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Federal Trade Commission

For Fiscal Year Ended

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FEDERAL TRADE COMMISSION - 1995

ROBERT PITOFSKY, *Chairman*
MARY L. AZCUENAGA, *Commissioner*
JANET D. STEIGER, *Commissioner*
ROSCOE B. STAREK, III, *Commissioner*
CHRISTINE A. VARNEY, *Commissioner*

DONALD S. CLARK, *Secretary*

EXECUTIVE OFFICES OF THE FEDERAL TRADE COMMISSION

Pennsylvania Avenue at Sixth Street, N.W.
Washington, D.C. 20580

Regional Offices

Atlanta, Georgia
Room 1000
1718 Peachtree Street, N.W.
Zip Code: 30367
Phone: (404) 347-4837

Boston, Massachusetts
Suite 810
101 Merrimac Street
Zip Code: 02114-4719
Phone: (617) 424-5960

Chicago, Illinois
Suite 1860
55 East Monroe Street
Zip Code: 60603
Phone: (312) 353-8156

Cleveland, Ohio
Suite 520-A
668 Euclid Avenue
Zip Code: 44114
Phone: (216) 522-4210

Dallas, Texas
Suite 2150
1999 Bryan Street
Zip Code: 75201
Phone: (214) 767-5503

Denver, Colorado
Suite 1523
1961 Stout Street
Zip Code: 80294
Phone: (303) 844-2272

Los Angeles, California
Room 13209
11000 Wilshire Boulevard
Zip Code: 90024
Phone: (310) 235-4040

New York, New York
Suite 1300
150 William Street
Zip Code: 10038
Phone: (212) 264-8290

San Francisco, California
Suite 570
901 Market Street
Zip Code: 94103
Phone: (415) 356-5270

Seattle, Washington
Suite 2896
915 Second Avenue
Zip Code: 98174
Phone: (206) 220-6350

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COMMISSIONERS

ROBERT PITOFSKY
(4/95 -)

Robert Pitofsky was sworn in as 54th Chairman of the Federal Trade Commission on April 11, 1995, having been nominated by President Clinton.

At the time of his nomination, Chairman Pitofsky was a Professor of Law at the Georgetown University Law Center and Of Counsel to the Washington, D.C., law firm of Arnold & Porter. He formerly held positions at the FTC as a Commissioner (1978-1981) and as Director of the Bureau of Consumer Protection (1970-1973). He has also been Dean of the Georgetown University Law Center, a professor at New York University School of Law, and a Visiting Professor of Law at Harvard Law School.

In 1977, Chairman Pitofsky was selected by Time Magazine as one of 10 outstanding mid-career law professors. In 1989-1990, he was a resident scholar at the Rockefeller Study Center in Bellagio, Italy, and then a guest scholar at the Brookings Institution in Washington, D.C.

In 1994, Chairman Pitofsky chaired the Defense Science Board Task Force on Antitrust Aspects of Defense Industry Downsizing. He has also been a member of the Council of the Administrative Conference, the Board of Governors of the D.C. Bar Association, and the Council of the Antitrust Section of the American Bar Association.

Chairman Pitofsky is a graduate of New York University and the Columbia School of Law.

MARY L. AZCUENAGA
(11/84 -)

Mary L. Azcuenaga was sworn in as a member of the Federal Trade Commission on November 27, 1984. She was appointed by President Reagan to a term expiring September 26, 1991, and was reappointed by President Bush for a second seven-year term.

Before her appointment, Commissioner Azcuenaga spent more than 11 years on the legal staff of the Commission, during which she held several positions and gained experience in every aspect of the Commission's work. She has a varied litigation background, including both federal court and administrative litigation. She has substantial expertise in the field of antitrust, including extensive experience in merger litigation. In addition, she has a background in the field of consumer protection and administrative law and has participated in administration and management of the Commission and its offices.

Immediately before assuming her present position, Commissioner Azcuenaga served as Assistant General Counsel for Legal Counsel of the Federal Trade Commission. Earlier, she served as Assistant to the General Counsel, as Assistant Director of the San Francisco Regional Office, as Assistant to the Executive Director, and as a litigation

attorney in the Office of the General Counsel. In 1982, she received the Federal Trade Commission Chairman's Award, the highest recognition accorded a Commission employee.

Commissioner Azcuenaga is a graduate of Stanford University and the University of Chicago School of Law. She has been a member of the Administrative Conference of the United States and is a member of the Board of Trustees of the Food and Drug Law Institute and the Board of Directors of the Girl Scout Council of the Nation's Capital.

Commissioner Azcuenaga is a member of the bars of the District of Columbia and the State of California. She lives in Washington, D.C.

JANET D. STEIGER (8/89 -)

Janet D. Steiger was sworn in as a member of the Federal Trade Commission on August 11, 1989. She was nominated by President Bush. She served as Chairman from August 11, 1989, to April 11, 1995.

