Becoming a smart consumer involves learning about several issues related to buying and selling. The first part of this chapter will help you think more critically about advertising and other factors that influence your purchases. Next, you will look at how laws at the federal, state, and local levels protect consumers. Finally, you will study practical steps that you can take before and after making a purchase to either avoid or remedy consumer problems. These steps include comparison shopping, gathering information about products and services, negotiating with sellers, writing effective complaint letters, working with government agencies and organizations, and using the court system (especially small claims court).

**Influences on Consumers**

While smart consumers understand contracts, warranties, deceptive sales practices, credit arrangements, and collection practices, they also understand the factors that influence their shopping habits.

Many factors influence consumers’ decisions.
They think about whether they need a product, whether they can afford it, and how they can purchase it carefully. Smart consumers also know the difference between wanting and needing a product. Of course, all consumers sometimes splurge and buy things they really do not need. But smart shoppers don’t spend so much on things they want that they cannot afford what they really need.

**Problem 27.1**

Select an item costing more than $250 that you or your family would like to buy. Use the library or the Internet to answer the following questions:

a. What specific information is provided about the product?

b. How can this information help you make smart decisions?

c. Which sources are trustworthy for researching products?

Consumers often buy things in response to advertising. Television, radio, newspaper, magazine, and Internet advertising is geared toward specific groups of people. For example, sellers know that teenagers are an extremely important market for certain goods and services, so they develop specific ads for this audience. Advertising to teens has increased as studies have shown that today’s parents make fewer buying decisions for their children. The ads, often purchased for television shows, movies, or publications that particularly appeal to teens, are designed to increase sales of the products advertised. Many ads provide useful information about products or announce a sale. Other ads attempt to influence you to purchase a product that you do not need or want and cannot afford.

**Ads That Appeal to Our Emotions**

Advertisers try to connect with consumers on a personal level by creating ads that appeal to our emotions. There are several techniques, examples of which can be found in television, radio, newspaper, and online ads. Smart consumers learn to identify these techniques so they can separate the product from the characters and images in the ads.

Some ads associate products with popular ideas or symbols, such as family, motherhood, wealth, or sex appeal. These ads try to convince you that purchasing the products will associate you with the same ideas or symbols. Nearly all perfume ads in magazines, for example, include photos of beautiful women. The message to consumers is: if you use this perfume, you will be as beautiful as the woman in our ad.

The *bandwagon approach* is a technique that promotes the idea that everyone is using the product. Automotive manufacturers sometimes claim, for example, that their car, truck, or minivan is “best selling in its class in America . . . three years running.” The message to consumers is: because others have bought our product, you should too.
Related to the bandwagon approach is celebrity appeal. This technique uses athletes or movie stars to advertise the product. One example of a celebrity ad shows a professional athlete promoting sports equipment. Some products even bear the name and endorsement of a celebrity spokesperson. These people bring glamour and style to ads, but this does not necessarily mean the products are worth a higher price or are of high quality.

Still other ads try to convince consumers by resorting to the claims of authorities, such as doctors, or by citing test results or studies that appear to be scientific. Ads for certain medicines include the phrase “recommended by doctors.” Of course, smart consumers would want to know which doctors had recommend it and for what symptoms.

**Problem 27.2**

Identify an advertisement for a product you would consider buying. If the ad appeared in a newspaper or magazine, cut it out and bring it to class. If it appeared online, print it out. If it was aired on the radio or television, either tape the ad or write a description of it and bring it to class. Answer the following questions about your ad:

a. What product or service does the ad promote?

b. Who is the intended target audience for this product or service?

c. If the ad appeared on radio or television, at what time and during what program did it appear? If it appeared in print or online, in what publication or Web site did it appear? Why do you think the advertiser chose to run the ad at this time, place, and context?

d. What information do you need in order to make a wise choice about this product or service? How much of this information does the ad provide? What information does the ad not provide? Where could you get this information?

e. How does the ad try to persuade you to buy the item? What makes the ad effective?

f. Create an ad that would encourage a teenager to buy one of the following products: jeans, a portable DVD player, perfume, new basketball shoes, a meal at a fast-food restaurant, or a scooter. What ideas did you use to appeal to your audience as you designed your ad? Do professional advertising people use these ideas?

