______________________________________________________________________________________________

18. HOW SHOULD THIS ORGANIZATION BE SUPPORTED?

______________________________________________________________________________________________
APPENDIX II

QUESTIONNAIRE MAILED

University of Montana
Graduate School of Business Administration

Dear Participant,

I am working on my Master of Business Administration Degree from the University of Montana. One of the requirements for this degree is a Professional Paper. The subject of my paper is "A STUDY ON THE NECESSITY OF SOME FORM OF CONSUMER PROTECTION AGAINST TRANSIENT RETAIL SALESMEN IN THE COMMUNITY OF GREAT FALLS".

The attached questionnaire is part of the research for my paper. Your name was selected at random from a list of people in the Great Falls area to participate in this study. Please complete the questionnaire immediately and return it in the stamped, self-addressed envelope. You will remain anonymous and the information confidential.

Thank you very much for your cooperation,

Gratefully yours,

A Student
PLEASE ANSWER ALL QUESTIONS THAT APPLY TO YOUR SITUATION.

FOR QUESTIONS WITH MULTIPLE PARTS, I.E., 2, 3, 8 AND 9, PLEASE CHECK ALL APPLICABLE PORTIONS.

REMEMBER, THERE ARE NO RIGHT OR WRONG ANSWERS.

1. ARE YOU FAMILIAR WITH THE LAWS CONTROLLING BUSINESS TRANSACTED BETWEEN YOURSELF, AS A RESIDENT OF GREAT FALLS, AND A BUSINESS LOCATED IN AN AREA OTHER THAN GREAT FALLS?  
YES _____ NO _____

2. ARE YOU FAMILIAR WITH OR HAVE YOU EVER USED ANY OF THE MAGAZINES OR LITERATURE LISTED BELOW?  YES _____ NO _____
   A. CONSUMER'S RESEARCH BULLETIN  
   B. CONSUMER'S ANNUAL BULLETIN  
   C. CONSUMER REPORTS  
   D. "FACTS" BOOKLETS (COVERING SUCH PRODUCTS AS USED CARS, COLOR TV'S, ETC.)  
   E. CONSUMER ACTION  
   F. JOURNAL OF CONSUMER AFFAIRS  
   G. OTHER ______ PUBLICATION TITLE  

QUESTIONS 3 THROUGH 10 ARE CONCERNED WITH THE PRICE AND TYPE OF PRODUCT(S) INVOLVED, METHOD OF PURCHASE AND PHASE OR TRANSACTION IN BUSINESS NEGOTIATIONS WHERE PROBLEMS HAVE OCCURRED.

3. HAVE YOU, WITHIN THE PAST SEVERAL YEARS WHILE LIVING IN GREAT FALLS, PURCHASED ANY PRODUCT(S) FROM A BUSINESS LOCATED IN A CITY OTHER THAN GREAT FALLS?  
   A. AFTER BEING APPROACHED BY A DOOR-TO-DOOR SALESMAN?  
      YES _____ NO  
   B. AFTER BEING INITIALLY CONTACTED ON THE TELEPHONE?  
      YES  
      NO  
   C. WHICH MAILED YOU LITERATURE CONCERNING WINNING A CONTEST, RECEIVING A FREE GIFT, RECEIVING A BIG DISCOUNT, OR SELECTION OF YOUR NAME, ETC.?  
      YES  
      NO  
   D. WHICH ADVERTISED IN THE LOCAL NEWSPAPER OR OVER THE LOCAL RADIO AND/OR TELEVISION?  
      YES _____ NO _____
   E. OTHER ______ PLEASE COMMENT  

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IF YOU ANSWERED YES (OR CHECKED THE "OTHER" BOX) TO ANY PART OF QUESTION 3, PLEASE ANSWER QUESTIONS 4 THROUGH 10. IF YOU ANSWERED NO TO ALL PARTS OF QUESTION 3, PLEASE ANSWER QUESTIONS 11 THROUGH 15.

4. WHAT TYPE OF PRODUCT, I.E., FOOD, FURNITURE, APPLIANCES, BOOKS, ETC., WAS INVOLVED IN THE TRANSACTION? __________

5. WHAT WAS THE PRICE OF THE MERCHANDISE?

- $0-$5 ____
- $6-$25 ____
- $26-$50 ____
- $51-$100 ____
- $101-$500 ____
- ABOVE $500 ____

6. WAS THE SALE CREDIT _____ OR CASH _____

7. DID PROBLEMS ARISE DURING THIS TRANSACTION? YES _____ NO _____

IF YOU ANSWERED YES TO QUESTION 7, ABOVE, PLEASE ANSWER QUESTIONS 8 THROUGH 10. IF YOU ANSWERED NO TO QUESTION 7 ABOVE, PLEASE ANSWER QUESTIONS 11 THROUGH 15.

8. DURING WHICH PHASE(S) OF THE TRANSACTION DID THE PROBLEM(S) OCCUR?

- A. ADVERTISING OF PRODUCT (I.E., FALSE ADVERTISING) ____
- B. ACTUAL PURCHASE OF PRODUCT (I.E., PURCHASE ONE PRODUCT AND RECEIVE A SUBSTITUTE) ____
- C. SERVICE OF PRODUCT (I.E., WARRANTY, DELIVERY) ____
- D. OTHER _____ PLEASE COMMENT ________

9. WHAT RE COURSE DID YOU HAVE?

- A. BUSINESS WHICH SOLD PRODUCT _____
- B. CHAMBER OF COMMERCE _____
- C. COURT _____
- D. OTHER _____ PLEASE COMMENT. __________________________

10. WERE YOU SATISFIED WITH THE RESULTS? YES _____ NO _____

QUESTIONS 11 THROUGH 15 ARE CONCERNED WITH YOUR OPINIONS ON THE POSSIBILITY OF FORMING A CONSUMER PROTECTION ORGANIZATION IN THE GREAT FALLS AREA.
11. IF THERE WAS A PROGRAM OFFERED IN GREAT FALLS WHICH CONSISTED OF FIVE NIGHT CLASSES WHERE SUCH SUBJECTS AS LEGAL PROTECTION FOR THE CONSUMER, CONSUMER FINANCING, AND CONSUMER MARKETING WERE EXPLAINED, WOULD YOU ATTEND? YES ______ NO ______

12. DO YOU FEEL THAT CLASSES CONCERNING THE RIGHTS OF THE CONSUMER SHOULD BE MADE AVAILABLE TO STUDENTS IN THE GREAT FALLS HIGH SCHOOL SYSTEM? YES ______ NO ______ IF YES, SHOULD THE CLASSES BE MANDATORY _____ OR OFFERED AS AN ELECTIVE _____?

13. IF YOU FEEL THAT CONSUMER PROTECTION IS NECESSARY, WHAT TYPE OF ORGANIZATION WOULD YOU PREFER TO SEE STARTED?

   A. BETTER BUSINESS BUREAU (PROMOTE AND MAINTAIN ADVERTISING AND SELLING PRACTICES FAIR TO BUSINESS AND CONSUMERS)
   B. CONSUMER'S AFFAIRS COUNCIL (CONDUCT RESEARCH, REPRESENT CONSUMER AT HEARINGS, IMPLEMENT CONSUMER EDUCATION PROGRAMS)
   C. NATIONAL CONSUMER LEAGUE (PROMOTE LEGISLATIVE ACTION IN INTEREST OF CONSUMER AND PUBLISH INFORMATION REGARDING CONSUMER PROTECTION NEEDS)
   D. PROTECTION THROUGH THE CHAMBER OF COMMERCE (SIMILAR TO BETTER BUSINESS BUREAU ALTHOUGH MORE LOCALLY ORIENTED)
   E. SMALL CLAIMS COURT (COURT HELD SPECIFICALLY TO HANDLE CASES INVOLVING CERTAIN AMOUNTS OF MONEY, I.E., $70.00 OR LESS)
   F. OTHER ______ PLEASE COMMENT

14. WHAT TYPE OF AUTHORITY SHOULD THIS ORGANIZATION HAVE?

   A. AUTHORITY TO PRESS CHARGES
   B. AUTHORITY TO ISSUE INJUNCTION (ORDER MAKING IT ILLEGAL FOR BUSINESS TO OPERATE) ______
   C. AUTHORITY TO INFORM OR WARN ______
   D. OTHER ______ PLEASE COMMENT
15. HOW SHOULD THIS ORGANIZATION BE FINANCED?

   A. CITY FUNDS ______
   B. STATE FUNDS ______
   C. LOCAL BUSINESSMEN ______
   D. CONSUMERS ______
   E. OTHER ______ PLEASE COMMENT __________________________

QUESTIONS 16 THROUGH 18 ARE OPTIONAL BUT WILL MAKE THE STUDY MUCH MORE SIGNIFICANT IF ANSWERED. THANK YOU FOR YOUR COOPERATION.

16. AGE ______

17. SEX  MALE ______ FEMALE ______

18. YEARLY INCOME $0-$2,500 ______ $7,501-$10,000______
               $2,501-$5,000 ______ $10,001-$12,500______
               $5,001-$7,500 ______ ABOVE $12,500______
# APPENDIX III

## TABULATED DATA

### QUESTION 1

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<th>Frequency</th>
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<th>Estimated Population</th>
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### QUESTION 2.

