



Education / Consumer Protection/FTC ADVISORY ■

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FTC Launches Rulemaking on Earnings Claims Targeting For-Profit Colleges and Others

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The Federal Trade Commission (FTC) announced an advance notice of proposed rulemaking (ANPR), which launches a proceeding to consider whether to issue a new rule aimed at false, misleading, and unsubstantiated earnings claims. The new rule, if finalized, will “seek steep penalties against the multilevel marketers, *for-profit colleges*, ‘gig economy’ platforms, and other bad actors who prey on people’s hopes for economic advancement,” according to the FTC’s [press release](#).

The new rule will “challenge bogus money-making claims used to lure consumers, workers, and prospective entrepreneurs into risky business ventures that often turn into dead-end debt traps” and will allow the FTC to recover civil penalties and redress for defrauded consumers. The FTC’s press release cites several examples of its enforcement actions involving misleading earnings claims against a variety of companies, including claims related to coaching or mentoring schemes; work-from-home, e-commerce, or other business opportunity scams; chain referral schemes; gig companies and employers; job scams; and businesses purporting to offer educational opportunities.

The ANPR, which will be published in the *Federal Register*, will seek public comment on earnings claims and how the proposed rule should be drafted, whether it will benefit consumers, how much it may cost businesses, and whether the rule should address disclaimers, lifestyle claims, and liability for agents’ claims. Once published, the record will be open for comment for 60 days.

Our [Consumer Protection/FTC](#) Team, which includes a former FTC chief of staff, and our [Education](#) Team are well experienced in defending claims asserted by the FTC, including those alleging deceptive or unfair practices, particularly on behalf of for-profit colleges and universities. We regularly counsel clients on advertising and marketing compliance, including compliance with FTC laws and regulations.

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