Smart consumers learn to separate the product from the characters and images in its ads. Why do some companies use celebrities to advertise their products?
Consumer Protection

The federal, state, and local governments all pass and enforce laws to protect the consumer. As you read the following pages, and whenever you think about consumer protection problems, ask yourself: What are my rights under federal law? What are my rights under state law? What are my rights under local law?

Federal Consumer Protection

The U.S. Congress has passed many laws that protect consumers in several ways. First, these laws prohibit unfair or misleading trade practices, such as false advertising, unfair pricing, and mislabeling.

Second, federal laws set standards for the quality, safety, and reliability of many goods and services. Failure to meet these standards can result in legal action against the seller. For example, the Consumer Product Safety Act allows the government to ban, seize, or prevent the sale of harmful products. This law also allows the federal government to create standards that help make dangerous products safer for the consumer.

Third, the federal government has established many agencies that enforce consumer laws and regulate what products reach consumers. For example, the FTC has the power to prohibit unfair or deceptive trade practices—such as false advertising—and can take legal action to stop such practices. The Consumer Product Safety Commission (CPSC) helps protect the public from unreasonable risks of injury associated with consumer products. The CPSC also provides safety information about products that consumers might want to buy.

Fourth, Congress passes laws and agencies issue rules to improve the operation of the marketplace. In many instances, these laws and rules are designed to give consumers better information about products. For example, in 1992, Congress passed the Nutrition Labeling and Education Act. In 2006, the federal government began requiring most food manufacturers to list transfats on nutrition labels. These laws require that all food product labels list ingredients and nutritional information in a form that most people will be able to understand. This allows consumers to make smarter dietary choices.
Over 80 percent of the toys sold in the United States are manufactured in China. Some of these toys are made in factories owned by U.S. toy companies, while most are made in factories owned by others who contract with U.S. toy companies.

In 2007, it was discovered that paint with excess lead content had been used in a large number of toys imported from China. When too much lead is taken into the body, it creates a health hazard, sometimes causing vomiting, anemia, mental retardation, and behavioral problems. In the United States, the use of paint with excess lead (beyond 600 parts per million) in toys has been banned since 1978.

The U.S. Consumer Product Safety Commission (CPSC) has the power to order product recalls and did so in this case. The tainted products were removed from stores and homes, resulting in refunds to the consumers who purchased the products. In 2007, over eight million such toys were recalled through an agreement between the CPSC and U.S. toy companies.

There are several theories for why the large number of toys tested positive for lead. Some criticize the Chinese factory owners for not conducting good inspections and for sometimes falsifying inspection reports. Others say that those running the Chinese factories were pressured by the U.S. importers to keep their costs low. Lead paint is less expensive than other paints. The pressure for low prices may also have come from U.S. retail stores that wished to sell the toys at a discount.

As a result of this situation, the U.S. and Chinese governments signed an agreement prohibiting the use of lead paint in the manufacture of toys. China also agreed to increase inspections and take steps to meet U.S. standards.

**Problem 27.3**

a. What occurred in the United States in 2007 regarding lead paint and toys? What caused this problem?

b. What steps were taken in the United States to deal with the problem?

c. If you were a U.S. toy manufacturer, what steps might you take to address the problem? Would contracting with factories in a country other than China be a good option? Explain.

d. If more of the factories making the toys were in the United States, would it be easier to make sure toys meet certain standards? Why are so many of these factories located overseas?
State and Local Consumer Protection

States also have their own consumer protection laws and agencies. Many of these laws prohibit unfair and deceptive trade practices. State laws allow consumers to file complaints in state court and with state agencies. They also enable agencies, such as the state attorney general’s office or the state office of consumer affairs, to sue on behalf of consumers in order to halt illegal practices. In some cases, consumers can join together to bring class action lawsuits, which allow one or more persons to seek redress on behalf of an entire group.

Like federal consumer protection laws, state laws give the government power to stop unfair and deceptive practices but also to provide consumers with a variety of remedies. A remedy makes up for harm that has been done. Remedies include cease and desist orders, by which an agency can require a business to stop a forbidden practice; consent decrees, which are voluntary agreements to end a practice that is claimed to be illegal; and restitution, in which a business refunds or repays any money illegally obtained.

