Chapter 14

Law and Ethics

“The reputation of a thousand years may be determined by the conduct of one hour.”
~Japanese proverb

CHAPTER OBJECTIVES

After completing this chapter you will be able to:
- Explain the difference between laws and ethics.
- Describe the different fields of ethics.
- Explain how a company can incorporate ethics into its business operations.
- Discuss specific laws governing the retail and e-tail industry.
Rite Aid Turnaround

In September, 1962, Trif D Discount Center opened in Scranton, Pennsylvania. In 1968, after tremendous growth, the company went public and officially changed its name to Rite Aid Corporation. Today Rite Aid (www.riteaid.com) is the number three drugstore chain in the United States. The company operates 4,623 stores in the U.S.

In the late 1990s and early 2000s, Rite Aid was investigated by the Securities and Exchange Commission (SEC) for accounting violations. Former chief executive Martin Grass, former chief counsel Franklin Brown, and former financial officer Frank Bergonzi were indicted for orchestrating a fraud that forced Rite Aid to restate $1.6 billion in profit, which at that time was history's largest corporate earnings restatement (Voreacos, 2002). Grass faced thirty-six charges ranging from accounting fraud to witness tampering.

Tapes recorded by Timothy J. Noonan, a former president of Rite Aid, revealed three executives discussing submitting false information to the Federal Bureau of Investigation, backdating documents, and destroying other evidence that would implicate them (Ex-Executive..., 2002). As a result five executives served jail time, including Martin Grass, who spent seven years in prison. Since then the chain has struggled with debt and labor problems (Smith, 2011)

Despite the ethical violations, the company rebounded by installing a new management team and challenging them to create a new course for the company. In addition to the new executive team, the company hired twenty new officers in the hope of stabilizing the firm's financial situation and improving its image in the eyes of its customers and shareholders.

In 2012, under the direction of John T. Standley, Chairman and CEO, the company had its first profitable quarter in five years (Southwick, 2013). The company is attempting a comeback by remodeling stores. Their strategy is to become a neighborhood destination for health and wellness. The company launched a wellness-plus-loyalty program that has helped with their return to profitability (Rite Aid Annual Report, 2013). In addition, the company is focusing on higher levels of service in the online and brick-and-mortar stores.

Introduction

As we can see from the integrated retail management flow chart, laws and ethics affect all the decisions that go into the development of the IRM plan. This chapter discusses the differences between laws and ethics, as well as methods for running an ethical business. The chapter also examines the consequences to retailers for breaking laws and addresses issues in e-tail law. Because numerous company executives have been indicted over the years, businesses and academicians have become more focused on laws and ethical decisions and their influence on corporate behavior. Laws and ethical decisions are intertwined with all aspects of retailing. This chapter provides an overview of the various laws that affect retailers and the ethical issues that management and employees encounter.
The Difference between Laws and Ethics

It can often be difficult to determine the line between right and wrong. Many activities that are unethical are also illegal. However, in some instances an act is legal but unethical and in others an act is illegal but ethical. If you are confused, you are not alone. Consider the following:

- According to the California State Floral Association, many California retail florists have lost business to telemarketers who use the florists’ established business names to steal away customers. In defense, telemarketers claim they are introducing more competition. Many Internet florists claim to be local but own no stores. Calls are taken by calling center representatives and sent to local florists, who fulfill the orders. The prices are often more than what would have been paid at a local florist. Many states are considering laws that make it mandatory for florists to disclose whether or not they have a physical location (KSE Focus, 2013).

- The Kirby vacuum cleaner company has received thousands of complaints across the U.S. for its door-to-door sales practices. Many customers reported "hard-sell" techniques that coaxed them to buy the $1,500 vacuum cleaner (Kirby Vacuum, 2011).

- In 2001, human rights groups accused De Beers, a world leader in production and sales of rough diamonds, of buying diamonds from African rebels who used the proceeds to finance their wars. As a result of intense pressure, De Beers adopted a code guaranteeing customers that "conflict diamonds" will not be sold by De Beers or De Beers’ associates. Unfortunately the competition did not follow De Beers’ lead, and today it is difficult for a consumer to know if they are buying conflict diamonds (Perry, 2011).

Retailers must consider both laws and ethics in running their businesses, but often, as the previous examples show, the "right" answer is not very clear. According to the Internet Encyclopedia of Philosophy, the field of ethics involves "systematizing, defending, and recommending concepts of right and wrong behavior" (Fieser, 2001). The concept of what is right or wrong is often based on religious beliefs and moral codes of conduct. In contrast, a law is "a rule established by authority, society, or custom" (International Law Dictionary…, 2002).

Ethics

The study of ethics is divided into three general categories: (1) metaethics, (2) normative ethics, and (3) applied ethics (Fieser, 2001). Metaethics is the study of the origin of ethical concepts and theories. Normative ethics involves deciding whether a certain behavior is right or wrong. It tells us what a person should do when confronted with a particular situation. It also assumes there is only one criterion to guide right and wrong behavior. The criterion could be a single rule, such as the "Golden Rule," ("Do unto others as you would have them do unto you"). Alternatively, the criterion could be a set of principles that guides behavior, such as a code of ethics adopted by a retailer. Applied ethics involves analyzing specific ethical dilemmas. Retailing examples include deceptive advertising, buying from manufacturing firms that use child labor, recording assets and liabilities improperly, employee theft, inequitable pricing, and unfair competitive practices.
Differences in Ethical Perspectives

One problem in studying ethics is that people may not always agree on what is "right" and "wrong." A person faced with making a judgment about another person's moral conduct bases that decision on his or her own system of ethics; when these systems differ, disagreement arises about whether or not a particular action is moral (Forsyth, 1980). To help explain these perspectives, a classification of ethical ideologies has been developed and is presented in Figure 14.1.

Figure 14.1 – Difference in Ethical Perspectives

The relativism dimension describes the extent to which a person rejects universal moral rules in favor of relativism. On the high end of the relativism dimension, an individual rejects the idea that there are universal codes to which one must adhere. On the low end, an individual believes there are universal rules of conduct that apply to all people. The idealism dimension describes the extent to which a person is idealistic in anticipation of outcomes. On the high end of the idealism dimension, an individual believes one can always realize desirable consequences by making the "right" decision. On the low end, a person believes that undesirable actions are often mixed with desirable actions.