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26.08% made purchases where more than one method was employed.

QUESTION 3.

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Questions 4 through 10 Were To Be Answered Only If The Respondent Had Made A Purchase Where One Of The Above Methods Had Been Employed.
### QUESTIONS 4 AND 5

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12 (18.75%) Made More Than One Purchase.

### QUESTION 6.

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Questions 8 Through 10 (Answered Only If The Answer to Question 7 Was Yes).
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<tr>
<td>Sporting Goods</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Vitamins</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Toys</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

| Total                   | 8     | 30     | 14      | 4         | 19        | 5          | 80    |

<table>
<thead>
<tr>
<th>Price</th>
<th>Frequency</th>
<th>Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0  - $5</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>$6  - $25</td>
<td>30</td>
<td>180</td>
</tr>
<tr>
<td>$26 - $50</td>
<td>14</td>
<td>364</td>
</tr>
<tr>
<td>$51 - $100</td>
<td>4</td>
<td>204</td>
</tr>
<tr>
<td>$101 - $500</td>
<td>19</td>
<td>1,919</td>
</tr>
<tr>
<td>Above $500</td>
<td>5</td>
<td>2,500</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>5,175</td>
</tr>
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QUESTION 8.

<table>
<thead>
<tr>
<th>Phase of Transaction</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>4</td>
<td>20.00</td>
<td>403</td>
</tr>
<tr>
<td>Purchase</td>
<td>4</td>
<td>20.00</td>
<td>403</td>
</tr>
<tr>
<td>Service of Product</td>
<td>5</td>
<td>25.00</td>
<td>505</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>60.00</td>
<td>1,211</td>
</tr>
</tbody>
</table>

5 (25%) Had Problems In More Than One Area.

QUESTION 9.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Which Sold Product</td>
<td>12</td>
<td>80.00</td>
<td>1,615</td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td>1</td>
<td>6.66</td>
<td>134</td>
</tr>
<tr>
<td>Court</td>
<td>2</td>
<td>13.33</td>
<td>269</td>
</tr>
<tr>
<td>Other - No Recourse</td>
<td>1</td>
<td>6.66</td>
<td>134</td>
</tr>
</tbody>
</table>

1 (6.66%) Tried 2 Agencies

QUESTION 10.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Dollar</th>
<th>Estimated Population</th>
<th>Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>6</td>
<td>40.00</td>
<td>210</td>
<td>808</td>
<td>28,280</td>
</tr>
<tr>
<td>Negative</td>
<td>8</td>
<td>53.33</td>
<td>2,315</td>
<td>1,076</td>
<td>341,372</td>
</tr>
<tr>
<td>Sometimes</td>
<td>1</td>
<td>6.67</td>
<td>26</td>
<td>135</td>
<td>3,510</td>
</tr>
</tbody>
</table>
### QUESTION 11.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>56</td>
<td>40.87</td>
<td>7,536</td>
</tr>
<tr>
<td>Negative</td>
<td>69</td>
<td>50.36</td>
<td>9,286</td>
</tr>
<tr>
<td>No Response</td>
<td>6</td>
<td>4.37</td>
<td>806</td>
</tr>
<tr>
<td>Other - Would But Can't</td>
<td>3</td>
<td>2.18</td>
<td>402</td>
</tr>
<tr>
<td>Maybe</td>
<td>2</td>
<td>1.45</td>
<td>267</td>
</tr>
<tr>
<td>Don't Know</td>
<td>1</td>
<td>.72</td>
<td>133</td>
</tr>
</tbody>
</table>

### QUESTION 12.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive Response</td>
<td>125</td>
<td>91.24</td>
<td>16,826</td>
</tr>
<tr>
<td>Mandatory</td>
<td>21</td>
<td>16.80</td>
<td>2,827</td>
</tr>
<tr>
<td>Elective</td>
<td>102</td>
<td>81.60</td>
<td>13,730</td>
</tr>
<tr>
<td>As Part of Another Class</td>
<td>2</td>
<td>1.60</td>
<td>269</td>
</tr>
<tr>
<td>Negative Response</td>
<td>8</td>
<td>5.84</td>
<td>1,075</td>
</tr>
<tr>
<td>No Response</td>
<td>4</td>
<td>2.92</td>
<td>538</td>
</tr>
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</table>

### QUESTION 13.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Business Bureau</td>
<td>82</td>
<td>59.85</td>
<td>11,036</td>
</tr>
<tr>
<td>Consumer's Affairs Council</td>
<td>32</td>
<td>23.35</td>
<td>4,306</td>
</tr>
<tr>
<td>National Consumer League</td>
<td>19</td>
<td>13.86</td>
<td>2,556</td>
</tr>
<tr>
<td>Protection Through Chamber of Commerce</td>
<td>40</td>
<td>29.19</td>
<td>5,383</td>
</tr>
<tr>
<td>Small Claims Court</td>
<td>30</td>
<td>21.89</td>
<td>4,037</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>.72</td>
<td>133</td>
</tr>
<tr>
<td>No Response</td>
<td>5</td>
<td>3.64</td>
<td>671</td>
</tr>
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</table>

45 (34.09%) Indicated Two Or More Agencies.
### QUESTION 14.

<table>
<thead>
<tr>
<th>Authority</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press Charges</td>
<td>58</td>
<td>42.33</td>
<td>7,806</td>
</tr>
<tr>
<td>Issue Injunction</td>
<td>42</td>
<td>30.65</td>
<td>5,652</td>
</tr>
<tr>
<td>Inform/Warn</td>
<td>70</td>
<td>51.09</td>
<td>9,421</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>2.91</td>
<td>537</td>
</tr>
<tr>
<td>No Response</td>
<td>12</td>
<td>8.75</td>
<td>6,614</td>
</tr>
</tbody>
</table>

37 (29.60%) Indicated Two Or More Answers.

### QUESTION 15.

<table>
<thead>
<tr>
<th>Financing</th>
<th>Frequency</th>
<th>Percent</th>
<th>Estimated Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Funds</td>
<td>22</td>
<td>16.05</td>
<td>2,960</td>
</tr>
<tr>
<td>State Funds</td>
<td>35</td>
<td>25.54</td>
<td>4,710</td>
</tr>
<tr>
<td>Local Businessmen</td>
<td>63</td>
<td>45.98</td>
<td>8,479</td>
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<tr>
<td>Consumers</td>
<td>29</td>
<td>21.16</td>
<td>3,902</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>5.10</td>
<td>940</td>
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<tr>
<td>No Response</td>
<td>15</td>
<td>10.94</td>
<td>2,017</td>
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### QUESTION 16.

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 21</td>
<td>1</td>
<td>.72</td>
</tr>
<tr>
<td>21 to 30</td>
<td>23</td>
<td>16.78</td>
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<tr>
<td>31 to 40</td>
<td>29</td>
<td>21.16</td>
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<tr>
<td>41 to 40</td>
<td>26</td>
<td>18.97</td>
</tr>
<tr>
<td>Over 50</td>
<td>52</td>
<td>37.95</td>
</tr>
<tr>
<td>No Response</td>
<td>6</td>
<td>4.37</td>
</tr>
</tbody>
</table>
QUESTION 17.

<table>
<thead>
<tr>
<th>Sex</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>96</td>
<td>70.07</td>
</tr>
<tr>
<td>Female</td>
<td>38</td>
<td>27.75</td>
</tr>
<tr>
<td>No Response</td>
<td>3</td>
<td>2.18</td>
</tr>
</tbody>
</table>

QUESTION 18.

<table>
<thead>
<tr>
<th>Yearly Income</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-2,500</td>
<td>18</td>
<td>5.83</td>
</tr>
<tr>
<td>$2,501-5,000</td>
<td>13</td>
<td>9.48</td>
</tr>
<tr>
<td>$5,001-7,500</td>
<td>25</td>
<td>18.24</td>
</tr>
<tr>
<td>$7,501-10,000</td>
<td>31</td>
<td>22.62</td>
</tr>
<tr>
<td>$10,001-12,500</td>
<td>25</td>
<td>18.24</td>
</tr>
<tr>
<td>No Response</td>
<td>9</td>
<td>6.58</td>
</tr>
</tbody>
</table>
APPENDIX IV

PROGRAM LISTING

* JOB
* ORIGIN 16000
DIMENSION LIST (600)
ACCEPT, MM
DO 5 K+1, MM
  R=RAND (0.)
  DO 25 I=1, 100
  DO 15 J=1, 6
  LIST (6*(I-1)+J)=18440.*RAND(0.)+1.
  15 LIST (6*(I-1)+K)=LIST(6*(I-1)+K),K=1,6
  25 PUNCH 10, (LIST(6*(I-1)+K),K=1,6)
  10 FORMAT (/6(15,3X))
  PAUSE
  DO 50 I=1,599
  L=I+1
  DO 50 J=L,600
  IF (LIST(I)=LIST(J))50,100,30
  30 ISAVE=LIST (I)
  LIST(I)=LIST(J)
  LIST(J)=ISAVE
  50 CONTINUE
  PAUSE
  DO 75 J=1,100
  75 PUNCH 10,(LIST(I),I=J,J+500,100)
  TO TO 101
  100 TYPE 11
  11 FORMAT (5ERROR)
  101 STOP
APPENDIX V

FEDERAL LEGISLATION

(S. 3065, 90th Cong., second sess.)