Commissioner Steiger had been Chairman of the Postal Rate Commission, by appointment of President Reagan, from March 1982 to August 1989. She also chaired the Congressionally mandated three-year Commission to Assess Veterans' Education Policy (1987-1989), which reported to the 100th Congress. A Republican, she was nominated by President Carter, and confirmed by the Senate, as a Postal Rate Commissioner in 1980. In 1985, the Federally Employed Women of Washington awarded her the Outstanding Woman in Government Award for 1984.

A member of Phi Beta Kappa, Commissioner Steiger received her B.A. from Lawrence University in 1961 and did postgraduate study at the University of Reading in England and at the University of Wisconsin-Madison. She was a Fulbright Scholar, a Woodrow Wilson Scholar, and a member of the Lawrence Board of Trustees (1986-1989). Lawrence awarded her an honorary doctor of laws degree in 1992.

Before government service, Commissioner Steiger was cofounder of the WorkPlace, Inc., a Washington office-and-research facility. Born in Oshkosh, Wisconsin, Commissioner Steiger is the widow of Congressman William A. Steiger and the mother of their son, Bill.

ROSCOE B. STAREK, III (11/90 -)

Roscoe B. Starek, III, was sworn in as a member of the Federal Trade Commission on November 19, 1990. Prior to that time, Commissioner Starek held a number of positions in both the

Legislative and Executive branches of the Federal Government. From January 1989 until he was sworn in by President Bush, Commissioner Starek was Deputy Assistant to the President and Deputy Director of Presidential Personnel at the White House. Immediately prior to joining the White House staff, Commissioner Starek worked on the Bush transition team as Deputy Director of Presidential Personnel. He served for seven years in several positions at the Department of State, most recently as Deputy Assistant Secretary for Policy and Counterterrorism.

From 1972 to 1982, Commissioner Starek worked on Capitol Hill and on the Ford White House staff. From 1976 to 1982, he worked for three Committees of the U.S. House of Representatives as Chief Minority Counsel to the House Select Committee on Narcotics Abuse and Control, Associate Counsel to the House Judiciary Committee, and a Counsel to the Minority of the House Select Committee on Intelligence. In 1975, Commissioner Starek was appointed to the White House staff as Assistant General Counsel to the Presidential Clemency Board. In 1974, Commissioner Starek was chosen by the Minority Members of the House Judiciary Committee to be a counsel to the Impeachment Inquiry. During 1972 and 1973, he served on the staff of U.S. Senator Charles Percy of Illinois, first as a legislative assistant and thereafter as a Professional Staff Member to the Permanent Subcommittee on Investigations of the Senate Government Operations Committee.

Commissioner Starek graduated with an A.B. in political science from Syracuse University. He received a Juris Doctor degree from the Washington College of Law at American University. He is admitted to the bar in Illinois and in the District of Columbia. Commissioner Starek is married to the former Mildred Jeannette Harllee. They have one daughter and reside in Alexandria, Virginia.

CHRISTINE A. VARNEY (10/94 -)

Christine Varney was sworn in as a Commissioner on the Federal Trade Commission on October 14, 1994. She was nominated by President Clinton.

Commissioner Varney formerly served as President Clinton's Cabinet Secretary and, as such, was the primary point of contact between the President and the 20 members of his Cabinet. Prior to joining the Clinton Administration, Commissioner Varney practiced law with the Washington, D.C., firm of Hogan & Hartson. Her representations included serving as Chief Counsel for the Clinton Campaign, General Counsel to the 1992 Presidential Inaugural

Committee, and General Counsel to the Democratic National Committee.

Commissioner Varney is a 1977 graduate of the State University of New York in Albany and earned a Master's in Public Administration in 1978 from the Maxwell School at Syracuse University. In 1985, she earned a Juris Doctorate from the Georgetown University Law Center, where she was a Law Fellow. She also attended Trinity College in Dublin, Ireland.

Commissioner Varney is a member of the District of Columbia Bar, the New York State Bar, the American Bar Association, and the National Lawyers' Council. She is also a committeewoman on the ABA Standing Committee on Election Law.

Commissioner Varney was born in Washington, D.C., and was raised in Syracuse, New York. She is married to Thomas J. Graham and has two children.

OVERVIEW

The Federal Trade Commission enforces a variety of federal antitrust and consumer protection laws. By eliminating acts or practices that are unfair or deceptive, it seeks to ensure that the nation's markets function competitively and are vigorous, efficient, and free of undue restrictions. The Commission's efforts are generally directed toward stopping actions that restrict competition or threaten consumers' ability to exercise informed choice. Finally, it undertakes economic analysis to support its law enforcement efforts and to contribute to the policy deliberations of various federal, state, and local government bodies.

In addition to its statutory enforcement activities, the Commission supports Congressional mandates through cost-effective non-enforcement activities, such as consumer education. This report itemizes the Commission's accomplishments in fiscal year 1995.

COMPETITION MISSION

The Competition Mission is based upon the fundamental premise of the antitrust laws that competition brings the best products and services at the lowest prices, spurs efficiency and innovation, and strengthens the U.S. economy. Unreasonable restraints on competition harm everyone, from consumers to businesses to workers, and the job of the Competition Mission is to guard against such restraints. The Mission and the antitrust laws it enforces seek to eliminate unreasonable competitive restraints to allow entities to compete and to encourage governmental reliance on market solutions.