Situationists are high in both relativism and idealism. These individuals reject universal moral rules and advocate analysis of moral problems by considering the situation and context in which the behavior occurs. They also believe that with the “right” action, desirable consequences are obtainable. For example, a situationist would be optimistic about the outcome of the Rite Aid scandal if management comes clean. The situationist would also believe that the overall situation and context of the environment must be understood to explain why managers at Rite Aid committed fraud.

Subjectivists are high in relativism but low in idealism. People in this category reject universal moral rules in favor of personal values and perspectives to guide behavior. They also believe that there are bound to be undesirable consequences mixed in with desirable consequences. Subjectivist would view the Rite Aid scandal in terms of the personal ethics that guided management's behavior. Individuals in this category do not believe there are universal rules of right and wrong. Instead, ethical behavior is guided by a person's perspective. Subjectivists would expect undesirable consequences, even when “right” actions are taken.

Absolutists are low in relativism and high in idealism. People in this category assume the best possible outcome can always be achieved by following universal rules. An absolutist would say that if the Rite Aid executives had followed the laws, the best outcome for the company would have resulted. This person does not believe that context is important.

Exceptionists are low in both relativism and idealism. These individuals believe that moral universal rules guide conduct but that the consequences of the action must also be considered to determine whether or not the behavior is moral. Exceptionists are pessimistic, believing that undesirable consequences will likely occur even when rules are followed. An exceptionist would say that the Rite Aid executives did not follow laws of behavior, but to determine whether their behavior was ethical, a full examination of the consequences of the behavior would need to be conducted, because even when the rules are followed, there can be undesirable consequences.

A person's decision as to whether a particular behavior is "right" or "wrong" depends on his or her ideology. For clarification, consider the following retailing example: Is it morally right for a salesperson to lie to a customer? The situationist would say it depends on why the salesperson tells the lie. Perhaps the lie is that the customer looks nice in the outfit he chose when in reality the salesperson thinks it is unflattering. Because the salesperson does not want to hurt the customer's feelings, she tells him a lie.

The subjectivist would also examine the situation to determine what is right or wrong. The subjectivist would most likely believe that undesirable consequences would result from telling a lie. The absolutist would say that a universal moral rule is to tell the truth. People in this category...
would agree that telling the truth is the best course of action in all circumstances. Finally, the exceptionist would say that moral absolutes guide judgments but that consequences should be considered; if necessary, exceptions should be made to universal standards of conduct. Thus, if telling a lie were the best for all parties concerned, the exceptionist would agree that is the best course of action.

**The Profit-Principle Relationship**

According to the marketing concept, companies should strive to satisfy customer wants and needs at a profit. Sometimes ethical conflicts arise because the retailer is under pressure from stockholders and other publics to show profits. Four perspectives clarify the relationship between profits and principles (Graafland, 2002). The interplay of profits and principles varies depending on the perspective a particular company employs.

1. The **win-win perspective** assumes that the more ethically a business operates, the higher the profits for the business. Therefore, no conflict exists between ethics and profits. Instead, profits and principles reinforce each other. This perspective is the most ideal situation.

2. According to the **license to operate perspective**, a company maximizes profits under the condition that the level of principles adhered to by the company is enough for it to receive a “license” from society to operate. The license stands for the acceptance of a company’s operations by all stakeholders (i.e., customers, stockholders, government) who can affect the profitability of the company. This perspective recognizes that not all ethical behavior will increase competitive advantage, especially when others are operating unethically. In the license-to-operate perspective, firms strive to maximize profits as opposed to principles.

3. The **acceptable profit perspective** assumes that companies want to maximize principles but are restricted because the market demands that profitability reach a level required by the capital market to ensure financial continuity. In this perspective, firms strive to maximize principles as opposed to profits, but they are restricted by the need to generate a minimum level of profits to ensure the company survives.

4. The **integrated perspective** attaches an optimum intrinsic value to both profits and principles, and the company selects the optimal balance between the two. The optimal balance depends on the relative weights of profits and principles in company operations. This perspective is the most balanced of the four.

These divisions are not clear-cut because changes in the environment can alter outlooks. But they provide a framework for viewing profit-principle conflicts.

**Culture and Ethical Perspectives**

A country’s culture can have a significant effect on ethical perspectives. More and more retailers are becoming global through both the Internet and global expansion. Therefore, it is increasingly important for retailers to be aware that differences exist. In addition, a retailer must understand the international laws that may affect the company.

Although most companies have policies regarding integrity, relatively few have established practices regarding bribery in the global marketplace. In many countries, bribery is not illegal; thus, ethical questions arise very quickly when a U.S. firm conducts business in those countries. It can be argued that U.S. laws against bribery place U.S. companies at a competitive disadvantage when conducting business in countries where bribery is a common practice.

On February 3, 1975, the chief executive officer of United Brands Company committed suicide. Two months later, the Securities and Exchange Commission discovered that the CEO had bribed the president of Honduras with $1.25 million. The investigation that followed revealed that
more than 400 U.S. companies (117 from the Fortune 500 list) had paid over $300 million in bribes or other illegal payments to foreign officials to gain business opportunities in foreign countries. As a result, the Foreign Corrupt Practices Act was enacted in 1977 to curtail bribery practices. The act makes it illegal for a U.S. company to pay, or offer to pay, a foreign official to gain or maintain business in that country. American corporations claim the act makes it difficult, if not impossible, to compete internationally, especially because bribery is a widespread practice in many countries. In recent years, however, many other countries have recognized the legal and ethical issues surrounding bribery and have developed their own antibribery laws.

Retailers encounter difficulties when it is not clear which standards the company should follow: those of the home country or those of the country in which it conducts business. Thus the importance of understanding the laws and ethical codes of the country in which the retailer operates cannot be underestimated. Globalization is forcing countries to examine their laws and ethical codes of conduct; in the future there may be international standards, which will make ethical choices easier.

Running an Ethical Business

Instead of enjoying the appreciation and respect typically experienced by CEOs, executives are increasingly being regarded with hostility and suspicion. There are several ways a retailer can run an ethical business. Table 14.1 contains suggestions for running an ethical business.