A BILL To amend the Federal Trade Commission Act, as amended, by providing for temporary injunctions or restraining orders for certain violations of that Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That this Act may be cited as the "Deceptive Sales Act of 1968"

SEC. 2. That section 13 (a) of the Federal Trade Commission Act (15 U.S.C. 53(a)) be amended as follows:

"SEC. 13. (a) Whenever the Commission has reason to believe--

"(1) that any person, partnership, or corporation is engaged in, or is about to engage in, the dissemination or the causing of the dissemination of any advertisement in violation of section 12, or any act or practice in commerce within the meaning of section 5 which is unfair or deceptive to the consumer, and

"(2) that the enjoining thereof pending the issuance of a complaint by the Commission under section 5, and until such complaint is dismissed by the commission or set aside by the court on review, on the order of the
commission to cease and desist made thereon has become final within the meaning of section 5, would be to the interest of the public, the Commission by any of its attorneys designated by it for such purpose may bring suit in a district court of the United States court of any territory, to enjoin such dissemination or the causing of such dissemination or any act or practice in commerce within the meaning of section 5 which is unfair or deceptive to the consumer. Upon proper showing a temporary injunction or restraining order shall be granted without bond. Any such suit shall be brought in the district in which such person, partnership or corporation resides or transacts business."
A BILL To amend the Federal Trade Commission Act to extend protection against fraudulent or deceptive practices, condemned by the Act, to consumers through civil actions, and to provide for class actions for acts in defraud of consumers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Consumer Class Action Act."

SEC. 2. Section 5 of the Federal Trade Commission Act (15 U.S.C. 45) is amended by adding at the end thereof the following:

"(m) Consumers who have been damaged by unfair or deceptive acts or practices in commerce are hereby authorized to bring consumer class actions for redress of such damages. Such actions shall be brought as consumer class actions in accordance with section 4 of the Consumer Class Action Act."

SEC. 3. (1) Congress hereby declares that the protection afforded under the existing Federal Trade Commission Act is not sufficient to prevent unfair and deceptive acts perpetrated against consumers and that consumers should be allowed to sue directly for redress in the case of such practices. Congress, therefore, finds and declares that class actions are the most effective machinery for redress of consumer rights.

(2) Congress further finds and declares that many substantive rights to protect consumers are established in
the laws of the States, but there is no remedy by which many persons, each having a small claim, can obtain effective redress under State law. Therefore, it is in the public interest to embrace as Federal law certain State recognized rights and afforded a uniform Federal process, by consumer class actions, as an effective remedy.

(3) Congress further finds that the lack of an effective process and remedy in these respects impairs the free flow of consumer goods in commerce and that there is an overriding Federal interest in achieving candor and fair dealing in the marketplace, an interest which, if not protected, clogs the entire economy.

SEC. 4. (a)(1) An Act in defraud of consumers which affects commerce is unlawful and the district courts of the United States shall have original jurisdiction without regard to the amount in controversy to entertain civil class actions for redress of such unlawful acts.

(2) For the purposes of this section an "act in defraud of consumers" is--

(A) an unfair or deceptive act or practice which is unlawful within the meaning of section 5 (a)(1) of the Federal Trade Commission Act, or

(B) an act that gives rise to a civil action by a consumer or consumers under State, statutory or decisional law for the benefit of consumers.
(3) "Consumer" means any natural person who is offered or supplied goods, services, interests in land, or intangibles primarily for personal, family, household or agricultural purposes.

(b) In the case of any class action brought upon the basis that a deceptive Act or practice which is unlawful within the meaning of section 5 (a)(1) of the Federal Trade Commission Act has violated consumer's rights, the court shall in construing the terms "unfair or deceptive", give great weight to the interpretation given such terms by the Federal Trade Commission and by the Federal Courts in applying section 5 (a)(1) of the Federal Trade Commission Act; except that nothing in this Act of the amendments made by this Act, shall be construed to require the court to await administrative action by the Federal Trade Commission before applying Federal law to the facts of the case.

(c) In the case of any class action brought upon the basis of a violation of consumer's rights under any State law the court shall, in deciding such action, apply the following criteria:

(1) State law relating to the consumer's rights under State statutory or decisional law is adopted as Federal law.

(2) Federal law applicable to each class shall be fashioned upon the law of the State and the State statutory and decisional construction shall be applied as if
jurisdiction of the Federal court were based on diversity of citizenship.

(3) In cases of conflict between State statutory and decisional construction and Federal law the latter shall prevail, and Federal law governing the case shall be fashioned from State law not in conflict, as near as may be, and from Federal law.

(4) If, prior to the date of enactment of this Act, a cause was not subject to removal under section 1441 of the Title 28, United States Code, the adoption of State law as Federal law by the Act shall not authorize the removal of such a cause on the jurisdictional basis of a Federal question.

(d) Whenever a class of consumers prevails in a class action under this Act, including the amendments made by this Act, the court shall award to the attorneys representing such class a reasonable fee based on the value of their services to the class. An award of attorney's fees is to be made in addition to the damage or relief recovered by the class except that attorneys' fees may be awarded from money damages or financial penalties which the defendant owes to members of the class who cannot be located with due diligence. Such attorneys' fees awarded by the court shall not exceed 10 percent of the total judgment unless failure to award a greater amount would be manifestly unjust and not commensurate with the efforts of counsel.
A BILL To assist in the protection of the consumer by enabling him, under certain conditions, to rescind the retail sale of goods or services when the sale is entered into at a place other than the address of the seller

Be it Enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Door-to-Door Sales Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress finds and declares that the consumer is frequently induced to purchase goods or services which he does not need or desire through the unsolicited and often unethical persuasion of certain door-to-door sellers. It is the purpose of this Act to enable the consumer to reconsider his purchase within a reasonable period of time and to rescind the sale if he acts before midnight of the following business day, and to impose civil or criminal penalties upon the seller who fails to pick up the goods and refund the buyer's money within three business days after receiving notification of the buyer's intent to rescind.

SEC. 3. As used in this Act—

(1) "business day" means any day other than a Saturday, Sunday, or holiday.

(2) "buyer" means a person who buys goods or obtains services from a seller for purposes other than resale.

(3) "interstate commerce" means commerce between any
place in a State and any place in another State, or between places in the same State through another State.

(4) "place of business" means the main or branch office or local address of a seller.

(5) "purchase price" means the total price paid or to be paid for the goods or services, such amount to include all interest and service charges.

(6) "seller" means any person engaged in the business of selling goods or furnishing services to buyers.

(7) "State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa.

RESCISSION OF DOOR-TO-DOOR SALES

SEC. 4. (a) Any sale of goods or contract to sell goods made in interstate commerce, or any sale of goods or contract to sell goods made in whole or in part of any item which has been shipped in interstate commerce, or any sale of goods or contract to sell goods affecting interstate commerce, for a purchase price in excess of $25, which is entered into at a place other than the place of business of the seller may be rescinded by the buyer if the buyer (1) furnishes to the seller a notice of intent to rescind the sale or the contract of sale either by letter, postmarked not later than midnight of the first business day following the day on which such contract was signed, or in
a writing, delivered to the local business address of the seller not later than 6 o'clock post meridian of the first business day following such sale or the first business day following the day on which such contract was signed, and (2) gives up possession of any goods, subject to such sale or contract for sale delivered to the buyer prior to receipt by the seller of such notice of intent to rescind. A seller shall, within three business days after receipt of such notice of intent to rescind an unexecuted contract for the sale of services under this section, pick up, at his own expense, any goods, subject to the unexecuted contract for the sale of services, delivered to the buyer prior to receipt by the seller of such notice and refund all amounts of money paid by the seller of such notice and refund all amounts of money paid by the buyer less reasonable charges for (1) any portion of the services performed prior to receipt of such notice and (2) any damage to such goods which occurred while in the possession of the buyer.

(c) This section does not apply to mail order sales, telephone sales, catalog sales where an order is placed by mail or telephone, or sales in which the buyer has requested the seller to enter into the sale at a place other than the seller's place of business, but it does apply to sales in which the buyer has requested the seller to conduct a demonstration or exhibition at a place other
than the seller's place of business and has not also requested to enter into a sale at that place at the same time he has requested such demonstration or exhibition.

