

BEFORE THE FEDERAL TRADE COMMISSION WASHINGTON, D.C.

In the Matter of PETITION FOR RULEMAKING Regarding Deceptive Pricing Architecture and Algorithmic Market Manipulation

Date: November 28, 2025

TO: Office of the Secretary Federal Trade Commission Suite CC-5610 600 Pennsylvania Avenue NW Washington, DC 20580

FROM: Andrew Gonzalez [REDACTED]

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I. PETITION FOR RULEMAKING

Pursuant to **16 CFR § 1.31** and the Administrative Procedure Act (5 U.S.C. § 553(e)), I hereby petition the Federal Trade Commission ("Commission") to promulgate a Trade Regulation Rule regarding the disclosure of Artificial Intelligence (AI) systems used for commercial profiling and price manipulation.

II. ACTION REQUESTED

The Petitioner requests a rule mandating that any commercial entity subject to the Commission's jurisdiction must disclose, in a clear and conspicuous manner:

1. The use of **Non-Fraud Commercial AI** to determine pricing, service eligibility, or product sorting order.
2. The existence of **Algorithmic Profiling** utilizes third-party data to predict purchasing behavior or manipulate a consumer's decision-making process.

III. STATEMENT OF FACTUAL AND LEGAL BASIS

This petition relies on the Commission's authority under **Section 5 of the FTC Act (15 U.S.C. § 45)**, specifically the prohibition of **Unfair Methods of Competition** and **Deceptive Acts or Practices**.

A. The Rise of "Deceptive Pricing Architecture"

A competitive market relies on the mechanism of **Price Discovery**. When consumers shop, they assume the price they see is the "market price." However, dominant technology platforms now use opaque AI intermediaries to tailor prices not based on *cost*, but on *exploitation*. This is not standard for "dynamic pricing" (e.g., Happy Hour); it is **Deceptive Pricing Architecture**.

Hidden AI models create a monopoly of information. The seller knows the buyer's absolute maximum willingness to pay (based on harvested private data), but the buyer does not know the seller's true floor price. This destroys the efficiency of the free market and constitutes an Unfair Method of Competition.

B. Factual Scenario: The "Digital Bait-and-Switch"

To illustrate the harm to ordinary American consumers, consider the following scenario of **Algorithmic Discrimination**:

Scenario: Two neighbors, **Sarah** and **Jason**, are shopping for an emergency generator.

- **Sarah** is a working-class mother in Ohio. Her search history reveals anxiety about power outages and a high "urgency score." The AI "Price Intermediary" flags her as **Price Inelastic** and displays a price of **\$850**.
- **Jason**, a tech-savvy early adopter, is flagged by the same AI as a **"High Flight Risk"** shopper who compares prices often. To keep him on the platform, the AI shows him a price of **\$650** for the exact same unit.

The Deception: The platform displays Sarah's price as a "Special Deal," concealing the fact that it is a **30% markup** based solely on her vulnerability. Sarah is not paying for the product; she is paying a "fear tax" levied by an algorithm.

C. Proposed Definition: "Non-Fraud Commercial AI"

To ensure this regulation does not stifle innovation or compromise security, we propose the following narrow definition, distinguishing "revenue models" from "security models":

Definition: "Non-Fraud Commercial AI" means any automated decision system where the primary objective is to optimize **Revenue per User (RPU), Time on Site, or Conversion Rate**.

- **Exemptions:** This definition explicitly **excludes** systems used for: Fraud detection, Cybersecurity, Identity Verification, and Credit Risk management (where regulated by FCRA).

Proposed Rule Text:

Any commercial entity subject to the jurisdiction of the Federal Trade Commission and the requirements of the INFORM Consumers Act (15 U.S.C. § 45f) that utilizes Non-Fraud Commercial Artificial Intelligence (AI) systems for pricing, service eligibility, or product sorting must disclose, in a clear and conspicuous manner:

1. The use of such AI systems in determining prices, eligibility, or sorting order;
2. The existence of algorithmic profiling that utilizes third-party data to predict purchasing behavior or influence consumer decision-making.

For the purposes of this rule, 'Non-Fraud Commercial AI' means any automated decision system where the primary objective is to optimize Revenue per User (RPU), Time on Site, or Conversion Rate. This definition excludes systems used for fraud detection, cybersecurity, identity verification, and credit risk management regulated by FCRA.

This rule is intended to supplement, and not conflict with, the requirements of the INFORM Consumers Act (15 U.S.C. § 45f)

Statement of Petitioner's Interest

As a consumer who regularly purchases goods and services online, I am directly impacted by algorithmic pricing and profiling practices. The lack of transparency in how AI systems determine prices and sort products affects my ability to make informed purchasing decisions and exposes me to potential unfair price discrimination. The requested rule would protect my interests by ensuring that I am informed when such systems are used, allowing me to make choices with full knowledge of the pricing architecture

IV. CONCLUSION

The "Invisible Hand" of the market cannot function if it is manipulated by an Invisible Algorithm. By mandating the disclosure of commercial AI, the FTC will not be "regulating technology," but rather preserving the fundamental conditions necessary for free enterprise and fair competition

Respectfully submitted,

Andrew Gonzalez