**Table 14.1 – Suggestions for Running an Ethical Business**

<table>
<thead>
<tr>
<th>Suggestion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Examine the intention.</strong> Examine your reasons for implementing ethics policies. Is the retailer implementing ethics policies because it’s the “hot topic” or does management plan to make ethics a priority for the long-term? Whose ethical standards will be applied in determining the policies? The rationale behind intentions will help to better communicate policies to employees.</td>
</tr>
<tr>
<td><strong>Highlight the company’s “legends” that personify the ethics.</strong> Celebrate the models of ethical conduct by sharing stories with employees and the public. Employees at Wal-Mart are well versed in stories of Sam Walton, founder, and his appreciation for employees or ‘associates’, as he called them. Keep these types of stories alive to provide role models to employees.</td>
</tr>
<tr>
<td><strong>Make it a company norm-in-action.</strong> Every manager must “walk the talk” when it comes to ethical behavior. Employees are watching and will become confused if actions don’t mirror words.</td>
</tr>
<tr>
<td><strong>Provide parameters and examples.</strong> Provide employees guidelines that support the company’s standards of ethics. Remember that people see ethical behavior differently. Guidelines will help them to determine the company’s standards. Be sure to communicate these standards consistently to all employees.</td>
</tr>
<tr>
<td><strong>Incorporate new ways of understanding ethics.</strong> It may be beneficial to hire a skilled facilitator to engage your employees in discussions about ethics. If managers feel comfortable enough, they can conduct discussion sessions themselves, but it’s important to respect participants’ differences, beliefs and insecurities about the subject.</td>
</tr>
<tr>
<td><strong>Meld ethics with business.</strong> Integrate ethics in all aspects of the operation including hiring new employees, pricing products, implementing standards, and choosing suppliers.</td>
</tr>
<tr>
<td><strong>Tie ethics to individual and departmental goals.</strong> Incorporate support of the company’s ethical standards in performance reviews. Make sure associates understand that they will be rated on ethical behavior and that they understand the consequences of unethical behavior.</td>
</tr>
<tr>
<td><strong>Develop safe feedback mechanisms.</strong> Make sure employees feel safe in reporting unethical behavior. Some ways to ensure employees are comfortable include anonymous hotlines, suggestion boxes, establishment of an ethics officer, and one on one discussion.</td>
</tr>
<tr>
<td><strong>Use an advisor.</strong> Get some outside advice from an expert on how to best implement and communicate an ethics policy that fits your organizational culture.</td>
</tr>
<tr>
<td><strong>A word of advice.</strong> A good rule of thumb is, if your family or friends would think less of you if knowledge of an activity surfaced, then don’t do it.</td>
</tr>
</tbody>
</table>

Laws

To facilitate the flow of business while protecting consumers, many local, state, national, and international laws are created. The following sections describe laws that are specific to retailers. Prior to discussing the legal environment of retailing, we will look at some legal issues facing retailers. Keep in mind that many times laws and ethics overlap; although there are laws against theft, for example, ethical perspectives also play a role.

Employee Theft

According to the 2012 National Retail Security Survey (NRSS), total inventory shrinkage cost U.S. retailers $34.5 billion in 2011, down $2.6 billion compared to the previous year. Theft as a percentage of revenue was 1.41 percent in 2011, down from 1.49 percent in 2010. Employee theft accounted for about 43.9 percent of inventory shrinkage, with the remainder coming from shoplifting (35.7 percent), administrative error (12.1 percent) and vendor fraud (5 percent) (Retail Theft..., 2012). Employee theft often involves collusion with external sources. Retail theft costs are often passed to the consumer in the form of higher prices.

According to Dr. Richard Hollinger, conductor of the NRSS, retailers that experience higher than average shrink include grocery/supermarket (much comes from spoilage), and specialty accessory stores. Those with lower than average shrink include office supply stores, home furnishing stores, and entertainment and media gaming stores (Davis, 2011).

Employee theft can be extremely costly for retailers, but by taking precautions, retailers can minimize shrinkage and eliminate temptation for employees to behave unethically.

Customer Theft

Although the majority of retail theft is by employees, customer shoplifting is also a big concern for retailers. Return fraud occurs when customers take advantage or manipulate a retailer's return policies. Customers may attempt wardrobing, which is the return of used, non-defective merchandise like special event apparel or electronics after a major sporting event. Others may attempt to return merchandise with a counterfeit receipt. Another type of return fraud occurs when a customer buys goods with counterfeit money or a stolen credit card and attempts to return the product to another location for cash. To curtail return fraud, many retailers are investing in technology, requiring identification and often provide credit instead of cash for items returned without proper documentation (Return Fraud..., 2011).

Although shrinkage has gone down, retailers are reporting increases in organized retail crime (ORC) which involves the large-scale theft of consumer items. Professional shoplifters (called boosters) steal or fraudulently obtain products which are sold or fenced to other people or companies (Finklea, 2012). The rise in ORC has given rise to Organized Retail Crime Associations (ORCA), constituted of companies that share efforts to stop the crime (Robaton, 2013).

Ways to reduce shrinkage due to customer theft include supervising the selling floor, making would-be shoplifters feel uneasy, and getting employees involved in the prevention process (ADT, 2013).
Supervise the Selling Floor

It is important that managers be on the sales floor as much as possible during the day. While walking the floor, managers should observe and respond to mismarked merchandise, incorrect prices on signs, unlocked security displays, merchandise concealed for later pickup, fitting room attendants off their posts, inattentive security guards, unpaid-for merchandise under counters, and suspicious activities by customers. Another effective method is to pay plainclothes security personnel to walk the selling floor.

Give Shoplifters an Uneasy Feeling

An effective way to deter shoplifting is to make shoplifting difficult. Methods include the following:

- Train employees to maintain frequent eye contact with customers who insist on browsing on their own.
- Install added security measures in "blind spots" around the store
- Provide personal attention to as many customers as possible.
- Assign zones for staff coverage so that vulnerable areas are not left unattended.
- Instruct employees to give directions to people taking items into the fitting room.
- Use bright lighting, mirrors, video cameras, and anti-shoplifting signs to let customers know the retailer is serious about theft. Let potential shoplifters know that all offenders will be prosecuted.

Get Employees Involved in the Theft Prevention Process

Employees can be very effective in detecting and deterring theft. Given that retailers report more than $31 billion in losses yearly due to theft, it is important to get everyone involved in the theft prevention process. There are several ways to ensure employee involvement:

- Do not criticize employees who are overcautious; in fact, employees who report theft should be rewarded.
- Keep employees well informed about what is happening within the company. Informed employees feel like they are part of the company and will be more protective of the company's assets.
- Train employees in how to get assistance when in a security crisis.
- Install silent alarms and educate all employees in company policies and procedures in the event of a theft.