Cities and counties may also have consumer protection laws. These laws are usually passed to deal with specific consumer issues that arise at a local level. For example, some cities have “truth-in-menus” laws. Under these laws, if the menu reads “fresh salmon,” the restaurant cannot serve salmon that has been frozen. Some cities have also banned the use of transfats in restaurant cooking oil.

Protecting Your Rights as a Consumer

Consumers can encounter a wide variety of problems. This section will help you avoid some of these problems and will explain how to deal with any difficulties that may arise.

Problem 27.4

You and a friend are planning a summer bicycle trip across your state. You own a very old bicycle and have decided to shop for a new road bike to use on this trip. List at least five ways you would gather information before making this purchase.

What to Do Before Buying

Generally, making large purchases on impulse is not wise. When shopping for products or services, learn as much as possible about them before buying. Careful consumers always compare prices and products before purchasing “big-ticket” items. This is called comparison shopping. They purchase the product only after considering other products that could also meet their needs.
For major purchases, careful shoppers use the library or the Internet to research consumer reports about competing brands. You could also ask your friends for product recommendations.

After you have determined what product you need, you may discover that it is available from more than one seller in your community. It makes good sense to buy from a seller with a good reputation, especially for important purchases. Contact your local Better Business Bureau (BBB) and conduct online research to determine whether there have been complaints about a particular seller.

Policies regarding products and services may differ among sellers. For some products, there may be additional charges for delivery, installation, and service. A price that seems lower from one seller may really be higher when extra charges have been added. Also check the seller’s return policy. A very low price where all sales are final may not turn out to be such a good deal if you decide that you are unhappy with the product after you have purchased it. Sometimes a shopper may even spend a little more money to purchase an item from a seller with an outstanding reputation for service or the ability to deliver the item quickly and install it free of charge.

Before making a purchase, consumers should read the warranty carefully. Different manufacturers and sellers may provide different warranty coverage on very similar products. When studying the warranty, be sure to find out what you must do and what the seller or manufacturer must do if you have a problem with the product. A warranty that requires you to ship a broken product to a faraway place for repair at your expense may not be of much value to you.

If you are required to sign a contract as part of the purchase, be sure that you read and understand the entire contract and that all blanks have been filled in before you sign. If you have trouble understanding the contract, ask the store for permission to take the contract to someone who can help you understand it before you sign it. You may not want to deal with a store that will not let you do this.

Finally, do not believe everything you hear from the seller. In Chapter 26, you learned about puffing, or seller’s talk. Just because a seller says, “This is a real bargain!” does not make it true. You have to determine for yourself through careful shopping whether it is a bargain.
What to Do After Buying

Sometimes even careful shoppers have problems. When this happens, it is important to remain calm and be persistent. Often, smart consumers can solve their own problems. When they cannot, it is very likely that an agency or organization in their community will be able to provide the needed help.

The first thing to do after buying a product is to inspect it. If you do not receive the exact product you purchased or if it has a defect, take it back to the seller and ask for a replacement or refund.

You should always read and follow the instructions provided and use the product only as recommended by the manufacturer. If the instructions are unclear or seem incomplete, contact the seller. Misuse of a product may be dangerous and may also cause you to forfeit your legal rights! Be sure to report any problem with a product as soon as possible. Trying to fix the product yourself could make the warranty void. If you believe the product is dangerous, or if you have been injured by the product, consider reporting the information to a government agency such as the Consumer Product Safety Commission.

If you experience a problem with a product, you should always try to contact the seller first. Reputable businesspeople are interested in a customer’s future business, and most problems and misunderstandings can be cleared up with a face-to-face discussion or a telephone call. If you are not successful, then all future contacts should be in writing or documented in a log or journal.

Provide the seller with all the necessary information—identify the item (including model and serial number), give the date and location of purchase, describe when and how the problem arose, and explain.