Recent changes in the U.S. economy have increased demands upon the agency. Most prominent is a significant increase in mergers and acquisitions, which have been at near-record levels.

Mission Priorities

The Mission applies three criteria to test its success:

- efforts must make a tangible difference to consumers;
- efforts must provide benefit to consumers with the minimum feasible burden on business; and
- through a continuing process of reviewing and questioning enforcement policies, it must take into account the dynamic changes in the economy such as increasingly rapid technological

change, the internationalization of many markets, and advances in the economic analysis of competition.

During fiscal year 1995, the Mission's enforcement actions protected consumers from anticompetitive consequences in 35 different mergers and acquisitions. The relief obtained from the consent agreements in just two proposed mergers resulted in estimated savings to consumers of $45 million or more, roughly equal to the entire amount of the Mission's annual resources for the year.

The Commission also changed policies and procedures to improve the Mission's enforcement efficiency and eliminate unnecessary burdens on business developments:

- The Commission joined with the Antitrust Division of the Department of Justice (DOJ) to issue final versions of two sets of guidelines stating the agencies' antitrust enforcement policies, *Antitrust Enforcement Guidelines for International Operations* and *Antitrust Guidelines for the Licensing and Acquisition of Intellectual Property*. Such guidelines play an essential role in helping businesses comply with the law. They also avoid both the cost of litigation to challenge anticompetitive conduct after the fact and the risk that businesses will shun procompetitive, efficient transactions that they wrongly fear might be challenged.
- The Commission issued a new *Policy Statement Regarding Duration of Competition and Consumer Protection Orders*, which provided that it will ordinarily "sunset" future orders automatically after 20 years, and a *Notice of Proposed Rulemaking Regarding the Duration of Existing Competition and Consumer Protection Orders,* which provided that it would ordinarily "sunset" existing orders after 20 years. In all cases, the automatic "sunsetting" is subject to exceptions where a court complaint alleging an order violation has been filed.
- The Commission issued a statement that adopted a less restrictive "prior approval" policy for merger orders providing that the Commission will no longer routinely use prior approval or prior notice provisions, except where there is a credible risk of renewal of the acquisition attempt or of a non-Hart-Scott-Rodino (HSR) reportable anticompetitive transaction. The Commission also invited parties subject to existing orders to seek modification of their orders, where appropriate under the new policy.

- The Commission issued a statement clarifying its policy on the use of administrative litigation after denial of a preliminary injunction, indicating that it would affirmatively reconsider the desirability of proceeding in such cases. The Commission also adopted new Rule 3.26 to facilitate such consideration in those cases where administrative litigation has already commenced.
- The Commission proposed new HSR rules to reduce burden and cost by providing five specific exemptions to the existing reporting rules. Because these exemptions cover classes of transactions that are unlikely to raise antitrust concerns, they decrease the number of transactions that require filings. These proposals could save the public several million dollars in the preparation of filings and filing fees and save both Commission and DOJ resources in the review of filings.
- Working with the Department of Justice, the Commission made the HSR review process quicker and less burdensome. Average clearance times have been shortened from 17 to 10 days, and parties have produced over 40 percent fewer documents under a new model document request.
- The Commission held extensive hearings to gather information on changes brought about by the globalization of the economy and advances in economic thinking. The purpose of the hearings was to receive the views of a large number of witnesses, including leading economic and legal scholars, business executives, foreign enforcement authorities, and practitioners.
- Commission staff issued advisory opinions to assist businesses in complying with the antitrust laws and to facilitate transactions that are unlikely to raise antitrust concerns.
- Commission staff continued to assist foreign governments in their transitions from command-and-control to market economies and in the development of antitrust mechanisms to complement this transition.
- The Competition Mission also leveraged its resources and expertise through cooperation with state governments. In particular, the Mission sought to further strengthen the already strong working relationships developed in recent years with state governments. In June 1995, the Commission adopted an expanded policy for sharing information concerning its merger investigations with state law enforcement officials. This policy led to several joint investigations with state authorities, while

other investigations were conducted in parallel and benefited from substantial information-sharing.

The Competition Mission is divided into five major program areas administered by the Bureau of Competition: Mergers and Joint Ventures, Premerger Notification, Horizontal Restraints, Distributional Restraints, and Single Firm Violations. These programs are supported by the Commission's 10 regional offices and by the Bureau of Economics.

Mergers and Joint Ventures Program

The Mergers and Joint Ventures Program plays an important role in promoting the efficient allocation of economic resources. The mission of the Program is to prevent mergers which may be harmful to competition and consumers. In some instances, this mission must be accomplished by preventing the merger entirely or by undoing it. In many other instances, it is possible to arrive at narrowly tailored relief that prevents injury to competition but allows the overall transaction to proceed. Determining the kind of relief necessary and obtaining it entail investigations designed to answer fundamental questions about the merger and the affected product markets: Is it likely to result in the lessening of actual or potential competition, increase the market power of the joining firms, and lead to market dominance or a significant increase in the likelihood of collusion? Is it likely to increase barriers to entry or expansion or to foster interdependent conduct among firms? The Program also investigates interlocking directorates among competing firms, which may have similar anticompetitive effects.