Other Loss Prevention Strategies

Loss prevention strategies are grouped into four categories: pre-employment integrity screening measures, employee awareness programs, asset control policies, and loss prevention systems (Finklea, 2012).

Pre-Employment Integrity Screening Measures

Retailers using these measures most often verify past employment history and check for prior criminal convictions. Other methods include drug screening, driving record checks, credit checks, multiple interviews, education verification, personal reference checks, and surveys that measure honesty. Different measures are undertaken depending on the level of personnel being considered, with greater scrutiny being applied to potential managerial employees than to employees lower in the organizational hierarchy.
Employee Awareness Programs

The most common employee awareness programs involve discussions during new-hire orientation, bulletin board notices and posters, anonymous telephone hotlines, and presentations and lectures. Other programs include codes of conduct, training videos, online training, newsletters, and honesty incentives.

Asset Control Policies

The most widely used retail loss prevention strategies are in the asset control policies category. These policies include refund controls, void controls, employee package checks, point-of-service (POS) exception-based reporting, trash removal controls, inter-store transfer controls, POS bar coding/scanning, price change controls, unobserved exit door controls, inventory bar coding/scanning, web-based management, and detailed merchandise receiving controls.

Loss Prevention Systems

The most common programs in this category include burglar alarms and live, visible CCTV (closed-circuit television). Other actions include check approval database screening, hidden CCTV and armored car deposit pickups, cables/locks/chains, digital video recording systems, secured display fixtures, mystery/honesty shoppers, silent alarms, observation mirrors, plainclothes detectives, and merchandise locks and alarms.

Internet Fraud

Fraud committed over the Internet is becoming more prevalent. According to the Department of Justice, Internet fraud refers to "any type of fraud scheme that uses one or more components of the Internet to present fraudulent solicitation to prospective victims, to conduct fraudulent transactions, or to transmit the proceeds of fraud to financial institutions or to others connected with the scheme."

An example is customer credit card purchases over the Internet. Laws related to customer loss due to fraudulent use of credit cards for purchases at brick-and-mortar retailers or even through direct retailers, such as catalog retail outlets, do not apply to Internet transactions. E-tailers incur the cost of the loss of fraudulent credit card purchases because most credit card issuers and processors require the customer’s signature; thus, the e-tailer is unprotected without this signature. If the credit card is not physically present (called CNP for card not present), the e-tailer must assume that the buyer is presenting the information ethically. Many e-tailers will only ship to a verified address. The e-tailer must weigh the cost of potential fraud with the inconvenience experienced by customers by the verification process. People committing fraud take advantage of the fact that small transactions are not caught as often. Investigating Internet fraud is difficult because the thief is often located in a different state or country than the victim.

Table 14.2 on the next page lists government and non-government websites that contain information on fraud.
### Table 14.2 – Websites with Information on Fraud

<table>
<thead>
<tr>
<th>Government Web Sites</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity Futures Trading Commission</td>
<td><a href="http://www.cftc.gov">www.cftc.gov</a></td>
</tr>
<tr>
<td>FirstGov For Consumers</td>
<td><a href="http://www.consumer.gov">www.consumer.gov</a></td>
</tr>
<tr>
<td>Federal Bureau of Investigation</td>
<td><a href="http://www.fbi.gov">www.fbi.gov</a></td>
</tr>
<tr>
<td>Federal Trade Commission</td>
<td><a href="http://www.ftc.gov">www.ftc.gov</a></td>
</tr>
<tr>
<td>Internet Crime Complaint Center</td>
<td><a href="http://www.ic3.gov">www.ic3.gov</a></td>
</tr>
<tr>
<td>Securities and Exchange Commission</td>
<td><a href="http://www.sec.gov">www.sec.gov</a></td>
</tr>
<tr>
<td>U.S. Customs and Border Protection</td>
<td><a href="http://www.cbp.gov">www.cbp.gov</a></td>
</tr>
<tr>
<td>U.S. Postal Inspection Service</td>
<td><a href="http://www.usps.com">www.usps.com</a></td>
</tr>
<tr>
<td>U.S. Secret Service</td>
<td><a href="http://www.secretservice.gov">www.secretservice.gov</a></td>
</tr>
<tr>
<td>U.S. Sentencing Commission</td>
<td><a href="http://www.ussc.gov">www.ussc.gov</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nongovernmental Web Sites</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Business Bureau</td>
<td><a href="http://www.bbb.org">www.bbb.org</a></td>
</tr>
<tr>
<td>BBBOnLine</td>
<td><a href="http://www.bbbonline.org">www.bbbonline.org</a></td>
</tr>
<tr>
<td>Consumer Action</td>
<td><a href="http://www.consumer-action.org/">http://www.consumer-action.org/</a></td>
</tr>
<tr>
<td>Consumer Federation of America</td>
<td><a href="http://www.consumerfed.org">www.consumerfed.org</a></td>
</tr>
<tr>
<td>Internet ScamBusters</td>
<td><a href="http://www.scambusters.org">www.scambusters.org</a></td>
</tr>
<tr>
<td>National Association of Attorneys General</td>
<td><a href="http://www.naag.org">www.naag.org</a></td>
</tr>
<tr>
<td>Financial Industry Regulatory Authority</td>
<td><a href="http://www.finra.org">www.finra.org</a></td>
</tr>
<tr>
<td>National Consumers League</td>
<td><a href="http://www.natlconsumersleague.org">www.natlconsumersleague.org</a></td>
</tr>
<tr>
<td>Fraud.org</td>
<td><a href="http://www.fraud.org">www.fraud.org</a></td>
</tr>
<tr>
<td>North American Securities Administrators Association</td>
<td><a href="http://www.nasaa.org">www.nasaa.org</a></td>
</tr>
</tbody>
</table>

According to the Internet Crime Complaint Center's (NWC3, 2013) annual report, there were 289,874 consumer complaints in 2012 resulting in over $525 billion in losses. Of the total complaints, 114,908 (39.6 percent) experienced financial loss. The average loss based on those reporting a financial loss was $4,573. Auto fraud was the most prevalent. People attempt to sell vehicles they don’t possess or pose as dealers. Non-delivery of and nonpayment for merchandise was also common. These types of schemes purport to offer high-value items likely to attract many consumers. The victims send money for the promised items, but either never get the items or receive counterfeit items instead of the promised goods. Other scams included get-rich-quick deals, bogus lottery win notifications, Nigerian scam letters (trick people into sending money with promises of a pay-off; also known as 419 scams), phishing (tricking people into disclosing personal information and using it to commit fraud) and the use of intimidation and extortion.
Regulating Bodies

The Federal Trade Commission (FTC) is a regulatory agency of the U.S. government that enforces federal antitrust and consumer protection laws. The FTC protects consumers and businesses from acts or practices that are unfair or deceptive.