Things to Consider Before Making a Purchase

- Determine exactly what product or service fits your needs.
- Compare brands. Read about various brands in consumer magazines and on the Internet. Ask friends for recommendations.
- Compare sellers. Check out a seller’s reputation. Find out if there are extra charges. Learn about the seller’s policy regarding exchanges or refunds.
- Read and compare all warranties.
- Read and understand the contract (or get someone else to help you do this).
- Determine the total purchase price (including interest).
The Cheap Vacation Home

David and Michele Cole were reading the newspaper after dinner one night when the phone rang. A pleasant-sounding person on the line told them that people in their community had a chance to purchase brand-new vacation homes for only $40,000. The homes were located in a beautiful, wooded setting just two hours by car from where the Cole family lived. In order to take advantage of this low price, the seller said that the Coles had to make a 20 percent down payment immediately. The rest of the money could be paid over the next 10 years with no interest.

The Coles had been thinking about buying a little place away from the city for weekend escapes, and this deal seemed too good to be true. They gave the seller their credit card number for the down payment of $8,000. The seller promised to send literature about the dream home. Unfortunately, the literature never arrived. When the Coles complained to their state’s office of consumer affairs, they found that others in their community had also been tricked. Fortunately, a thorough investigation enabled authorities to locate the persons responsible for this fraudulent sales scheme.

Problem 27.5

a. What steps could the Cole family have taken initially to avoid this problem?

b. What remedies could the office of consumer affairs ask for?

c. Draft a law that would reduce the chances that this situation would happen again.
Many companies have consumer affairs departments, but you may get faster action by writing directly to the company president. Review the following list of suggestions for writing a consumer letter of complaint:

- Include your name, address, phone number(s), e-mail address, and account number, if appropriate.
- Be brief and to the point. Do not be sarcastic or angry.
- Include all important facts, such as date and place of purchase, and information identifying the product, such as model and serial number.
- Explain the problem, what you have done about it, and what you want to have done.
- Include copies of documents relating to your problem. Do not send originals.
- Type the letter if possible. If this is not possible, print it neatly.
- Keep a copy of whatever you send.
- Before you mail the letter from your post office, ask for a return receipt, which will cost extra. This receipt will be signed by the company when it receives your letter and then returned to you. If you wind up in court with your problem, the receipt is your proof that the company was notified of the problem.

Consider sending copies of your letter to local and state consumer protection organizations and to your local Better Business Bureau. If you still are not satisfied, it may be time to seek outside help. Many agencies and organizations exist for this purpose and may be able to help you. For example, you could take your complaint to a consumer protection agency, a media “action line,” or a small claims court. You may also wish to contact an attorney at this point.
Problem 27.6

Jeff and Kristin Burt saw a newspaper ad for a brand name flat screen TV set on sale at Tally’s Electronics Shop. They rushed down to Tally’s, where they bought a new 42-inch model for $1,000. Several weeks later, the TV completely lost its picture. A TV service mechanic who came to their home told them that the power supply had malfunctioned and that repairs would cost $600. The next morning, Jeff and Kristin returned to the store and asked to speak to Mr. Foxx, the salesperson who had sold them the TV.

a. Role-play the meeting between the Burts and Mr. Foxx. What should the Burts say, and what should Mr. Foxx say?

b. If Mr. Foxx refuses to help, what should the Burts do? If they decide to write a letter of complaint, to whom should they send it? What information should be included in the letter. Write a letter of complaint for the Burts.

c. What should the Burts do if they do not get a response to their letter within a reasonable amount of time?

Consumer Protection Agencies and Organizations

Use the Internet to search for consumer protection agencies and organizations. In many instances, complaints can be made online. Also check the beginning of the white pages of your telephone directory for information about local community resources. Many directories also have a section that provides a comprehensive listing of government agencies. Look in that section under “Consumer and Regulatory Agencies” to find the phone numbers of organizations that can help you with a consumer problem.

Some communities have arbitration programs to help with consumer complaints. These programs arbitrate disputes between buyers and sellers who have not been able to settle a problem. If you choose to use such a service, be sure to ask for and read a copy of the rules before you file your case. In some instances, the decision of the arbitrators is binding on both the business and the consumer; in others, only on the business; and in still others, on neither party. The party bound by the decision usually agrees not to pursue any other remedy, such as going to court.