RECEIPT REQUIRED IN DOOR-TO-DOOR SALES

SEC. 5. (a) In event sale or contract to sell goods or services subject to the provisions of section 4 the seller shall deliver to the buyer, at the time of making such sale or signing such contract, a receipt which clearly and conspicuously sets forth: (1) the seller's name and place of business; (2) a description of the goods of services sold; (3) the amount of money paid by the buyer or the cash value of any goods delivered to the seller at the time the sale or contract was entered into. In the case of a sale subject to the provisions of such section, the receipt shall clearly and conspicuously bear, in at least 10 point bold type, the following statement: "Notice to Buyer: You may rescind this sale provided that you notify the seller of your intent to do so either by letter, postmarked not later than midnight of the first business day following the sale, or in a writing delivered to the place of business set forth in this receipt not later than 6:00 P.M. of the first business day following the sale. Failure to exercise this option, however, will not interfere with any other remedies against the seller which you may possess." In the case of a contract to sell goods or services subject to the provisions of such section, the receipt shall clearly and
conspicuously bear, in at least 10 point bold type, the following statement: "Notice to Buyer: You may rescind this contract provided that you notify the seller of your intent to do so either by letter, postmarked not later than midnight of the first business day following the signing of the contract or in a writing delivered to the place of business set forth in this receipt not later than 6:00 P.M. of the first business day following the signing of the contract. Failure to exercise this option, however, will not interfere with any other remedies against the seller which you may possess." The receipt shall be properly dated and signed by the seller.

(b) No receipt shall contain, or be accompanied by any document which contains, provisions by which the buyer waives his right under this statute.

ENFORCEMENT

SEC. 6. (a) When a seller who has received notice of intent to rescind the sale or contract of sale, fails to pick up the goods and refund the purchase price paid by the buyer within three business days as provided in section 4, the buyer may bring suit against the seller in any court of competent jurisdiction and recover the amount paid by the buyer upon entering into such sale or contract and an additional equal amount as liquidated damages. The court in such action shall, in addition to any judgment awarded to the plaintiff, require defendant to pay plaintiff
a reasonable attorney's fee and costs of the action. The buyer's right to bring an action and to recover judgment against a seller, as provided in this subsection, shall terminate upon the filing of a complaint by the Attorney General of the United States, by any United States attorney, or by any prosecuting attorney of any State, or any political subdivision thereof, under subsection (b) of this section.

(b) When a seller, who has received a notice of intent to rescind a sale or contract of sale fails to pick up the goods and refund the purchase price paid by the buyer within the three business days provided in section 4, or when a seller wilfully fails to deliver a receipt setting forth all the information required by section 5, or wilfully fails to set forth such information in the manner required by such section 5, or attempts to secure a waiver of the buyer's rights under this statute in violation of the provisions of such section 5, the Attorney General of the United States or a United States attorney, or any prosecuting attorney of the State, or any political subdivision thereof, may bring suit in the name of the United States, in any court of competent jurisdiction, against the seller, charging him with a misdemeanor, punishable by a fine not to exceed $1,500 for each violation. In addition, in any action under this subsection the Attorney General of the United States or any other United States Attorney, or any
prosecuting attorney of any State, or any political subdivision thereof, may also recover from the defendant, on behalf of the buyer, the full amount paid by such buyer upon entering into such sale or contract, and upon recovering such amount, shall pay it over to the buyer. Action taken under this subsection shall preclude entry of judgment in any court under subsection (a), except that no action shall be taken under this subsection based on any transaction in which judgment has already been entered under subsection (a). If action is taken under this subsection after action has been commenced under subsection (a), but before judgment has been entered in that action and if the Attorney General of the United States or any United States attorney, or any prosecuting attorney of any State or any political subdivision thereof recovers from the defendant, on behalf of the buyer, the full amount paid by the buyer upon entering into such sale or contract, as provided in this subsection, the Attorney General of the United States or any United States attorney or any prosecuting attorney of any State, or any political subdivision thereof, shall also recover from the defendant, on behalf of the buyer, and pay over to the buyer, a reasonable attorney's fee and court costs incurred by the buyer in the action under subsection (a).

(c) In any action under this section based on the failure of a seller to refund the purchase price paid by
a buyer and pick up the goods sold within the three-day period provided by section 4, it shall be a defense for the seller to show that at least twice during that period he called at the buyer's home and found no one present to receive the refund and return the goods: Provided, That the seller made a reasonable effort to refund such purchase price and collect the goods as soon as possible after expiration of that three-day period.

(d) The district courts shall have jurisdiction, concurrently with State and territorial courts, over all proceedings under this section.

EFFECT ON STATE LAWS AND MUNICIPAL ORDINANCES

SEC. 7. This Act shall not be construed to annul, or exempt any seller from complying with, the laws of any State or municipality regulating door-to-door selling, except to the extent that such laws, if they permit such selling, are directly inconsistent with the provisions of this Act.

EFFECTIVE DATE

SEC. 8. This Act shall take effect on January 1, 1968.
A bill to provide assistance to encourage States to establish consumer claims courts

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Consumer Claims Court Assistance Act".

PROGRAM AUTHORIZED

SEC. 2. The Attorney General is authorized to make grants and to provide other assistance to States in accordance with the provisions of this Act.

ELIGIBILITY AND CRITERIA FOR GRANTS

SEC. 3. (a) A State is eligible for grants under this Act only if the Attorney General determines, on the basis of an application submitted by such State, that such State has in force a law of general applicability establishing or requiring the establishment of a statewide system of consumer claims courts which meet the requirements of subsection (b)

(b) For the purposes of this Act, a consumer claims court shall-

(1) Have jurisdiction limited to actions in contract and tort, other than libel and slander, in which the amount in controversy does not exceed $200, exclusive of interests and costs; and
(2) be governed by rules and procedures which are, so far as is feasible, free from technicalities and which provide that—

(A) no claim may be brought by a person who is—

(i) a collection agent or agency

(ii) engaged in the business of lending money at interest;

(iii) an attorney, assignee, or any person other than the claimant;

(B) a claim may be brought only against a defendant who resides in the jurisdiction of the court at the time such claim is filed;

(C) no formal pleading, other than a concise statement of the claim, signed by the claimant, shall be required, except that the court may order that, in lieu of a personal appearance, a defendant may file a written response to any claim;

(D) no person other than the claimant and defendant shall take any part in the filing, prosecution, or defense of any claim;

(E) appropriate service or notice of pleadings and hearings or other proceedings shall be provided to the parties in accordance with the law of the State;

(F) the court may take testimony in any hearing on any claim from such witnesses as the parties may produce, and
any such testimony shall be given under oath, but any hearing shall otherwise be informal;

(G) costs may be assessed against the party against whom a judgment of the court is rendered; and

(H) any judgment rendered upon any claim by such court shall be conclusive, but if the amount in controversy exceeds $50, the defendant may appeal to and have a trial de novo in any court having appropriate jurisdiction.

APPLICATIONS AND AWARDS

SEC. 4. (a) A grant or other assistance under this Act may be obtained upon an application by any State at such time, in such manner, and containing such information as the Attorney General prescribes. Any such application shall include a statement that the applicant's system of consumer claims courts shall operate or is operating in accordance with the provisions of section 3 of this Act.

(b) Upon the approval of any such application by the Attorney General, the Attorney General may make a grant to the State to pay an amount each year not in excess of 50 per centum of the costs of establishing or operating its system of consumer claims courts. Payments under this subsection may be made in advance, in installments, or by way of reimbursement.

(c) If the Attorney General determines that a State to which a grant has been made under subsection (b) is not operating its system of consumer claims courts in
accordance with the provisions of section 3, he shall discontinue payments to such State until such time as he is satisfied that such State is operating its system in accordance with such provisions.

OTHER ASSISTANCE

SEC. 5. Upon application by any State, the Attorney General may also provide such other assistance as he deems appropriate in order to assist any State to establish or operate a system of consumer claims courts, or to assist the State in becoming eligible for a grant under this act.

MISCELLANEOUS PROVISIONS

SEC. 6 (a) The Attorney General is authorized to prescribe such rules and regulations as he deems necessary or appropriate to carry out the provisions of this Act.

(b) For the purposes of this Act, the term "State" includes a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

AUTHORIZATION OF APPROPRIATIONS

SEC. 7. There are hereby authorized to be appropriated such sums as are necessary to carry out the purpose of this Act.
A BILL To authorize the United States Commissioner of Education to establish consumer education programs.

Be it Enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Consumer Education Act".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. (a) The congress of the United States finds that presently there do not exist adequate resources for educating and informing consumers about their role as participants in the marketplace.

(b) It is the purpose of this Act to encourage and support the development of new and improved curricula to prepare consumers for participation in the marketplace to demonstrate the use of such curricula in model educational programs and to evaluate the effectiveness thereof; to provide support for the initiation and maintenance of programs in consumer education at the elementary and secondary and higher education levels; to disseminate curricular materials and other information for use in educational programs throughout the Nation; to provide training programs for teachers, other educational personnel, and community and labor leaders and employees, and government employees at State, Federal and local levels; to provide for community consumer education programs; and to provide for the preparation and distribution of materials by mass media in dealing with consumer education.
SEC. 3. (a)(1) There is established, within the Office of Education, an Office of Consumer Education (referred to in this section as the "Office") which, under the supervision of the Commissioner of Education (hereinafter referred to as the "Commissioner"), Secretary of Health, Education and Welfare (hereinafter referred to as the "Secretary"), and Council on Consumer Education, shall be responsible for (A) the administration of the program authorized by subsection (b) and (B) the coordination of activities of the Office of Education which are related to consumer education. The Office shall be headed by a Director, with an established reputation in consumer education and the fields covered therein, who shall be compensated at a rate not to exceed that prescribed for Grade GS-17 in section 5332 of title 5, United States Code.