With regulatory powers similar to those of the FTC, the U.S. International Trade Commission (ITC) (www.usitc.gov) provides trade expertise to both the legislative and executive branches of government; determines the impact of imports on U.S. industries; and directs actions against certain unfair trade practices, such as patent, trademark, and copyright infringement.

Other countries have regulatory agencies similar to the FTC and ITC. Examples include the Bangladesh Export Promotion Bureau, Hong Kong Trade and Industry Department, Department of Commerce - Government of India, and the French Ministry for Foreign Trade.

Many of the regulations imposed by local, state, federal, and international bodies aim to protect the consumer, give the consumer a broad range of choices, provide the consumer with reliable, timely information, and prevent unfair trade practices.

Specific Laws that Affect Retailers

Authorities, societies, or custom establish laws. Retailers must abide by the laws imposed by various local, state, and federal authorities. Companies that run global operations must keep in mind that laws in effect in the United States may not apply in other countries. Conversely, other countries have laws that the United States may not have. When a company breaks established laws, it must pay the consequences for illegal activity. Consequences may include paying a fine, providing restitution to affected parties, publicly admitting to crimes, and, in severe situations, jail time for the individual(s) who committed the crime. Frequently the negative publicity generated by law breaking hurls a company into bankruptcy. The investment in a legal department is highly recommended for both national and international companies.

Retailing laws have the greatest effect on retail tactics (pricing, integrated marketing communications, customer service, etc.). For example, truth in advertising laws make it against the law for retailers to make false or deceptive claims when advertising their products and services.
Let's take a closer look at some other laws that affect retailers.

**Trademark Regulations**

All businesses must be aware of trademark laws. A **trademark** is a firm's brand name, symbol, or design that is used to identify the company to other businesses and consumers. Trademarks give a business the legal right to use a given design to identify its products. **Servicemarks** are the counterparts to trademarks for services.

The Lanham Trademark Act, enacted by Congress in 1946, protects the rights of trademark and servicemark owners. Under the Lanham Act, a company can register its brand name or design with the U.S. Patent Office. A search is conducted to ensure that no other company is already using the mark. Eventually the application to register a trademark is either accepted or rejected. If it is accepted, the company is protected, under federal laws, against unauthorized use of the trademark. If it is declined, the company can file an appeal. There is no single organization that polices trademarks and servicemarks. If a company believes its trademark has been infringed on, it needs to follow up. The courts will decide if an infringement of trademark law has occurred.

In a classic case that occurred in the 1980s, the company that owned Domino's Sugar, Amstar, took Domino's Pizza to court over trademark infringement. Domino's Sugar believed Domino's Pizza unfairly used its trademarked name “Domino's.” While the case was in court, the owners of Domino's Pizza changed the name to Dominic's Pizza. The court ruled in favor of Domino's Pizza, arguing that a reasonable person would know the difference between sugar and pizza.

**Antitrust Laws**

Many antitrust laws restrict unfair or unlawful partnerships between retailers. The **Sherman Antitrust Act**, passed in 1890, outlaws monopolies as well as contracts or other forms of conspiracy to restrain or limit free trade. Violation of these laws is a felony. Corporations may be charged up to $100 million for each violation, and an individual breaking these laws may be jailed for up to ten years and fined up to $1 million per violation. Maximum fines can go higher in some instances because the maximum penalty is twice the gain or loss involved.

The **Clayton Act**, passed in 1914, regulates price discrimination, addressing contracts, exclusive dealing arrangements, and acquisition of stock of another company. Three revisions to the Clayton act were made that affected trade. The first was the Robinson-Patman Act, passed in 1936, which regulates seller-induced price discrimination, buyer-induced price discrimination, and price discounts such as advertising allowances. The second was the Celler-Kefauver Amendment, passed in 1950, which regulates acquisition of assets as well as stock of another company. The third was the Hart-Scott-Rodino Antitrust Improvement Act (1976), which required large firms to prenotify the FTC of intentions to merge. Table 14.3 on the next page summarizes important sections of various antitrust laws.

**Horizontal Agreements**

According to the FTC, agreements among parties in a competing relationship can raise antitrust suspicions. If agreements hurt competition, they are considered violations of federal law. **Horizontal agreements** are arrangements between a business and its competitors. Following are some of the more common horizontal agreements that retailers must avoid.

- **Agreements on price.** Illegal agreements on price or price-related matters such as credit terms are potentially the most serious violations, because price often is the primary means of competition among retailers. Sometimes retailers appear to be in collusion because their prices are so similar, but to prove illegal activity, the FTC needs evidence of price fixing.
Chapter 14

LAW AND ETHICS

Table 14.3 – Summary of Antitrust Laws

<table>
<thead>
<tr>
<th>Antitrust Laws</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antitrust laws describe unlawful practices in general terms, leaving it to the courts to decide what specific practic- es are illegal based on the facts and circumstances of each case.</td>
</tr>
<tr>
<td>• Section 1 of the Sherman Act outlaws &quot;every contract, combination . . . , or conspiracy, in restraint of trade,&quot; but long ago, the Supreme Court decided that the Sherman Act prohibits only those contracts or agreements that restrain trade unreasonably. What kinds of agreements are unreasonable is up to the courts.</td>
</tr>
<tr>
<td>• Section 2 of the Sherman Act makes it unlawful for a company to &quot;monopolize, or attempt to monopolize,&quot; trade or commerce. As that law has been interpreted, it is not necessarily illegal for a company to have a monopoly or to try to achieve a monopoly position. The law is violated only if the company tries to maintain or acquire a monopoly position through unreasonable methods. For the courts, a key factor in determining what is unreasonable is whether the practice has a legitimate business justification.</td>
</tr>
<tr>
<td>• Section 5 of the Federal Trade Commission Act outlaws &quot;unfair methods of competition&quot; but does not define unfair. The Supreme Court has ruled that violations of the Sherman Act also are violations of Section 5, but Section 5 covers some practices that are beyond the scope of the Sherman Act. It is the FTC's job to enforce Section 5.</td>
</tr>
<tr>
<td>• Section 7 of the Clayton Act prohibits mergers and acquisitions where the effect &quot;may be substantially to lessen competition, or to tend to create a monopoly.&quot; Determining whether a merger will have that effect requires a thorough economic evaluation or market study.</td>
</tr>
<tr>
<td>• Section 7A of the Clayton Act, called the Hart-Scott-Rodino Act, requires the prior notification of large mergers to both the FTC and the Justice Department.</td>
</tr>
</tbody>
</table>

- Agreements to restrict output. An agreement to restrict production or output is illegal because when the supply of a product or service is limited its price usually goes up.