Consumer Groups  Many private organizations help consumers. National organizations such as the Consumer Federation of America, the Consumers Union, and Safe Kids Worldwide educate consumers and lobby for passage of consumer protection legislation.

The Consumer Federation of America (www.consumerfed.org) is primarily an advocacy organization that works to promote policies that help protect consumers on the federal and the state level. It also works to educate the public about consumer issues and developments in consumer law.
Many consumers rely on the product reports available in Consumer Reports. Have you ever used product reports to help you make a decision about a purchase?

The Consumers Union (www.consumersunion.org) is a non-profit, independent testing organization that provides unbiased reports to consumers about products and services, personal finance, health and nutrition, and other consumer concerns. CU publishes the well-known Consumer Reports, which many people refer to when making decisions to purchase goods and services in the marketplace.

Safe Kids Worldwide (www.safekids.org) is the only international nonprofit organization that is dedicated solely to the prevention of unintentional injury to children. This advocacy group works for the production of safer products and lobbies for laws and regulations aimed at protecting the safety of children. Safe Kids also educates the public about harmful goods and services.

Private state and local consumer groups may give advice, investigate complaints, contact sellers, try to arrange settlements, and make legal referrals. To find similar organizations in your community, contact a local university, your state attorney general’s office, or a member of your city council. You should also check the phone book under both “Consumer” and “Public Interest Organizations.”

**Business and Trade Associations** One of the best-known consumer help organizations is the Better Business Bureau (BBB). Better Business Bureaus are supported by private businesses; they are not government agencies. While BBBs have no law-enforcement power, they do monitor business activity and try to promote high standards of business ethics. In many places, the BBB investigates consumer complaints, contacts the company involved, and tries to mediate a settlement. Reasonable complaints can often be settled with the BBB’s help, but BBBs usually act only as mediators and cannot force a business to settle. In communities that do not have a BBB, you can contact the local chamber of commerce.
Media  Many local newspapers as well as radio and television stations have special “action line” or “consumer affairs” services that help consumers. Publicity is a powerful weapon, and many consumers find that they can settle problems simply by contacting, or even threatening to contact, the media. To use these services, contact your local newspaper, radio and television stations using their Web sites.

Professional Associations  Many business and professional people belong to associations that act on behalf of the entire profession or occupation. While such an association may have no legal enforcement powers over its members, a consumer complaint may result in pressure on, or dismissal of, the offending member. For example, if you have a complaint against an attorney, you can contact the bar association for your state.

State and Local Government  All states, as well as many local governments, have consumer protection groups. These groups deal with everything from regulating public utilities to making sure you get a fair deal when you have your car repaired. Consumer protection groups are often located within the state attorney general’s office, consumer affairs bureau, consumer protection agency, public advocate’s office, or public utilities commission. To learn more about what the attorneys general in all of the states are doing to address local and national consumer protection issues, visit the National Association of Attorneys General at www.naag.org.

There are also more than 1,500 state boards that license or register members of more than 550 professions and service industries. Commonly regulated under these boards are accountants, architects, attorneys, barbers, bill collectors, doctors, electricians, engineers, funeral directors, teachers, nurses, plumbers, and real estate agents. Professional and occupational licensing was started by state legislatures to protect the public. These state boards set rules and standards for the occupation, prepare and give exams, issue or deny licenses, and handle consumer complaints. State boards have the power to revoke (take away) or suspend licenses for violations of established standards.

Finally, many places have mediation centers to help consumers solve problems without going to court. Some of these centers are operated by local governments, while others are sponsored by Better Business Bureaus or other private organizations.
Problem 27.7

Choose a service that you or your family has used, such as medical care, legal aid, or auto repair.

a. Is there a professional association, licensing board, or other agency that could assist you if you had a problem with this service? Conduct research using your local phone book and/or the Internet to identify sources of help for consumers.

b. What steps must a consumer take to register a complaint with this agency or association?

c. What power does this agency have?