(2) For the purposes of the Act, the term "consumer education" means preparation with skills, concepts and understanding required for everyday life to achieve within a framework of his own values maximum satisfaction and utilization of resources.

(b)(1) The Director shall carry out a program of making grants to, and contracts with, institutions of higher education, State and local educational agencies, and other public and private agencies, organizations, and institutions (including libraries) to support research, demonstration,
and pilot projects designed to provide consumer education to the public except that no grant may be made other than to a nonprofit agency, organization or institution.

(2) Funds appropriated for grants and contracts under this section shall be available for such activities—

(A) The development of curricula (including interdisciplinary curricula) in consumer education;

(B) Dissemination of information relating to such curricula;

(C) in the case of grants to State and local educational agencies and institutions of higher education, for the support of education programs at the elementary and secondary and higher education levels;

(D) preservice and inservice training programs and projects (including fellowship programs, institutes, workshops, symposiums and seminars) for educational personnel to prepare them to teach in subject matter areas associated with consumer education, and for public service personnel (such as, but not limited to social workers and poverty workers) government employees, and labor leaders and employees;

(E) community education programs on consumer education, including special programs for adults; and

(F) preparation and distribution of materials suitable for use by the mass media in dealing with consumer education. In addition to the activities specified in the
first sentence of this paragraph, such funds may be used for projects designed to demonstrate, test and evaluate the effectiveness of any such activities, whether or not assisted under this section. Activities pursuant to this Act shall provide bilingual assistance when appropriate.

(3)(A) Financial assistance under this subsection may be made available only upon application to the Director. Application under this subsection shall be submitted at such time, in such form, and containing such information as the Council on Consumer Education shall prescribe by regulation and shall be approved only if it--

(i) provides that the activities and service for which assistance is sought will be administered by, or under the supervision of the applicant;

(ii) describes a program for carrying out one or more of the purposes set forth in the first sentence of paragraph (2) which holds promise of making a substantial contribution towards attaining the purposes of this section;

(iii) sets forth such policies and procedures as will insure adequate evaluation of the activities intended to be carried out under the application;

(iv) sets forth policies and procedures which assure that Federal funds made available under this Act for any fiscal year will be no used as to supplement and, to the extent practical, increase the level of funds that would, in the absence of such Federal funds, be made available by
the applicant for the purposes described in this section, and in no case supplant such funds.

(v) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this Act; and

(vi) provides for making an annual report and such other reports, in such form and containing such information, as the Commissioner may reasonably require and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

(C) Amendments of application shall, except as the Council on Consumer Education may otherwise provide by or pursuant to regulation, be subject to approval in the same manner as original applications.

(4) Federal assistance to any program or project under this section, other than those involving curriculum development, dissemination of curriculum materials, and evaluation, shall support up to 100 per centum of the cost of such program including costs of administration; contributions in kind are acceptable as local contribution to program costs.

(c)(1) There is hereby established a Council on Consumer Education consisting of twenty-one members appointed by the Secretary. The Secretary shall appoint one member as
Chairman. The Council shall consist of persons appointed from the public and private sector with due regard to their fitness, knowledge, and experience in matters of, but not limited to business, academic, scientific, legal and information media activities as they relate to the problems of the consumer and consumer education, and shall give due consideration to geographical representation in the appointment of such members: Provided, That the Council shall include representatives from State and local agencies responsible for enforcing consumer protection laws and shall include a representative each from the Department of Justice, the Food and Drug Administration of the Department of Health, Education and Welfare, and the Federal Trade Commission.

(A) Each member of the Council shall be appointed for a term of three years provided however that eleven of the original Council appointees shall serve an initial term of two years. No Council member shall serve more than two consecutive terms.

(B) The Council shall select a chairman from among its members.

(C) Each member of the Council shall receive travel expenses to and from Council meetings together with compensation at the per diem rate of a government employee with the rank of GS-18 for each day they attend Council meetings.
(2) The Council shall--

(A) Advise the Commissioner and the Office concerning the administration of, preparation of general regulations for, and operations of programs assisted under this section;

(B) Make recommendations to the Director with respect to the allocation of funds appropriated pursuant to subsection (d) among the purposes set forth in paragraph (2) of subsection (b) and the criteria to be used in approving applications, which criteria shall insure an appropriate geographical distribution of approved programs and projects throughout the Nation;

(C) Develop criteria for the review of applications and their disposition; and

(D) Evaluate programs and projects assisted under this section and disseminate the results thereof,

(E) Develop an overall organization plan outlining the objectives of the Consumer Education program,

(F) Make a bi-annual report to the Congress evaluating,

(G) Co-ordinate all federal consumer education programs,

(H) Hire a staff of up to five persons to help it carry out its functions pursuant to this Act.

(3) The Secretary shall obtain the advice of the Council prior to appointing the director.
TECHNICAL ASSISTANCE

SEC. 4. The Secretary, in cooperation with the heads of other agencies with relevant jurisdiction, shall, insofar as practicable upon request, render technical assistance to local educational agencies, public and private nonprofit organizations, institutions of higher education, Federal, State and local government agencies and other agencies deemed by the Secretary to play a role in consumer education. The technical assistance shall be designed to enable the recipient agency to carry on consumer education programs.

SMALL GRANTS

SEC. 5. (a) In addition to the grants authorized under section 3, the Commissioner, from the sums appropriated pursuant to this Act, shall have the authority to make grants, in sums not to exceed $10,000 annually, to nonprofit organizations such as citizens groups and volunteer organizations working in consumer education, and other public and private nonprofit agencies, institutions, or organizations for conducting courses, workshops, seminars, symposiums, institutes and conferences, especially for adults and community groups (other than the group funded) in consumer education.

(b) Priority shall be given to those proposals demonstrating innovative approaches to consumer education.
(c) For the purposes of this section, the Commissioner shall require evidence that the interested organization or group shall have been in existence one year prior to the submission of a proposal for Federal funds and that it shall submit an annual report and Federal funds expended.

(d) Proposals submitted by organizations and groups under this section shall be limited to the essential information required to evaluate them, unless the organization or group shall volunteer additional information.

ADMINISTRATION

SEC. 6. In administering the provisions of this Act, the Director is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or private agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way or reimbursement, as may be agreed upon. The Director shall publish annually a list and description of projects supported under this Act and shall distribute such list and description to interested educational institutions, citizens' groups, consumer organizations, and other organizations and individuals involved in consumer education.

AUTHORIZATION

There is authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1972; $25,000,000 for the fiscal year ending June 30, 1973; and $35,000,000 for the
year ending June 30, 1974, for carrying out the purposes of this Act, Provided, however, That during each of those three fiscal years, $250,000 shall be used for the support of the Council on Consumer Education.
APPENDIX VI

STATE LEGISLATION

SENATE BILL NO. 177
INTRODUCED BY HILLING, REHBERG, ROSELL

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A SMALL CLAIMS DEPARTMENT OF THE JUSTICE'S COURT."

Be It Enacted By The Legislative Assembly of the State of Montana:

Section 1. In event Justice's court of this state there shall be created and organized by the justice of the peace thereof, a department known as the "small claims department of the justice's court", which shall have jurisdiction, but not exclusive, in cases for the recovery of money only where the amount claimed does not exceed one hundred dollars ($100), and where the defendant resides within the county of such justice court.

Section 2. Actions in such small claims department shall be deemed commenced by the plaintiff appearing before the justice of the peace and subscribing to and verifying a claim. The claim shall contain the name of the plaintiff and the name of the defendant, followed by a statement, in brief and concise form, of the nature and amount of said claim and the time of the accruing of such claim, and shall also state the name and residence of the defendant, for the purpose of serving the notice of claim on such defendant.
Section 3. Upon filing said claim the justice of the peace shall appoint a time for the hearing of said matter and shall cause to be issued a notice of the claim, as hereinafter provided, which shall be served upon the defendant. Said notice of claim shall be signed by the justice of the peace, directed to the defendant, naming him, and shall contain a statement in brief and concise form notifying such defendant of the name, address, amount and nature of the alleged claim of plaintiff, and directing and requiring defendant to appear personally in court before the justice of the peace of said justice's court at a time certain, which shall not be less than ten (10) nor more than twenty (20) days from the date of said notice.

If a defendant is not personally served or did not sign the certified mail return receipt provided for in section 5 of this act at least five (5) days prior to the appearance date, the court does not have jurisdiction to render judgment, unless the defendant personally appears in court on the appearance date and does not request a continuance; if the defendant was not served within the minimum time specified in this paragraph the court must, upon request of an appearing defendant, continue the date of hearing for not less than ten (10) days.

If the notice is not served upon the defendant at least five (5) days prior to the appearance date, and the defendant does not appear before the court as above provided, the
plaintiff may apply to the judge for a new notice setting a new date for the appearance of the defendant, which shall not be less than ten (10) nor more than twenty (20) days from the date of the new notice.

When the judge has fixed the date of appearance of the defendant, or continued the date of hearing, he shall inform the plaintiff of said date.