- Boycotts. A group boycott is an agreement among competitors not to deal with another person or business. If the boycott is used to force another party to pay higher prices, it is illegal.

- Market division. Agreements among competitors to divide sales territories or allocate customers are essentially agreements not to compete.

- Agreements to restrict advertising. Restrictions on price advertising can be illegal if they deprive consumers of important information. Restrictions on nonprice advertising also may be illegal if evidence shows the restrictions have anticompetitive effects and lack reasonable business justification.

- Codes of ethics. A professional code of ethics may be unlawful if it unreasonably restricts the methods by which professionals can compete.

Vertical Agreements

Vertical agreements are arrangements occurring in a buyer-seller relationship, such as between a retailer and a manufacturer or wholesaler. The following types of vertical agreements are illegal.

- Resale price maintenance agreements. Illegal activity includes price fixing between a supplier and a dealer or between a manufacturer and a retailer. Such activity is illegal because it fixes the minimum resale price of a product, resulting in unfair competition. Although the laws are restrictive, a manufacturer has some latitude to adopt a policy regarding a desired level of resale prices and to deal only with retailers that independently decide to follow that policy. A manufacturer can also cease dealings with a retailer that breaches the manufacturer's resale price maintenance policy.
• Tie-in sales. A tie-in (also called a tying agreement) is an arrangement in which a company tries to sell one product on the condition that the customer purchases a second product. In some cases, the customer does not want the second product or can buy it elsewhere at a lower price. Such a tie-in sale may prevent the consumer from shopping for the product at a competitor; thus, it can potentially harm competition and therefore is illegal.

**Consumer Protection Acts**

Before the 1900s, merchants followed the *caveat emptor* doctrine: "Let the buyer beware." In the early 1900s, Congress passed a series of laws designed to protect consumers from increasingly exploitive business practices. The slogan for consumers became *caveat vendor*, meaning "Let the seller beware." The Federal Food Drug and Cosmetic Act (passed in 1906 and amended in 1938 and 1997) protects consumers from adulteration of food and misbranding of food, drugs, cosmetics, and therapeutic devices.

In the 1960s and 1970s, as consumers gained more power relative to government and business, a series of laws were enacted that have greatly affected the way businesses interact with their customers. The following sections describe these laws.

- **Fair Packaging and Labeling Act (1966).** This law prevents deceptive product labeling and makes it easier for consumers to make product comparisons due to the required information on product labels.
- **The FDA Food Safety Modernization Act (FSMA) (2011).** The purpose of the FSMA is to ensure the U.S. food supply is safe by shifting the focus of federal regulators from responding to contamination to preventing it.
- **Truth in Lending Act (1968).** This law requires creditors to disclose all costs and terms of credit in a clear manner. Although the disclosure process still confuses some consumers, if you read the terms carefully, you will see that credit agreements must contain information about interest rates.
- **Fair Credit Reporting Act (1971).** This act gives consumers the right to inspect their credit reports and to correct mistakes found in these reports. This act was amended in 1997 to require the major credit reporting agencies to include a toll-free telephone number at which customer service personnel are accessible to answer consumer questions. Under the amendment, consumer credit bureaus must take actions to investigate customer disputes within thirty days.
- **Credit Accountability, Responsibility and Disclosure (CARD) Act of 2009.** The purpose of the act is “to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan” (HR 627, 2009). The CARD Act includes consumer protections such as limited interest rate hikes, the right to opt out or reject significant changes in terms on accounts, bans on issuing credit cards to anyone under 21 without a co-signer or proof of income to repay debt, reasonable time to pay monthly bills, clearer due dates and late fee restrictions (Prater, 2012). Credit card companies must also give card holders 45 days notice of changes to the account terms.
- **Consumer Product Safety Act (1972).** This act monitors and regulates product safety issues, safety guidelines, and banning and recalling of products.
The Consumer Product Safety Improvement Act (CPSIA) of 2008. This act requires that nearly all children’s products comply with all applicable children’s product safety rules, are tested for compliance, and have permanent tracking information on the product and its packaging.

Fair Credit Billing Act (1975). This law was enacted to help consumers correct mistakes made on their billing statements.

Magnuson-Moss Warranty Act (1975). This act requires that warranties be written in easy-to-understand language.

Equal Credit Opportunity Act (1975). This act makes it illegal to discriminate in any aspect of the credit transaction due to sex, marital status, race, national origin, religion, age, or receipt of public assistance.

Fair Debt Collection Practices Act (1978). This act makes it illegal to harass people when attempting to collect payments. The act also prohibits lying or using unfair tactics to collect payments (amended in 1996).

Patient Protection and Affordable Care Act of 2010. This act aims to increase the quality of healthcare and make health care affordable for all Americans.

Corporate Disclosure Acts

Like all companies, retailers have an obligation to disclose relevant information to the consumer. In general, advertising must tell the truth, and claims made about products and services must be substantiated. The FTC has determined that a particular practice is deceptive if it is likely to mislead consumers and affect their behavior or decisions about the product or service.

A practice is deemed unfair if the injury it causes (or is likely to cause) is substantial and not outweighed by other benefits or not reasonably avoidable. Third parties, such as advertising agencies, Web designers, or direct marketers, may be held liable for making or disseminating deceptive representations if they participate in the preparation or distribution of such representations, especially if they knew in advance that the practice was deceptive or unfair.