Federal Government  It is usually best to try to solve your consumer problem on a local level. For certain problems, though, the federal government may provide you with the only remedy. Even if a federal agency cannot help, it may suggest a way to solve your problem. Some of the major federal consumer protection agencies and their contact information are described below:

- **Federal Trade Commission (FTC)**—As the federal government’s main consumer protection agency, the FTC seeks to prevent unfair or deceptive trade practices as well as problems with bills, credit, and warranties. Consumers can file a complaint at [www.ftc.gov](http://www.ftc.gov) or by calling 1-877-FTC-HELP.

- **Food and Drug Administration (FDA)**—The FDA regulates the safety of food, drugs, cosmetics, and medical devices through a testing program, and can order unsafe products off the market. Consumers can file complaints regarding FDA-regulated products either directly with the FDA or with regional consumer complaint coordinators in each state. Contact information can be found at [www.fda.gov](http://www.fda.gov) or by calling 1-888-INFO-FDA.

- **Consumer Product Safety Commission (CPSC)**—The CPSC makes and enforces safety standards for many consumer products. It can ban, seize, or require warnings for unsafe products. You can file a complaint regarding an unsafe product at [www.cpsc.gov](http://www.cpsc.gov) or by calling 1-800-638-2772.

- **U.S. Postal Service (USPS)**—The USPS investigates mail fraud and other mail problems. Consumers can contact the USPS regarding services or problems with their mail at [www.usps.com](http://www.usps.com) or by calling 1-800-ASK-USPS.

- **Federal Communications Commission (FCC)**—The FCC regulates consumer practices and interactions that take place over communications devices such as the radio, television, and telephone. The FCC receives consumer complaints at [www.fcc.gov/cgb/complaints.html](http://www.fcc.gov/cgb/complaints.html) or by phone at 1-888-CALL-FCC.
• Department of Transportation (DOT)—Various consumer protection offices within the department set standards for safe air, rail, bus, and automobile travel as well as handling complaints from passengers. Passenger and consumer complaints must be filed with the agency governing the type of travel in which you are engaged:

- For defects related to automobile performance and products, contact the National Highway Traffic Safety Administration at \texttt{www.nhtsa.dot.gov/hotline} or by calling 1-888-327-4236.
- For mass transit-related issues (buses and subways), visit the Federal Transit Administration Safety and Security online at \texttt{www.transit-safety.volpe.dot.gov}.
- For issues related to travel on the nation’s railroad system, contact the Federal Railroad Administration’s Office of Safety online at \texttt{http://safetydata.fra.dot.gov/officeofsafety}.
- To report air travel safety issues, visit the Federal Aviation Administration at \texttt{www.faa.gov} or call 1-866-TELL-FAA.

**Problem 27.8**

What federal agency discussed on pages 336–337 could help with each of the problems described below? Explain. Could a local or state agency also be helpful with any of the problems? If so, which agency?

a. Your parents are considering buying an exercise bicycle for home use and are concerned that your younger brother may be injured if he plays with or uses the bike incorrectly.

b. You buy an airline ticket to visit a college campus for an admissions interview. When you arrive at the airport, you find that the plane is already full. You cannot board the flight and therefore miss your scheduled interview.

c. A friend has lost an arm in a serious accident. Her doctor is planning surgery that will result in the use of a new type of artificial limb. You want to learn more about the safety of this product before your friend’s surgery.

d. A vocational school in your community runs an advertisement that promises job placement for every graduate. You are suspicious about this claim.
**Direct Action by Consumers**

Sometimes consumers who have concerns with an organization’s business practices take direct action to make their voices heard. Direct action refers to actions that consumers take to make an impact on a business’ or other organization’s operations or profits. These steps can include letter-writing campaigns, boycotts of certain goods, press conferences, and picketing or other types of demonstrations. In recent years, for example, some college students have organized direct-action campaigns to protest the treatment of the workers in developing countries who make clothing sold on their campuses.

**Taking Your Case to Court**

Suppose you cannot settle your complaint and a consumer agency has been unable to help. Sometimes your complaint may form the basis for a criminal action against the seller. Whether or not a crime is involved, you can take your case to civil court. Anyone can go to court. Minors can sue through their parents or guardians.

**Criminal Court**

In some cases, a seller’s action may be a crime. Such acts can be prosecuted as criminal fraud. Criminal fraud occurs when a salesperson knowingly misstates or misrepresents some important fact with the intent to defraud you, resulting in harm.