Section 4. The justice of the peace shall collect in advance upon each claim the sum of three dollars and fifty cents ($3.50), and this shall be the only fee for such justice of the peace to be charged or taxed against the plaintiff in such action during the pendency or disposition of such claim. The fees herein provided for shall be handled by the justice in the same manner as provided in sections 25-305, 25-306, and 25-307, R.D.M. 1947.

Section 5. The notice of claim, as herein provided, shall be served upon the defendant personally as summons is served in other cases or by certified United States mail, registered return receipt by defendant only. If the notice is served upon the defendant personally as summons is served in other cases, the officer serving the same shall be entitled to receive from the plaintiff one dollar ($1), plus mileage as in civil actions. If the notice is given by mail, as above provided, the justice of the peace shall mail the same and shall be entitled to receive from the plaintiff the cost thereof in advance.
Section 6. The fee of the justice of the peace named in section 4 of this act, and the costs of serving the notice of claim on defendant as provided in section 5 of this act, shall be added to any judgment given the plaintiff.

Section 7. All claims must be verified by the real claimant, and no claim shall be filed or prosecuted in such department by the assignee of such claim.

Section 8. No formal pleading other than the said claim and notice shall be necessary to define the issue between the parties, and the hearing and disposition of all such actions shall be informal with the sole object of dispensing speedy and quick justice between the litigants, provided, however, that no attachment, garnishment or execution shall issue from the small claims department on any claim except as hereinafter provided.

The defendant in any such action may file a verified answer stating any new matter which shall constitute a counter-claim; a copy of such answer shall be delivered to the plaintiff in person not later than forty-eight (48) hours prior to the hour set for the appearance of said defendant in such action. The provisions of justice courts as to counter-claims are hereby made applicable to small claims courts, so far as included within their jurisdiction.

Section 9. The appeals from such small claims department shall only be allowed in such cases as appeals would
be allowed if the action was instituted in the justice's courts as is provided by law.

Section 10. If no appeal is taken by the defendant and the defendant fails to pay the judgment according to the terms and conditions thereof, the justice before whom such hearing was had, shall, on application of the plaintiff, abstract such judgment in substantially the form as provided for in section 93-7311, R.C.M. 1947, except that the words "in the small claims department" shall appear thereon.

The justice of the peace of said justice's court shall forthwith enter such abstract of judgment on the judgment docket of such justice's court, and thereafter execution and other process on execution provided by law may issue thereon, as obtains in other cases of judgment of justice's courts, and abstracts of such judgments may be filed and entered in judgment dockets in district courts with like effect as in other cases.

Section 11. Each justice of the peace shall keep a separate docket for the small claims department of his court in which he shall make a permanent record of all proceeding, orders and judgments had and made in such small claims department.

Section 12. The board of county commissioners of every county shall furnish to every judge of a justice court in such county a reasonable supply of various blank forms and a docket book necessary for the use of such judge sitting
as a small claims court. It shall be the duty of the attorney general of this state to prepare and furnish to the board of county commissioners in each county samples of the forms for use in the small claims court.
INTRODUCED BY JUDGE, HILLING

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROHIBIT UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN THE CONDUCT OF ANY TRADE OR COMMERCE"

Be It Enacted by the Legislative Assembly of the State of Montana:

Section 1. Definitions.

As used in this Act:

(a) "Person" means natural person, corporations, trusts, partnerships, incorporated or unincorporated associations, and any other legal entity.

(b) "Trade" and "commerce" mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal or mixed, and any other article, commodity, or thing of value wherever situate, and shall include any trade or commerce directly or indirectly affecting the people of this state.

(c) "Documentary material" means the original or a copy of any book, record, report, memorandum, paper, communication, tabulation, map, chart, photograph, mechanical transcription, or other tangible document or recording, wherever situate.

(d) "Unfair methods of competition and unfair or deceptive acts or practices" means any one or more of the following:
(1) Passing off goods or services as those of another;

(2) Misrepresentations as to the course, sponsorship, approval or certification of goods or services;

(3) Misrepresentations as to affiliation, connection, or association with, or certification by another;

(4) Using deceptive representations or designations of geographic origin in connection with goods or services;

(5) Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he does not have;

(6) Representing that goods are original or new if they are deteriorated, altered, reconditioned, reclaimed, used, or secondhand;

(7) Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;

(8) Disparaging the goods, services, or business of another by false or misleading representation of fact;

(9) Advertising goods or services with intent not to sell them as advertised.

(10) Advertising goods or services with intent not to supply reasonably exceptable public demand, unless the advertisement discloses a limitation of quantity;
(11) Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions; or

Section 2. Unlawful acts or practices.

Unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade of commerce are hereby declared unlawful.

Section 3. Exemptions.

Nothing in this act shall apply to actions or transactions permitted under laws administered by the state public service commission or other regulatory body or officer acting under statutory authority of this state or the United States.

Section 4. Restraining prohibited acts.

Whenever the attorney general has reason to believe that any person is using or is about to use any method, act, or practice declared by section 2 of this act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the state against such person to restrain by temporary or permanent injunction the use of such method, act or practice. The action may be brought in the district court of the county of Lewis and Clark or in the district court of the county in which such person resides or has his principal place of business. The said courts are authorized to issue temporary or permanent injunctions to restrain and prevent
violations of this act, and such injunctions shall be issued without bond.

Section 5. Assurances of voluntary compliance.

In the administration of this act, the attorney general may accept an assurance of voluntary compliance with respect to any method, act or practice deemed to be violative of the act from any person who has engaged or was about to engage in such method, act or practice. Any such assurance shall be in writing and be filed with and subject to the approval of the district court of the county of Lewis and Clark or the district court of the county in which the alleged violator resides or has his principal place of business. Such assurance of voluntary compliance shall not be considered an admission of violation for any purpose. Matters thus closed may be any time reopened by the attorney general for further proceedings in the public interest, pursuant to section 4.

Section 6. Civil investigative demand.

(a) Whenever the attorney general believes that any person may be in possession, custody, or control of the original or a copy of any documentary material relevant to the subject matter of an investigation of a possible violation of this act, he may execute in writing and cause to be served upon such a person a civil investigative demand requiring such person to produce such documentary
material and permit inspection and copying: provided that this section shall not be applicable to criminal prosecutions.

(b) Each such demand shall:

(1) State the statute and section thereof, the alleged violation of which is under investigation, and the general subject matter of the investigation;

(2) Describe the class or classes of documentary material to be produced thereunder with reasonable specificity so as fairly to indicate the material demanded;

(3) Prescribe a return date within which the documentary material is to be produced; and

(4) Identify the members of the attorney general's staff to whom such documentary material is to be made available for inspection and copying.

(c) No such demand shall:

(1) Contain any requirement which would be unreasonable or improper if contained in a subpoena duces tecum issued by a court of this state; or

(2) Require the disclosure of any documentary material which would be privileged, or which for any other reason would not be required by a subpoena duces tecum issued by a court of this state.

(d) Service of any such demand may be made by:

(1) Delivering a duly executed copy thereof to the person to be served or to a partner or to any officer or
agent authorized by appointment or by law to receive
service of process on behalf of such person;

(2) Delivering a duly executed copy thereof to the
principal place of business in this state of the person to
be served; or

(3) Mailing by registered or certified mail a duly
executed copy thereof addressed to the person to be
served at the principal place of business in this state
or, if said person has no place of business in this state,
to his principal office or place of business.

(e) Documentary material demanded pursuant to the
provisions of this section shall be produced for inspection
and copying during normal business hours at the principal
office or place of business of the person served, or at
such other times and places as may be agreed by the person
served and the attorney general.

(f) No documentary material produced pursuant to a
demand under this section shall, unless otherwise ordered
by a court for good cause shown, be produced for inspection
or copying by, nor shall the contents thereof be disclosed
to, any person other than the authorized employee of the
attorney general, without the consent of the person who
produced such material: provided that under such reasonable
terms and conditions as the attorney general shall prescribe,
such documentary material shall be available for inspection
and copying by the person who produced such material or any
duly authorized representative of such person. The attorney general or any attorney designated by him may use such documentary material or copies thereof as he determines necessary in the enforcement of this act, including presentation before any court; provided that any such material which contains trade secrets shall not be presented except with the approval of the court in which the action is pending after adequate notice to the person furnishing such material.

(g) At any time before the return date specified in the demand, or within twenty (20) days after the demand has been served, whichever period is shorter, a petition to extend the return date for or to modify or set aside the demand, stating good cause, may be filed in the district court of the county of Lewis and Clark or in the district court of the county in which such person resides or has his principal place of business.

(h) A person upon whom a demand is served pursuant to the provisions of this section shall comply with the terms thereof unless otherwise provided by order of court. Any person who, with intent to avoid, evade, or prevent compliance, in whole or in part, with any civil investigative demand under this section, removed from any place conceals, withholds, or destroys, mutilates, alters, or by any other means falsifies any documentary material in the possession, custody or control of any such demand shall be
guilty of an offense against the state, and shall be subject upon conviction to a fine not to exceed five hundred ($500) or to imprisonment for a term of not more than six months, or both.