The Program uses a three-part process to carry out its mission:

- detecting potentially harmful mergers before they occur by monitoring merger activity and screening all significant mergers, in conjunction with the Premerger Notification Program;
- investigating those mergers that the screening process has targeted for further inquiry; and
- taking action to prevent (or undo) those mergers or portions of mergers that, after investigation and analysis, appear likely to lessen competition.

To protect consumers against mergers that may substantially lessen competition, the most effective and cost-efficient strategy is to prevent such mergers before they occur. The Commission implements this strategy primarily through its authority to seek injunctive relief under Section 13(b) of the Federal Trade Commission Act, although it is often possible to resolve the competitive problem through consent proceedings without having to seek such an injunction. Where injunctive relief is inappropriate or unavailable, the Commission may rely on its administrative remedial powers to seek to restore competition lost as the result of a merger that could not be prevented. Whether achieved by consent or in an administrative proceeding, the principal remedy is divestiture of assets sufficient to preserve or restore competition, although the Commission also has employed conduct remedies where appropriate.

Enforcement Activities

During fiscal year 1995, staff filed motions in federal district court to prevent the consummation of five proposed mergers. The Commission also accepted 31 consent agreements for public comment and entered into a hold-separate agreement with stipulated relief pending the completion of the Commission's investigation in one matter.

The two most prominent areas of merger enforcement in fiscal year 1995 were the defense industry and health care services, such as acute care hospital services, specialized medical facilities, medical devices, pharmaceuticals, and retail pharmacies. During fiscal year 1995, the Commission also sought two preliminary injunctions and accepted seventeen consent agreements in a variety of other industries, including supermarkets, chemicals, cable television systems, wire fund transfers, and funeral homes.

Premerger Notification Program

The Premerger Notification Program is an essential component of the enforcement program protecting consumers against anti-competitive mergers and acquisitions by enforcing the Hart-Scott-Rodino Act (HSR Act). Prior to enactment of the HSR Act, parties often consummated their acquisitions and combined their operations before the antitrust agencies even learned of the transactions. It was difficult, if not impossible, to "unscramble the eggs" and restore the

benefits of competition to consumers. The HSR Act requires entities who meet certain size requirements and are planning significant acquisitions to file notification with the Commission and the Antitrust Division of the Department of Justice and to delay consummation for a prescribed period of time. The HSR Act allows antitrust enforcement agencies to take action against potentially anticompetitive mergers before they occur.

The Program also strives to minimize the burden on filing parties to the extent possible, given the agencies' enforcement responsibilities. To improve the level of voluntary compliance, the Program provides assistance to individuals and organizations subject to the HSR Act in understanding its requirements.

Because of the importance of HSR filings to effective merger enforcement, apparent violations of the filing requirements are treated seriously. When it appears that the reporting requirements may have been violated, the Commission's Compliance Division conducts an investigation and recommends an enforcement action for civil penalties or other relief, when appropriate.

In addition to providing advice on filing requirements, the Program recommends improvements to the HSR rules and improves efficiency in the processing and review of reported transactions by increasing reliance on automated systems. The Program also works with the Antitrust Division of the Department of Justice to ensure that the Premerger Notification Program is applied consistently and uniformly by both agencies.

Fiscal Year 1995 Program Activities

During fiscal year 1995, the Commission received filings under the HSR Act for 2,816 proposed transactions. This represented an increase of approximately 22 percent from fiscal year 1994. After reviewing each filing, staff prepared analytical summaries of each proposed transaction, including recommendations to monitor the activities of the parties, to investigate proposed mergers for possible anticompetitive implications, or to grant the filing parties' requests for an early termination of the waiting period. The Commission issued requests for additional information ("second requests") in 58 proposed transactions. During fiscal year 1995, the Premerger Notification Program collected $117.6 million in filing fees and parties paid $3,025,000 in civil penalties to settle charges that they did not comply with the Act.

Staff provided oral and written interpretations, informal advice, and general information to the public in approximately 16,000 instances and on a variety of subjects including the Premerger Rules, the written interpretations of the Rules, the Premerger Notification Source Book, and the three Premerger Guides designed to assist the public's understanding and compliance under the HSR Act.

The Commission and the Antitrust Division of the Department of Justice jointly developed and published eight initiatives to improve the agencies' review and screening of mergers reported under the HSR Act prior to their consummation. These measures were adopted to eliminate any undue burden on parties that attempt to comply with the reporting requirements of the HSR Act, to expedite the HSR clearance and second request processes, and to explore alternatives that could exempt some transactions from HSR review.

Building on these initiatives, the Commission developed two proposals designed to reduce the burden and cost of filing the "Premerger Notification and Report Form" and to increase staff efficiency for both the Commission and the Department of Justice in the processing and analysis of information submitted under the HSR Act. First, the Commission published proposed changes to the form which would eliminate parties' submission of information non-essential to the antitrust review of a reportable transaction. Second, Commission staff developed five specific exemptions to the existing interpretation of the "General Ordinary Course of Business Rule" in an effort to end the reporting obligation for transactions not likely to raise enforcement concerns. This proposal would save the public several million dollars in the preparation of those filings, would avoid unnecessary delay in completion of the transactions, and would ease the burden on both agencies from reviewing information received with such filings.