For example, suppose you sign a contract with a builder to construct a deck on your home. You pay the builder several thousand dollars to purchase the necessary materials. However, the builder does not intend to build the deck. He simply uses the scheme to take your money. In such a case, you are the victim of a crime. You should contact the police or your local prosecutor. Cases like this can be prosecuted by the government in criminal court. State laws not only provide a fine or jail term (or both) for a convicted defendant, they may also require that the defendant pay back the defrauded consumer.
Civil Court

If a civil dispute involves a large amount of money, the case will be brought in the local civil trial court. Taking a case to court can be costly and time consuming. In some places, free or low-cost legal services may be available to consumers who cannot afford to hire an attorney.

Small Claims Court

In the early twentieth century, court reformers recognized that the typical civil court was too slow, expensive, and complicated for many minor cases. These reformers proposed a “people’s court” designed to give citizens their day in court for small claims. Today, every state has a small claims court system. There is often a small claims court in each region of every state, where you can sue for small amounts of money. Each state or local jurisdiction has a different monetary limit on the cases that qualify for small claims actions, ranging from a few hundred to several thousand dollars.

The small claims court system offers citizens many advantages over the traditional court system. Filing a suit in small claims court is very inexpensive, as attorneys are not required (in some states they are not allowed), and there are few time-consuming delays. There are no juries in small claims court; a judge decides all cases. The judge will typically make a decision about your case immediately. To find out how small claims courts operate in your state, contact the clerk of the court before filing a claim.

Criminal activities such as real estate fraud often leave houses standing empty. People involved may face charges in a criminal court. What is criminal fraud?
No Sweats From Sweatshops

Much of the apparel sold on Aragon State University’s (ASU) campus comes from factories in developing countries, or countries in the process of becoming industrialized. Factory owners in these developing countries sign contract arrangements with U.S. companies to produce clothing. A local newspaper has reported that workers in factories that make ASU’s clothing are paid very low wages, beaten by factory guards, and forced to work many hours of overtime. A group of students feels that these conditions violate the Universal Declaration of Human Rights, particularly Article 25, which guarantees every person “the right to a standard of living adequate for the health and well being of himself and his family.” These students form an organization called No Sweats From Sweatshops (NSFS) whose goal is to stop the university from selling clothing made in exploitative factories. NSFS organizes a boycott of ASU clothing until the university president agrees to a meeting to listen to the group’s concerns.

At the meeting with President William Arnoz, NSFS president Katie LeFevre states the students’ position: “NSFS does not want our university to make money on the backs of factory workers who are paid wages below even what their own country’s government calls a ‘living wage.’ We demand that the university join the Universities for Fair Wages Association. All the schools in the association have pledged to sell only clothing from U.S. companies that guarantee that the factories they use meet the association’s code of humane conduct.”

President Arnoz states the university’s position: “The university has no control over working conditions in these factories. In fact, many of these workers are paid better wages than most other people in their countries.

If the U.S. companies pulled out of these countries, thousands of workers would become unemployed. Joining the Universities for Fair Wages Association costs a lot of money, which we would have to pass on to students through higher tuition. We would also have to pay a higher cost for clothing made by companies that guarantee certain working conditions. That means customers would have to pay much more for the clothing in our campus store. The state has entrusted me with the job of making decisions for all students and faculty. Tactics such as boycotts are an attempt to intimidate me into changing those decisions. A university is not a democracy, and I will not be bullied into changing my mind.”

Problem 27.9

a. Why do the ASU students call themselves No Sweats From Sweatshops? What does the group’s name mean?
b. What are the pros and cons of sweatshops to the American consumer?
c. What are the pros and cons of sweatshops to the sweatshop worker? What are the pros and cons of sweatshops to the American worker?
d. Role-play a meeting between Aragon State University President Arnoz and NSFS president Katie LeFevre. What demands did Katie make on President Arnoz? Did he agree to any of the demands? Should he? Explain the reasons for your answer.
e. Should there be codes of conduct for the way workers are treated? Is it a university’s responsibility to ensure that workers in other countries are treated decently? Explain the reasons for your answers.
Filing a suit in small claims court involves three general steps:

1. **File the Claim.**
   
   **a. Eligibility.** Discuss your case with the court clerk by calling or visiting the local courthouse. The clerk will be able to determine whether the court can handle your claim. You may also be able to get this information by visiting the Web site for your local court system.
   
