

[FTC Raises Civil Penalty Maximums to Adjust for Inflation](#)

June 29, 2016

The Federal Trade Commission has approved final amendments to Commission Rule 1.98 that adjust the maximum civil penalty dollar amounts for violations of 16 provisions of law the FTC enforces, as required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. The Act directs agencies to implement a “catch-up” inflation adjustment based on a prescribed formula. The new maximum civil penalty amounts will take effect on August 1, 2016.

The maximum civil penalty amount has increased from \$16,000 to \$40,000 for the following violations and others listed in the Federal Register Notice:

- Section 5(l) of the FTC Act: **final Commission orders issued under section 5(b) of the FTC Act,**
- Section 5(m)(1)(A) of the FTC Act: **trade regulation rules issued by the Commission under section 18 of the FTC Act** that address unfair or deceptive acts or practices, and other laws enforced by the Commission that provide for civil penalties by reference to section 18, and
- Section 7A(g)(1) of the Clayton Act: premerger filing notification requirements under the Hart-Scott-Rodino Improvements Act.

The Notice also notes that when the Commission seeks civil penalties, it is mindful of the statutory criteria under section 5(m) of the FTC Act that courts must apply when determining the amount of the civil penalty for violations of that section such as the degree of culpability, any history of prior such conduct, ability to pay, and effect on ability to continue to do business. The Commission also has a civil penalty leniency program for small businesses that establishes criteria the Commission will consider when determining the propriety of a penalty waiver or reduction for small businesses that are not in compliance with the law.