Electronic Fund Transfer Act (EFTA). This act requires businesses to adopt practices that protect information transferred electronically. Liability limits are also specified for losses caused by unauthorized transfers. Banks and other financial institutions were affected by this law in 1999 when the Gramm-Leach-Bliley Act (GLBA) amended the EFTA and made it necessary for automated teller machine (ATM) operators to disclose their service fees on or near the ATM. The amendment requires that disclosure of the fee be made before the transaction is completed so the consumer can cancel the transaction if she or he chooses not to pay the fee (Saunders, 2003).

Franchise and Business Opportunity Rule. This rule requires franchise and business opportunity sellers to give detailed disclosure information to help buyers make informed decisions. The disclosure documents should include names, addresses, and telephone numbers of at least ten previous purchasers who live closest to the inquirer, a fully audited financial statement of the seller, the background and experience of the business’s key executives, the
costs of starting and maintaining the business, and the responsibilities the potential purchaser and the seller will have to each other once the franchise is purchased. Several franchisers have websites containing this information. For example, Dunkin' Donuts has a special website for people interested in starting a franchise (www.dunkinfranchising.com). The website provides the steps to follow to obtain a franchise as well as information about the franchise.

- **Indian Arts and Crafts Amendments Act of 2010.** The new law strengthens the Indian Arts and Crafts Act, which makes it illegal to misrepresent any art or craft product as American-Indian-made, an Indian product, or the product of a particular Indian tribe.

- **Testimonials and Endorsements.** These guides require that testimonials and endorsements reflect typical consumer experiences, unless otherwise clearly and conspicuously stated. The statement has to be more than the typical "not all consumers will get the same results." Also, a testimonial or an endorsement cannot be made unless the advertiser can substantiate the claim and reveals any connections between the endorser and the company. For example, many actors providing testimonials must disclose whether they are getting paid for their testimonials.

- **Wool and Textile Products Acts.** These acts require companies to disclose country-of-origin information in all ads for textile and wool products. In addition, ads that say or imply anything about fiber content must disclose the generic fiber names in order of predominance by weight.

- **“Made in the U.S.A.”** To be able to carry the label "Made in the U.S.A.," a product must be "all or virtually all made in the United States."

**Regulations Specific to E-tailing**

Some laws and regulations apply more to e-tailers than to brick-and-mortar businesses. These are described in the following sections.

- **Mail or Telephone-Order Merchandise Rule.** This rule requires that any business using the telephone or catalogs as a channel ship products as promised or within thirty days. If a business cannot ship when promised, it must notify the customer, who then has the right to cancel the order. The Rule was amended in 2011 to make clear that Internet purchases were included. The FTC frequently files suit against companies that are in violation of this rule. For example, the FTC filed a complaint against Bargains & Deals Magazine alleging that the company made misrepresentations over the Internet to sell merchandise and then either failed to deliver the products as promised or, in some cases, did not send the merchandise at all (US FTC..., 2001).

- **Children's Online Privacy Protection Act (COPPA).** This act makes it illegal to collect information from children under age thirteen without parental permission. Any company operating on the Internet that targets children must supply notice of its information collection practices, the type of information it collects, how it is used, parental permission prior to collection of personal information, and information on confidentiality of the information (Davis, 2002). The act was revised in 2013 with stricter rules.

- **Market Place Fairness Act.** Recent laws have been proposed that will force online retailers to collect tax on purchases sold to people in states that collect sales tax. If passed, online retail-
ers will need to make major adjustments to billing practices and consumers will no longer be able to avoid paying taxes.

**Sarbanes-Oxley Act**

In July, 2002, in response to the wave of ethical breaches by both retailers and e-tailers, President Bush signed a law designed to curtail corporate fraud. The Sarbanes-Oxley Act (also called SOX or Sarbox) quadruples sentences for accounting fraud, imposes restrictions on accounting firms that do both consulting work and financial statement audits for the same corporation, requires company executives to personally vouch for the accuracy of their companies' reports, creates a new felony for securities fraud that carries a twenty-five-year prison term and places new restraints on corporate officers, and establishes a federal oversight board for the accounting industry. The new law is the greatest overhaul of corporate law since the aftermath of the 1929 stock market crash (Loven, 2002).

As we have seen, there are many laws of which retailers must be aware. Smaller retailers typically monitor local, state, and national laws and determine which ones apply to them. Larger retailers typically have a legal department that handles all legal actions for and against the company.

**Summary**

Many ethics, rules, and laws pertain to the operation of a retail business. The retailer must be aware of these laws and rules for every geographic area in which it competes. In addition to federal laws, the retailer must abide by regional and local rules and regulations that affect the business, as well as international laws if the retailer has global operations. Retailers engaged in interstate commerce come under the purview of federal laws. Retailers involved in intrastate commerce may also be subject to some federal laws and must answer to the state and locality where they do business.

Although the concepts of laws and ethics are related, they actually differ somewhat. Ethics involve concepts of what is right and wrong and are often based on moral and religious beliefs. Laws are rules established by society. Differences in ethical perspectives explain why different people can have differing views on whether an act is right or wrong. In retailing, ethical conflicts can arise from the conflict between profit and principles. Retailers are often under pressure to show profits, and this can cloud ethical judgments.

Employee and customer theft are the two biggest sources of inventory shrinkage. Retailers can reduce theft by implementing loss prevention strategies such as pre-employment screening, asset controls, supervision of the selling floor, and employing devices to deter theft. Internet fraud is a concern in e-tailing. Customers are especially concerned about the security of their online transactions.

Several laws affect retailing. Consequences for breaking these laws range from paying a fine to imprisonment. Retail laws have the greatest effect on retail tactics (pricing, integrated marketing communications, and customer service). Nonetheless, every area in the IRM flow chart has the potential to be affected by ethics and laws. The area where laws and ethics become most apparent is the situational analysis.