Horizontal Restraints Program

The Horizontal Restraints Program is directed toward investigations of collusive or other collaborative activities involving direct competitors that may harm consumers. Some horizontal restraints, such as price-fixing and other anticompetitive behavior among competitors, harm consumers by raising prices and reducing the quantity and quality of goods and services. Such restraints may be the products of collusion or of conduct that facilitates collusion. The mission of the Program is to detect, investigate, prevent, and

remedy anticompetitive collusion or facilitation of collusion. While some agreements among competitors, such as standard-setting and the promulgation of legitimate ethical codes, can serve functions that are procompetitive and even essential, such agreements can also be abused to exclude entry by new competitors or expansion by existing competitors.

During fiscal year 1995, the Horizontal Restraints Program opened 43 new investigations. The Commission initiated 11 new enforcement actions, 10 of which resulted in consent agreements.

The Commission and DOJ jointly issued antitrust guidelines for the licensing of intellectual property that is protected by patent, copyright, or trade secret laws or by proprietary know-how. The Commission and DOJ also issued joint antitrust guidelines for companies engaged in international operations that affect U.S. commerce.

Also during fiscal year 1995, the staff issued 10 advisory opinions in response to requests from business organizations.

Distributional Restraints Program

The Distributional Restraints Program seeks to protect consumers from anticompetitive consequences that may arise from certain kinds of vertical agreements among firms in the chain of distribution of goods and services, from producers to distributors and retailers to consumers. Agreements on resale prices between firms in a vertical relationship can have immediate effects on prices to consumers and are considered *per se* illegal. Other, non-price vertical agreements are evaluated under a rule of reason and may or may not be illegal. The Commission investigates distributional restraints carefully to avoid challenging vertical agreements that may benefit consumers.

In attacking anticompetitive distributional arrangements, the Commission employs a strategy combining investigation, litigation, voluntary compliance, and negotiation. Where appropriate, the Commission issues policy statements and advisory opinions, and engages in competition advocacy.

During fiscal year 1995, the Distributional Restraints Program initiated seven initial-phase investigations and one full-phase investigation. One civil penalty settlement was reached, and 10 orders were set aside under the Commission's sunsetting policy. One additional order was set aside due to changed circumstances, and two

orders were modified or clarified to permit the parties to engage in conduct that appeared unlikely to violate the antitrust laws.

Single Firm Violations Program

A single firm with market power can use various anticompetitive practices to reduce output and increase price above the competitive level, thereby injuring consumers and misallocating resources. While neither the existence of such market power nor the attempt to achieve it is unlawful in itself, obtaining, increasing, or maintaining market power by unnecessarily exclusionary means is unlawful. The Single Firm Violations Program seeks to prevent firms from creating or maintaining market power, through conduct injurious to long-run consumer welfare. The principal challenge of the Program is distinguishing anticompetitive conduct from that which merely constitutes vigorous competition. Potential anticompetitive activities include acquisitions involving a large portion of the market or a large portion of the necessary inputs, exclusive dealing, tying, and price and non-price predation, which have the effect of driving competitors from the market and lessening competition.

Eight new investigations were opened under the Single Firm Violations Program during fiscal year 1995. In addition, three orders under this program were set aside under the Commission's newly adopted sunsetting policy.

CONSUMER PROTECTION MISSION

The Consumer Protection Mission aims to protect consumers against unfair, deceptive, or fraudulent practices. The work of the Mission is carried out primarily through enforcement of Section 5 of the Federal Trade Commission Act and other consumer protection laws enacted by Congress, as well as trade regulation rules issued by the Commission. The Commission's actions include individual company and industry-wide investigations, administrative and federal court litigation, rulemaking proceedings, and consumer and business education.

Challenges for the Consumer Protection Mission

The goal of the Consumer Protection Mission is to maintain a well-functioning marketplace that allows consumers to make informed purchase choices. Today's marketplace, however, is increasingly complex. Consequently, the Mission continues to

develop new and creative strategies to ensure the free flow of current and understandable information to consumers.

Evolving technologies are radically changing the way consumers learn about, buy, and pay for goods and services. An array of new media has supplemented television and print advertising, once the standard media for reaching consumers. The Internet, pay-per-call telephone services, and infomercials are among the new methods sellers are using to reach consumers. In addition, consumers have become more sophisticated. Not too long ago, they were interested in only price and quality. Today they are increasingly concerned with the health implications of the food they buy, the environmental implications of packaging and other product attributes, the potential loss of personal privacy resulting from greater use of on-line communication, and the astounding growth in telemarketing and other types of consumer fraud.

Mission Priorities

The priorities of the Consumer Protection Mission mirror the issues of greatest concern to consumers. The Mission targets its resources to areas that cause the most significant consumer injury–specifically, advertising, fraud, and issues relating to new technologies. Within these broad areas, the Mission focuses on:

- health claims in food advertising;
- environmental advertising and labeling;
- health care fraud;
- telemarketing, business opportunity, franchise, and investment fraud;
- mortgage lending and discrimination;
- enforcement of Commission orders; and
- enforcement of credit statutes and a wide variety of trade regulation rules.