   **b. Paperwork.** If you have a claim that is appropriate for small claims court, you will be required to fill out some forms and pay a filing fee. This fee varies among jurisdictions, but it is usually no more than $30. To fill out the forms, known as a “Complaint” or “Statement of Claim,” you will be asked for the name and address of the party you are suing, the reason for your complaint, and the amount you are asking for. The amount of the claim should be based on the loss you have incurred.

2. **Prepare for Your Day in Court.**
   
   **a. Notification.** In most states, the court will notify the defendant of the date and place of the hearing. You should confirm that your jurisdiction takes responsibility for notifying the defendant, because your case cannot proceed unless the other party receives notice of the lawsuit.
   
   **b. Evidence.** You should gather all the evidence necessary to present your case. This includes receipts, letters, canceled checks, sales slips, and estimates of repair. If a defective product is involved, be sure to bring it along, if possible. Contact all witnesses to be sure they come to court. Uncooperative witnesses can be subpoenaed. This means they can be ordered to appear in court. If you have time, visit the court before your hearing so you will know what to expect. Also, practice presenting your case to a friend beforehand.

3. **Go to Court on Time with Confidence.**
   
   **a. Punctuality.** Be on time for court on the date scheduled for the hearing. If for any reason you cannot make it, call the court clerk to ask for a postponement, called a **continuance.**
   
   **b. Confidence.** When your hearing begins, the judge will ask you to tell your story. Do this by presenting your facts, witnesses, and any evidence you may have. Do not get emotional. Be prepared for questions from the judge. After both sides have presented their stories, the judge will make a decision.
Mock Trial: James Phillips v. The Radio Shop

FACTS
James Phillips purchased an MP3 player from The Radio Shop and later tried to exchange it because it did not work. The date of the sale was November 14, and the return was 10 days later. The sales slip says: “Fully guaranteed for five days from the date of purchase. If defective, return it in the original box for store credit.” The store refused to make the exchange, and James brought this action in small claims court.

EVIDENCE
James has (1) the sales slip for $124.95 plus tax and (2) the broken MP3 player. He claims to have thrown away the original packaging.

WITNESSES
For the plaintiff:
1. James Phillips
2. Pam Phillips, James’s sister
For the defendant:
1. Al Jackson, the salesperson
2. Hattie Babcock, the store manager

COURT
The judge should allow James to make his case and should give the store representatives a chance to tell the court why the money should not be returned. At the end, the judge should make a ruling and provide reasons for the decision.

WITNESS STATEMENT: Pam Phillips
“When James got home that day he was excited and wanted to show me something. He called me into his room to show me his new MP3 player. He had downloaded 20 of his favorite tunes and I saw all of them on the song list. He pushed PLAY, but nothing happened.”

WITNESS STATEMENT: Al Jackson
“I sold the kid the MP3, but as far as I know, it worked. All the display models worked well enough, so why shouldn’t the boxed one straight from the factory? He probably dropped it on his way home. Or maybe he broke it because he didn’t know how to use it correctly.”

WITNESS STATEMENT: Hattie Babcock
“As Mr. Jackson said, all the other MP3s have worked fine. We’ve never had a single complaint. Our store policy is not to make refunds unless the merchandise is returned within five days in the original box. The guarantee even says this. That’s why Mr. Jackson didn’t give the kid his money back. Otherwise, we’d have been more than happy to give him credit toward a new purchase. Personally, I agree with Mr. Jackson. The kid probably didn’t bring back the box because it was all messed up after he dropped it.”

Problem 27.10

a. Role-play a small claims court hearing. Participants should be divided into groups of five, each with a judge and four witnesses. Witnesses should testify and answer questions from the judge. When all testimony is complete, each judge should give his or her ruling to the entire class. Was the decision the same for each hearing?

b. Is this an effective way to resolve this type of problem? Explain.