(i) Whenever any person fails to comply with any civil investigative demand duly served upon him under this section or whenever satisfactory copying or reproduction of any such material cannot be done and such person refuses to surrender such material, the attorney general, through such officers or attorneys as he may designate, may file, in the district court of the county of Lewis and Clark or in the district court of the county in which such person resides or has his principal place of business, and serve upon such person a petition for an order of such court for the enforcement of this section, such court shall have jurisdiction to hear and determine the matter so presented, and to enter such order or orders as may be required to carry onto effect the provisions of this section. Any final order so entered shall be subject to appeal to the state supreme court. Any disobedience of any final order entered under this section by any court shall be punished as a contempt thereof.

Section 7. Civil penalties.

Any person who violates the terms of an injunction issued under section 4 of this act shall forfeit and pay to the state a civil penalty of not more than one thousand
dollars ($1,000) per violation. For the purposes of this section, the district court issuing an injunction shall retain jurisdiction, and the cause shall be continued, and in such cases the attorney general acting in the name of the state may petition for recovery of civil penalties.

Section 8. Forfeiture of corporate franchise.

Upon petition by the attorney general, the district court may, in its discretion, order the dissolution or suspension or forfeiture of franchise of any corporation which violates the terms of an injunction issued under section 4 of this act.

Section 9. Severability.

If any provision of this act is declared unconstitutional, or the application thereof to any person or circumstance is held invalid, the constitutionality of the remainder of the act and the applicability thereof to other persons and circumstances shall not be affected thereby.
HOUSE BILL NO. 326

INTRODUCED BY HARPER, LUCAS, LANGHORN, BARDANOUVE, KOSENA, LEE, NORMAN, PERRY, McKITTRICK, CHRISTIANSEN AND LYNCH

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION"

Be It Enacted by the Legislative Assembly of the State of Montana:

Section 1. Definitions.

(a) "Person" means natural person, corporations, trusts, partnerships, incorporated or unincorporated associates, and any other legal entity.

(b) "Trade" and "commerce" mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal or mixed, and any other article, commodity, or thing of value wherever situate, and shall include any trade or commerce directly or indirectly affecting the people of this state.

(c) "Documentary material" means the original or a copy of any book, record, report, memorandum, paper, communication, tabulation, or other tangible document or recording wherever situate.

(d) "Examination" of documentary material shall include the inspection, study, or copying of any such material, and the taking of testimony under oath or
Section 2. The following unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared to be unlawful:

(1) passing off goods or services as those of another;

(2) causing likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of foods or services;

(3) causing likelihood of confusion or of misunderstanding as to affiliation, connection, or association with, or certification by another;

(4) using deceptive representations or designations of geographic origin in connection with goods or services;

(5) representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he does not have;

(6) representing that goods are original or new if they are deteriorated, altered, reconditioned, reclaimed, used, or secondhand;

(7) representing that goods or services are of a particular standard, quality, or grade, or that goods are
of a particular style or model, if they are of another;

(8) disparaging the goods, services, or business of another by false or misleading representation of fact;

(9) advertising goods or services with intent not to sell them as advertised;

(10) advertising goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity;

(11) making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

(12) engaging in any other conduct which similarly creates a likelihood of confusion or of misunderstanding; or

(13) engaging in any act or practice which is unfair or deceptive to the consumer.

Section 3. Interpretation.

It is the intent of the legislature that in construing section 2 of this act due consideration and great weight shall be given to the interpretations of the Federal Trade Commission and the federal courts relating to section 5 (a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)), as from time to time amended.

Section 4. Exemptions.

Nothing in this act shall apply to:
(a) Actions or transactions permitted under laws administered by the Montana public service commission acting under statutory authority of this state or the United States

(b) Acts done by the publisher, owner, agent or employee of a newspaper, periodical or radio or television station in the publication or dissemination of an advertisement, when the owner, agent or employee did not have knowledge of the false, misleading or deceptive character of the advertisement and did not have a direct financial interest in the sale or distribution of the advertised product or service.

Section 5. Restraining prohibited acts. Whenever the attorney general has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by section 2 of this act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the state against such person to restrain by temporary or permanent injunction the use of such method, act or practice, upon the giving of appropriate notice to that person. The notice must state generally the relief sought and be served in accordance with section 13 of this act and at least three (3) days before the hearing of the action. The action may be brought in the district court in which such person resides or has his principal place of business, or, with consent of the parties, may be brought
in the district court of Lewis and Clark County. The courts are authorized to issue temporary or permanent injunctions to restrain and prevent violations of this act, and such injunctions shall be issued without bond.

Section 6. Additional public relief. The court may make such additional orders or judgments as may be necessary to restore to any person in interest any moneys or property, real or personal, which may have been acquired by means of any practice in this act declared to be unlawful including the appointment of a receiver or the revocation of a license or certificate authorizing that person to engage in business in this state, or both.

Section 7. Powers of receiver. When a receiver is appointed by the court pursuant to this act, he shall have the power to sue for, collect, receive and take into his possession all the goods and chattels, rights and credits, moneys and effects, lands and tenements, books, records, documents, papers, choses in action, bills, notes and property of every description, decived by means of any practice declared to be illegal and prohibited by this act, including property with which such property has been mingled if it cannot be identified in kind because of such commingling, and to sell, convey and assign the same and hold and dispose of the proceeds thereof under the direction of the court. Any person who has suffered damages as a result of the use of employment of any unlawful practices...
and submits proof to the satisfaction of the court that he has in fact been damaged, may participate with general creditors in the distribution of the assets to the extent he has sustained out-of-pocket losses. In the case of a partnership or business entity, the receiver shall settle the estate and distribute the assets under the direction of the court. The court shall have jurisdiction of all questions arising in such proceedings and may make such orders and judgments therein as may be required.

Section 8. Assurances of voluntary compliance. In the administration of this act, the attorney general may accept an assurance of voluntary compliance with respect to any method, act or practice deemed to be violative of the act from any person who has engaged or was about to engage in such method, act or practice. Any assurance shall be in writing and be filed with and subject to the approval of district court in which the alleged violator resides or has his principal place of business, or the district court of Lewis and Clark County. Such assurance of voluntary compliance shall not be considered an admission of violation for any purpose. Matters thus closed may at any time be reopened by the attorney general for further proceedings in the public interest, pursuant to section 5.

Section 9. Investigation.

(a) When it appears to the attorney general that a person has engaged in, is engaging in, or is about to
engage in any act or practice declared to be unlawful by this act, or when he believes it to be in the public interest that an investigation should be made to ascertain whether a person in fact has engaged in, is engaging in or is about to engage in, any act or practice declared to be unlawful by this act, he may execute in writing and cause to be served upon any person who is believed to have information, documentary material or physical evidence relevant to the alleged or suspected violation, an investigative demand requiring such person to furnish, under oath or otherwise, a report in writing setting forth the relevant facts and circumstances of which he has knowledge, or to appear and testify or to produce relevant documentary material or physical evidence for examination at such reasonable time and place as may be stated in the investigative demand, concerning the advertisement, sale or offering for sale of any goods or services or the conduct of any trade or commerce that is the subject matter of the investigation.

(b) At any time before the return date specified in an investigative demand, or within twenty days after the demand has been served, whichever period is shorter, a petition to extend the return date, or to modify or set aside the demand, stating good cause, may be filed in the district court where the person served with the demand resides or has his principal place of business or in the district court of Lewis and Clark County.
Section 10. Subpoenas, hearings rules and regulations. To accomplish the objectives and to carry out the duties prescribed by this act, the attorney general, in addition to other powers conferred upon him by this act, may issue subpoenas to any person, administer an oath or affirmation to any person, conduct hearings in aid of any investigation or inquiry, prescribe such forms and promulgate such rules and regulations as may be necessary, which rules and regulations shall have the force of law; provided that none of the powers conferred by this act shall be used for the purpose of compelling any natural person to furnish testimony or evidence which might tend to incriminate him or subject him to a penalty or forfeiture; and provided further that information obtained pursuant to the powers conferred by this act shall not be made public or disclosed by the attorney general or his employees beyond the extent necessary for law enforcement purposes in the public interest.

Section 11. Service of notice, demand or subpoena. Service of any notice, demand or subpoena under this act shall be made personally within this state, but if such cannot be obtained, substituted service therefor may be made in the manner provided in the Montana rules of Civil Procedure.

Section 12. Enforcement of investigative demands. If any person fails or refuses to file any statement or
report, or obey any subpoena or investigative demand issued, the attorney general may, after notice, apply to a district court and, after hearing thereon, request an order:

(a) Granting injunctive relief to restrain the person from engaging in the advertising or sale of any merchandise or the conduct of any trade or commerce that is involved in the alleged or suspected violation;

(b) Vacating, annulling, or suspending the corporate charter of a corporation created by or under the laws of this state or revoking or suspending the certificate of authority to do business in this state of a foreign corporation or revoking or suspending any other licenses, permits or certificates issued pursuant to law to such person which are used to further the allegedly unlawful practice; and

(c) Granting such other relief as may be required, until the person files the statement or report, or obeys the subpoena or investigative demand. Any disobedience of any final order entered under this section by any court shall be punished as a contempt thereof.

Section 13. Civil and criminal penalties.