Overview of Activities

In cases involving consumer fraud, the Commission utilizes federal district court litigation under section 13(b) of the FTC Act. District court litigation allows the Commission to obtain immediate preliminary relief, which usually includes a freeze of the defendants' assets. This enables the Commission to achieve two critical

objectives: (1) an immediate cessation of the illegal practices and (2) a hold on the defendants' assets, preserving them for consumer redress, if appropriate.

The Commission also relies on administrative litigation to pursue nonfraud cases involving novel or complex legal issues, often challenging advertising claims.

Congress mandated all the Commission's new rulemaking initiatives in 1995. For example, the Commission issued an important new rule defining and prohibiting deceptive telemarketing, as required by the Telemarketing and Consumer Fraud and Abuse Prevention Act.

An award-winning consumer and business education program supplements litigation and rulemaking activities. The program uses brochures, public service announcements, and other mechanisms to reach a wide audience. All consumer and business publications are available on the FTC's home page, on the World Wide Web site at FTC.GOV. In addition, all FTC publications are available through links from other federal agencies, including the Department of Treasury, Consumer Product Safety Commission, FedWorld, and U.S. Business Advisor. *Consumer Alerts* often are issued to coincide with major law enforcement actions so that consumers can learn how best to protect themselves from fraudulent and deceptive operations. In addition, consumer and business education and information efforts are broadened through a unique partnership with businesses and industry organizations.

The Mission's activities also are supplemented by close federal-state coordination. Formal joint actions typically are undertaken with the National Association of Attorneys General (NAAG) or the National Association of Consumer Agency Administrators (NACAA). Working with these organizations, joint resources are targeted to issues that have a direct impact on consumers.

In addition to formal projects, staff attorneys working on individual cases typically consult with their colleagues in state and local consumer protection offices to coordinate law enforcement efforts. Joint action among federal, state, and local law enforcers continues.

The Consumer Protection Mission is carried out through five law enforcement programs: Advertising Practices, Credit Practices, Enforcement, Marketing Practices, and Service Industry Practices. The Commission's 10 regional offices are an integral component of the Mission. The regional staff are responsible for a wide variety of

significant consumer protection cases and are important contact points for state Attorneys General and other state and local consumer protection officials.

Advertising Practices Program

The mission of the Advertising Practices Program is to prevent marketers from making deceptive, unsubstantiated, or unfair advertising claims. It also administers federal laws requiring health warnings on tobacco products. With respect to environmental marketing claims and food advertising, the Program published enforcement policy statements to provide guidance to business on how to comply with Commission advertising standards.

The Program focuses on nutritional or health claims in food advertising. Consumer interest in and concern about nutrition and health messages in food advertising is at an all-time high. One poll showed that 84 percent of consumers are concerned that what they eat may affect their health. Thirty-four percent of consumers have stopped buying particular foods, especially those high in fat, after reading about the foods' nutritional content. This interest has sparked the development of new food products, such as low- and reduced-fat foods.

Marketers of dietary supplements advertise and promote their products heavily as new scientific evidence becomes available regarding the potential health benefits of various nutrients. Because of mounting consumer interest in dietary supplements and concerns about deceptive claims, the Program is closely monitoring this product category, focusing on unsubstantiated health and efficacy claims for supplements purporting, for example, to hasten weight loss and build muscle, lower serum cholesterol, and provide other nutritional benefits.

The FDA has granted over-the-counter status to many drugs that had been available to consumers only by prescription. An active Commission program of monitoring advertising claims for these "switched" products is an important consideration to FDA in its review of proposals to sell a drug over-the-counter. Because average consumers cannot judge most product claims for efficacy, safety, and freedom from side effects, the Program also examines advertising claims for these products.

The Program also focuses on "green" claims. During the late 1980's and early 1990's, consumers were particularly interested in the

environment and associated "green" claims. New product introductions have kept pace with this interest. The Commission's cases involving deceptive environmental advertising are consistent with the principles enunciated by its guidelines.

New information technologies have had a significant impact on advertising. Advances in telecommunications and marketing are shifting a growing portion of consumer spending from the marketplace to the living room. Infomercials, home shopping channels, catalogs, on-line shopping services, and other forms of nonretail, direct sales are a growing segment of the advertising market. The Advertising Practices Program must continue to adapt traditional consumer protection principles to this fast-growing area.

Credit Practices Program

The Credit Practices Program enforces a number of federal credit statutes. Discriminatory credit granting practices are specifically prohibited by federal statute and are among the Program's top priorities. The Equal Credit Opportunity Act, enforced by the Commission, prohibits discriminatory credit granting practices. Specifically, the Act requires lenders to judge individuals' creditworthiness by their financial condition and history, not by certain prohibited factors. The Program engages in enforcement activities designed to put lenders subject to the Commission's jurisdiction on notice that illegal lending discrimination will not be tolerated.