The ethical and legal environments have played, and will continue to play, an important role in the retail industry.
### Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>acceptable profit perspective</td>
<td>a perspective on the relationship between profit and principles that assumes companies want to maximize principles but are restricted because the market demands that profitability reach a certain level to ensure financial continuity</td>
</tr>
<tr>
<td>applied ethics</td>
<td>the study of ethics that involves analyzing specific instances of ethical dilemmas</td>
</tr>
<tr>
<td>horizontal agreement</td>
<td>a restrictive agreement between two competitors in the same market</td>
</tr>
<tr>
<td>integrated perspective</td>
<td>a perspective of the relationship between profit and principles stating that firms strive for an optimal balance between profits and principles</td>
</tr>
<tr>
<td>Internet fraud</td>
<td>the use of the Internet to present fraudulent solicitation to prospective victims, conduct fraudulent transactions, or transmit the proceeds of fraud to financial institutions or others connected with the scheme</td>
</tr>
<tr>
<td>license to operate perspective</td>
<td>a perspective on the relationship between profit and principles stating that firms must have a minimum value of principles required by society to obtain a license to operate</td>
</tr>
<tr>
<td>metaethics</td>
<td>the study of the origin of ethical concepts and theories</td>
</tr>
<tr>
<td>normative ethics</td>
<td>the study of ethics using criteria to determine whether certain behavior is right or wrong</td>
</tr>
<tr>
<td>organized retail crime (ORC)</td>
<td>the large-scale theft of consumer items</td>
</tr>
<tr>
<td>phishing</td>
<td>tricking people into disclosing personal information, usually through email or the Internet, and using the information to commit fraud</td>
</tr>
<tr>
<td>servicemark</td>
<td>a firm’s brand name, symbol, or design used to identify the company to other businesses and consumers as the source of a service</td>
</tr>
<tr>
<td>tie-in</td>
<td>a practice in which a company tries to sell one product on the condition that the customer purchase a second product (also called a tying agreement)</td>
</tr>
<tr>
<td>trademark</td>
<td>a firm's brand name, symbol, or design used to identify the company to other businesses and consumers as the source of a product</td>
</tr>
<tr>
<td>vertical agreement</td>
<td>an agreement, between at least two parties operating at different levels of the supply chain, that relates to the conditions under which the parties may purchase, sell, or resell goods or services</td>
</tr>
<tr>
<td>wardrobing</td>
<td>the return of used, non-defective merchandise like special event apparel or electronics after a major sporting event</td>
</tr>
<tr>
<td>win-win perspective</td>
<td>a perspective on the relationship between profit and principles that assumes the more ethically a business operates, the higher its profits will be</td>
</tr>
</tbody>
</table>
Discussion Questions

1. What is the difference between ethics and laws?
2. Explain the profit-principle relationship.
3. What are some ways to reduce the amount of employee theft in a retail outlet?
4. Why do you think there has been such a large increase in Internet fraud? What do you think can be done to reduce this fraud?
5. Explain the concept of a retail price maintenance agreement.
6. Why do you think horizontal agreements in retailing are restricted and sometimes illegal?
7. Do you believe the government should allow vertical agreements for businesses? Why or why not?

Exercises

There are many websites that discuss business and professional ethics. Choose three of the following sites to explore and answer the following questions:

1. Do you think organizations that promote professional ethics are effective? Why or why not?
2. What should employees do when one of their colleagues or a company executive is being investigated for ethical violations?
3. Write your own code of ethics reflecting on what you expect from yourself in terms of ethical behavior.

- Association for Practical and Professional Ethics (http://appe.indiana.edu/)
- Ethics Web (Canada) (http://www.ethicsweb.ca/)
- Business for Social Responsibility (www.bsr.org)
- E-Center for Business Ethics (http://e-businessethics.com/)
- Edmond J. Safra Center for Ethics (http://www.ethics.harvard.edu/)
- Ethical Trading Initiative (www.ethicaltrade.org)
- Institute for Global Ethics (http://www.globalethics.org/)
- International Business Ethics Institute (http://business-ethics.org/)
- International Center for Ethics in Business (https://business.ku.edu/international-center-ethics-business)

2. Find a code of ethics for a business. Evaluate the code and make suggestions for improvement.
Case

Counterfeit Coupon Rings

The sale or transfer of coupons is against most manufacturers’ coupon redemption policies. People out to commit fraud usually purchase coupons and attempt to redeem the coupons without purchasing any products. Many times crime rings are involved. When caught, people involved with coupon fraud are charged and convicted.

In 2012 Robin Ramirez, a 40-year-old woman from Phoenix, AZ, was arrested for running the largest counterfeit-coupon enterprise in U.S. history. She owned 26 vehicles, a boat, and three condominiums that she paid for with money obtained from the fraud. Ramirez sold over 240 brands, which totaled $40 million in fake coupons, from her website. Authorities caught her in 2013 and she was sentenced to two years in state prison. In addition she may have to pay up to $5 million in restitution. Her husband was convinced that she was running a legitimate business because the items bought with the money were stored in an airport hangar.

Ramirez started out selling fake coupons on eBay and in 2007 she launched a website called savvyshoppersite.com. Companies affected by the scam joined forces with the Coupon Information Corporation to hire private investigators. The coupons were tracked to Phoenix, AZ. Despite the use of fake identities and addresses, it was eventually proven that Ramirez was the leader of the ring.

To pull off the fraud, Ramirez collected product coupons. She used a foreign printing company to produce the coupons in mass quantities. She then sold these coupons online for half the value, often adding a counterfeit hologram that signals the coupon was real. Coupons ranged from $2 to $70. The coupons were high quality, so retailers accepted them. It was not until the coupon reached the manufacturer that the fake was detected (Gunter, 2013).

The Coupon Information Corporation (CIC) (www.couponinformationcenter.com) lists the following tips to avoid counterfeit coupons:

1. Use the coupons obtained from the newspaper, manufacturer’s website, or an authorized distributor
2. Never pay money for a coupon
3. Do not download coupons from Internet forums
4. If a friend e-mails you coupons, especially high value or free product coupons, the coupons are most likely counterfeit.
5. Most manufacturers follow common sense practices about Internet print-at-home coupons, for example, the coupon itself should not be visible on your computer screen.
6. Check the counterfeit coupons listed on the CIC web site

Questions:
1. Could you tell the difference between a real and counterfeit coupon?
2. How can retailers and manufacturers prevent coupon fraud?
3. Why would someone attempt coupon fraud?
4. Is two years in prison enough?
5. Why is coupon fraud so prevalent?

References


Ex-Executive of Rite Aid Assisted Prosecutors in Building Fraud Case; Retailing: Timothy Noonan Agreed to Record Sessions with Former Chief Executive and Chief Counsel, Defendants Seek to Have Tapes Banned (2002). Los Angeles Times, (Sept 11), p. C3.


Rite Aid homepage at www.riteaid.com.