(a) Any person who violates the terms of an injunction issued under section 5 of this act shall forfeit and pay to the state a civil penalty of not more than twenty-five thousand dollars ($25,000) per violation. For the
purposes of this section, the district court issuing an injunction shall retain jurisdiction, and the cause shall be continued, and in such cases the attorney general acting in the name of the state may petition for recovery of civil penalties.

(b) In any action brought under section 5 of this act, if the court finds that a person is willfully using or has willfully used a method, act or practice declared unlawful by section 2 of this act, the attorney general, upon petition to the court may recover, on behalf of the state, a civil penalty of not exceeding two thousand dollars ($2,000) per violation.

(c) Any person who engages in a fraudulent course of conduct declared unlawful by section 2 of this act shall, upon conviction, be fined not more than five thousand dollars ($5,000), imprisoned for not more than one (1) year, or both, in the discretion of the court; provided that nothing in this subsection shall limit any other provision of this act.

(d) For purposes of this section, a willful violation occurs when the party committing the violation knew or should have known that his conduct was a violation of section 2 of this act.

Section 14. Duties of county and city attorneys. It shall be the duty of the county and city attorneys to lend to the attorney general such assistance as the attorney
general may request in the commencement and prosecution of actions pursuant to this act, or, the county or city attorney with prior approval of the attorney general may institute and prosecute actions hereunder in the same manner as provided for the attorney general; provided that if an action is prosecuted by a county or city attorney alone, he shall make a full report thereon to the attorney general, including the final disposition of the matter within thirty (30) days.

Section 15. Severability. If any provision of this act is declared unconstitutional, or the application thereof to any person or circumstances is held invalid, the constitutionality of the remainder of the act and the applicability thereof to other persons and circumstances shall not be affected thereby.
SENATE BILL NO. 4

INTRODUCED BY DRAKE

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 13-903, R.C.M. 1947, TO PROVIDE FOR THE RESCISSION OF CONTRACTS BY BUYERS FROM 'DOOR-TO-DOOR' SALESMAEN."

Be It Enacted by the Legislative Assembly of the State of Montana:

Section 1. Section 13-903, R.C.M., 1947, is amended to read as follows:

13-903. When party may rescind. A party to a contract may rescind the same in the following cases only:

(1) If the consent of the party rescinding, or of any party jointly contracting with him was given by mistake, or obtained through duress, menace, fraud or undue influence exercised by or with the connivance of the party as to whom he rescinds, or of any other party to the contract jointly interested with such party;

(2) If, through the fault of the party as to whom he rescinds, the consideration for his obligation fails, in whole or in part;

(3) If such consideration becomes entirely void from any cause;

(4) If such consideration, before it is rendered to him, fails in a material respect, from any cause; or,

(5) By consent of all other parties;
(6) Provided, however, that, in addition to any other remedy, when merchandise having a cash sale price of ($10) dollars or more is sold or contracted to be sold, whether under a single contract or under multiple contracts, to a person as a result of or in connection with a salesman's direct contact with or call on such person at his residence, such person may rescind the contract or sale by notifying the seller within three full business days following the day on which the contract of sale was made and by returning to the seller. In its original condition, any merchandise delivered to him under the contract or sale. The three-day period provided for in this section does not commence until the purchaser is furnished the address and telephone number to which such notice may be given to the seller. If those conditions are met, the seller must return to the buyer the full amount of any payment made or consideration given under the terms of the contract or for the merchandise.
APPENDIX VII

CITY LAWS

ORDINANCE NO. 1606

AN ORDINANCE TO REGULATE AND LICENSE BOILER-ROOM SOLICITATION OR MASS TELEPHONE SOLICITATION IN THE CITY OF GREAT FALLS, MONTANA, REQUIRING A BOND FOR THE PROTECTION OF THE RESIDENTS OF SAID CITY, AND PROVIDING A PENALTY FOR VIOLATION HEREOF.

WHEREAS, it is in the interest of the welfare and safety of the residents of the City of Great Falls that mass telephone solicitation or boiler-room operations be licensed and regulated in order to insure that persons engaged in such activity to do in a responsible manner and may be made accountable for their products and representations sold or offered in such solicitation,

NOW, THEREFORE (sic), BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GREAT FALLS, MONTANA:

(1) Definitions:

(a) The word "person" as used in this chapter shall mean natural person, partnership, corporation, organization, or any combination of the same.

(b) The "Boiler-room operation" as used in this chapter shall mean and include any of the following: (1) any mass telephone solicitation operated by any person, as defined herein, using three or more telephones each operated...
by an employee whose principal duty is to solicit by tele­
phone, whether located in the same room or building or not, for the purpose, directly or indirectly, of selling any product or service, or combination thereof, whatsoever, to the general public for which any monetary consideration is charged to and received from the person being so solicited. (2) The use of any automatic telephone device or devices to contact the general public under any pretext whatsoever for the purpose, directly or indirectly, of selling any product or service, or combination thereof, whatsoever, to the general public for which any monetary consideration is charged to and received from the person being so contacted. (c) The term "conduct" as used in this ordinance shall mean initiating telephone calls from without the City of Great Falls and completing them within said City as well as initiating telephone calls from within said City. 2. License. No person shall conduct any boiler-room operation as described in Section 2, above, within the City of Great Falls, without first obtaining from the City Treasurer of said City a license therefor and paying in advance the license fee for conducting such operation set forth hereafter. Application for such license shall be made to the City Clerk on forms to be provided by him and to be retained by him. The license fee shall be paid to the City Treasurer. Such license may be renewed upon making a new application to the City Clerk.
3. License Fee. The license fee for such boiler-room operation shall be as follows:

3 to 7 telephones........$20 per week for each week of operation or portion thereof.

7 or more telephones.....$50 per week for each week of operation or portion thereof

4. Bond. No license shall be issued by the City Treasurer until the applicant shall have answered fully all questions on the application form provided by the City Clerk, and until the applicant shall have placed on file with the City Clerk a surety bond on a form provided by the City Clerk and executed by a surety company duly licensed to do business within the State of Montana in the amount of $1,500, conditioned that the licensee shall comply fully with the terms of this ordinance and shall pay any and all judgments which may be obtained against it or him on the part of any person arising out of such boiler-room operation or the performance, or breach, of any contract entered into as the result of such boiler-room operation. Said bond shall remain in effect either for the period of one year from the expiration date of the license issued or until all judgments arising out of any legal action instituted within said one year period and covered by said bond shall have been fully satisfied and paid, whichever shall last occur.

5. Revocation. Any license issued hereunder may be revoked by the City Clerk if the licensee is found guilty
by the City Trade Commission of making false and/or fraudulent representations in the course of said boiler-room operation. The City Trade Commission shall make such finding at a hearing at which the licensee and/or his representative may be present and at which he shall be permitted to present evidence on his own behalf. Such hearing shall be public and may be held only after five (5) days written notice shall have been delivered to licensee, either personally or by registered or certified mail.

6. Appeal. Any decision of the City Trade Commission revoking such license may be appealed to the Great Falls City Council by filing a written notice of appeal with the City Clerk within ten (10) days following the decision and order of the City Trade Commission. Upon receipt of such notice the City Council shall set the matter for hearing not more than twenty (20) days following filing of such notice. At the hearing the Appellant, City Trade Commission, and any other interested person may present evidence relevant to the prior decision. Within five (5) days following said hearing the City Council shall issue its order affirming, reversing, or modifying the order of the City Trade Commission.

7. Penalty. Any person violating the provisions of this ordinance shall be punished by a fine of not less than $100, no more than $300 for each day of violation, or by
confinement in the City jail for not more than ninety (90) days, or by both such fine and confinement.

8. That this ordinance be codified and known as Title V, Chapter 4, Sections 5-4-1 through 5-4-7, official Code of the City of Great Falls.

9. That this ordinance shall be in full force and effect thirty days after its final passage and adoption by the City Council and approval by the Mayor.

PASSED by the City Council of the City of Great Falls, Montana, on this 23rd day of December, 1968, and APPROVED by the Mayor of said City on this 30th day of December, 1968.
SOURCES CONSULTED

BOOKS


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GOVERNMENT DOCUMENTS


Montana. Revised Codes (Choate and Wertz, 1947).


Montana. Senate. An Act To Establish A Small Claims Department Of The Justice's Court. Senate Bill No. 177, 40th Legislative Assembly, 1967.


Montana. Senate. An Act Concerning Consumer Protection; Defining Deceptive Trade Practices; Provided For Damages For Persons Aggrieved By Violations Of This Act; And Providing A Severability Clause. Senate Bill 132, 42nd Legislative Assembly, 1971.


PAMPHLETS

Consumer Affairs Council, Inc., Purpose of the CAC. (No publisher, copyright or publication date on the pamphlet.)


Presidents Committee On Consumer Interests. Forming Consumer Organizations. (No publisher listed for pamphlet) 1969.

PERIODICALS

"Buyer vs. Seller In Small Claims Court". Consumer Reports. October 1971, pp. 624-631.


PERSONAL INTERVIEWS


Turpin, Mary. Secretary, Guy Palagi, Justice Court. Great Falls, Montana. February 16, 1972.