Credit bureaus play a critical role in the ease and speed with which individuals are able to obtain credit. With files on over 190 million Americans, each of the major credit bureaus has a tremendous responsibility to ensure the accuracy and privacy of this personal and sensitive information. The Fair Credit Reporting Act sets forth the Commission's specific statutory responsibilities in this area. In response to a flood of consumer complaints about credit bureaus, the top subject of complaint and inquiry at the Commission for several years, the Commission initiated a number of enforcement actions. The Commission issued a final consent agreement with one of the three major credit bureaus in the United States, by which it agreed to follow reasonable procedures to ensure accuracy in its consumer reports, to enhance procedures for handling consumer disputes, and to comply with the privacy provisions of the statute. The Commission also continued litigation against another of the three

major credit bureaus based on alleged violations of the Fair Credit Reporting Act through its sale of target marketing lists.

Before entering into credit and lease transactions, consumers must know the applicable terms and conditions. In the Truth in Lending and Consumer Leasing Acts, Congress mandated that certain information must be placed in advertisements and must be given to consumers before transactions are consummated. The Acts created a uniform term, annual percentage rate (APR), to allow for credit comparison shopping and fair competition among creditors. The credit market breaks down when creditors fail to provide information or, worse, provide incorrect information. In its jurisdiction over millions of creditors, the Commission's role is to ensure that creditors provide accurate information, thereby allowing the marketplace to operate properly.

An inevitable consequence of granting credit is default by a certain percentage of consumers. In addition to creditor collection activities, many of these debts are assigned to debt collectors for collection activity. While there is no reason legitimate debts should not be collected, certain activities by debt collectors violate the Fair Debt Collection Practices Act. The Commission plays a critical role in clarifying proper collection tactics and prosecuting those who cross the line under this Act. The Program also makes it clear that creditors bear some responsibility for collectors' actions, when the creditors are aware of the actions.

Finally, credit and other markets fail when merchants engage in unfair or deceptive trade practices. Given the importance of credit in individuals' lives, many of these illegal practices focus on credit issues. They include advance fee loan fraud, phony gold cards, misuse of bank drafts, false advertising about secured credit cards, vacation scams, and credit repair.

Enforcement Program

The Enforcement Program has two main responsibilities: enforcing orders across a variety of consumer protection issues and enforcing and administering more than a dozen statutes and rules. In fiscal year 1995, the Commission obtained more that $1.5 million in civil penalties, in addition to injunctive and other important relief, to resolve order and rule violations. One of the Program's goals is to improve compliance with orders and rules and to deter additional violations by seeking significant civil penalties. At the same time, the

Program is committed to working cooperatively and non-punitively with companies that, acting in good faith, commit technical or inadvertent violations.

In addition, in fiscal year 1995, the Program completed the last of its rulemaking activities that were required to implement FTC-related portions of the Energy Policy Act of 1992 (EPA 92). The Commission issued a final rule requiring cost/benefit labels for vehicles using alternative fuels and labels for nonliquid alternative fuels. These regulations join those previously issued, pursuant to another provision of EPA 92, that require fuel dispenser disclosures for liquid alternative fuels.

Pursuant to EPA 92, the Commission also issued efficiency disclosure requirements for plumbing, which became effective in October 1994, and lighting products, which became effective in May 1995. The lighting disclosure requirements are intended to focus consumers' attention on the energy costs of lighting and to assist them in purchasing lighting that meets their needs at the lowest cost. In addition, the Commission's 1994 amendments to the Appliance Labeling Rule, which requires *EnergyGuides* on major home appliances, mandated the introduction of improved *EnergyGuides* into the marketplace starting in fiscal year 1995. These new and improved *EnergyGuides* are expected to aid consumers in factoring energy efficiency into their purchasing decisions for heating and cooling products.

In addition, the Program processes requests by firms under order to modify those orders on the basis of legal or factual changes or other grounds. When parties petition the Commission to modify or vacate Commission orders, the staff reviews the petition and recommends appropriate action.

The Program also coordinates the Commission's periodic review of the economic and other impacts of all rules and guides to determine whether they should be retained, repealed, or revised. The Program spearheaded an initiative to accelerate the Commission's existing 10-year schedule of reviews. This resulted in repeal of 25 percent of the Commission's industry guides, because these guides were obsolete or unnecessary, and in proposals to repeal 25 percent of its trade regulation rules

Marketing Practices Program

The Marketing Practices Program investigates, and attempts to stop, fraud that consumers cannot readily detect and economic harm caused by merchants who fail to provide consumers with needed information. The Program reflects the variety, prevalence, and severity of consumer problems in the areas of telemarketing, business opportunity, and franchise fraud.

Economic fraud directed at consumers and small businesses is one of the most common consumer protection problems. Through federal court cases and rule enforcement, the Commission targeted fraud that could not be readily detected by reasonably diligent consumers or that was aimed at vulnerable populations of consumers, such as older people. Many perpetrators of this type of fraud used new technologies not yet understood by consumers or applied familiar technologies in new ways to confuse consumers.

