

The FTC and the Mere Mention of AI

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The FTC recently [announced](#) an enforcement action involving generative artificial intelligence (AI). The most interesting part: it hardly involves AI at all. There is no alleged misuse of AI, and not even allegations of AI actually being used. Rather, the case is a business opportunities case.

The FTC alleges that three individuals and several inter-related businesses claimed to be able to help consumers launch lucrative e-commerce stores on Amazon.com and Walmart. But, according to the FTC, promises of significant earnings proved untrue for most consumers who had paid \$10,000 to \$125,000 for the services. The FTC alleges that these practices constituted deceptive advertising and violated the Business Opportunity Rule, among other laws and regulations. The FTC has already obtained a temporary restraining order in the case, and is now seeking preliminary and permanent injunctions, as well as civil penalties. So what does this all have to do with AI?

The advertising for the services allegedly included claims like, “We’ve recently discovered how to use AI tools for our 1 on 1 Amazon coaching program, helping students achieve over \$10,000/month in sales,” and “That is how you make \$6000 net profit and that is how you find a product in 5 minutes using AI, Grabbly, Priceblink.”

The mere mention of AI turned a fairly ordinary business opportunity case into an AI case. “AI” made it into the headline of the FTC press release and at least some mainstream media has reported on the case – which is normally uncommon except for high-profile FTC enforcement actions, like those against Meta or Amazon.

The lesson here: all eyes (including regulators’ eyes) are on AI. Any novel use of AI in business must be carefully vetted, as does any mention of AI in advertising.

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National Law Review, Volumess XIII, Number 241

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