The Program also focused on the fraudulent use of payment systems, such as "900" or pay-per-call information services, bank drafts, and credit cards; fraudulent sale of franchises and of business and employment opportunities, often with the aid of telecommunications technology and electronic fund transfers; fraudulent sale of goods and services to small businesses; fraudulent solicitation of charitable contributions; and fraud on the Internet.

Fraudulent sale of franchises and of business and employment opportunities, often with the aid of telecommunications technology and electronic fund transfers, has become an area of concern. These cases sometimes involve people who have invested severance pay, retirement savings, or all their assets, in business opportunities that seem likely to pay off and provide economic security. Recent estimates suggest that tens of thousands of investors lose as much as $500 million a year to franchise and business opportunity fraud.

During fiscal year 1995, the Commission worked with state and local law-enforcement officials from across the nation to launch a major enforcement sweep, titled "Project Telesweep," against the perpetrators of business opportunity fraud. Nearly 100 cases against defendants were filed concurrently by the Commission, the Department of Justice, and state officials as part of this project. Project Telesweep is so named because many of the pre-packaged businesses at issue were marketed to investors over the telephone. Participants in Project Telesweep also issued consumer bulletins on how to avoid fraudulent business opportunities offered on the phone.

The Commission issued the Telemarketing Sales Rule, an important new tool in the battle against telemarketing fraud.

Effective December 31, 1995, the rule makes illegal virtually everything that fraudulent telemarketers do to separate consumers from their money. It also gives the 50 state Attorneys General the ability to go into federal district court and get injunctive orders that apply nationwide against fraudulent telemarketers.

The Marketing Practices Program also stemmed consumer injury that occurs when sellers fail to provide important information to consumers. By enforcing the Funeral Rule, the Commission imposed sanctions on funeral providers who failed to give consumers information about choices and prices for all goods and services sold. The Commission enforced the Franchise Rule, imposing sanctions on franchisees who failed to provide presale disclosure documents to prospective investors, and the Pay-Per-Call Rule, imposing sanctions on information providers who sold information by telephone without providing cost and other material information to consumers.

Service Industry Practices Program

The Service Industry Practices Program focuses on fraud in the sale of goods or services as investments, and other fraud perpetrated by telemarketers. Investment fraud cases challenge the deceptive sale of phony art, services related to government lotteries for FCC licenses or oil and gas rights to federal lands, jewelry-grade gemstones sold as investment-grade stones, overgraded coins, precious or strategic metals, and stamps.

Telemarketing fraud results in billions of dollars of losses to consumers every year. Estimates of consumer losses range from $3 billion to $40 billion each year, in addition to the probable loss by financial institutions of hundreds of millions of dollars. Over eight billion telemarketing calls are made each year. Although the great majority of these calls are legitimate, the potential for fraud is enormous.

The Program also seeks to increase law enforcement and consumer awareness in the burgeoning area of international fraud. U.S. consumers are increasingly being subjected to telemarketing fraud emanating from outside the country. The Commission has worked with both U.S. and foreign criminal and other law enforcement agencies to successfully prosecute individuals perpetrating cross-border fraud.

As part of its effort to combat telemarketing fraud, the Commission maintains a Telemarketing Database with NAAG. A

consumer hotline operated by the National Consumers' League receives about 6,000 inquiries per month from consumers who believe they may have been subjected to a deceptive telemarketing sales pitch. The NAAG-FTC Telemarketing Complaint System contains information from over 45,000 complaints and grows at the rate of over 11,000 new complaints each year. In fiscal year 1995, this system was used by over 90 law enforcement agencies, including the Federal Bureau of Investigation, the U.S. Postal Inspection Service, the Department of Justice, and 43 state Attorneys General. The complaint system assists agencies in determining enforcement priorities, allowing them to target particular types of fraud and/or specific geographic areas. The Commission updates the information in the system daily.

The Program also focuses on health care fraud, seeking to prevent health care providers from misinforming prospective purchasers about the efficacy and risks associated with various health care services. Deception in the marketing of health care goods and services not only costs consumers money, it can also adversely affect their health and well-being. Some consumers may be led to purchase services that do not perform as advertised and delay treatments or procedures that may be far more effective.

Recognizing that product standards and certifications are pro-competitive only if the information they convey is accurate, the Commission also investigates those using standards and certifications to deceive prospective purchasers.

ECONOMIC ANALYSIS

The Bureau of Economics provides economic support to the FTC's antitrust and consumer protection activities, advises the Commission and other government entities about the impact of government regulation on competition, and analyzes economic phenomena in the American industrial economy as they relate to antitrust and consumer protection.

The primary mission of the FTC is to enforce the antitrust and consumer protection laws. In 1995, the Bureau of Economics continued to provide guidance and support to those activities. In the antitrust area, economists offered advice on the economic merits of potential antitrust actions. Situations where the marketplace performed reasonably well were distinguished from situations where the market might be improved by Commission action. When enforcement actions were initiated, economists worked to integrate

economic analysis into the proceeding, to provide expert testimony, and to devise remedies that would improve market competition.

In the consumer protection area, economists assessed the benefits and costs of alternative policy approaches. Potential consumer protection actions were evaluated not only for their immediate impact, but also for their longer-run effects on price, product variety, and overall consumer welfare.

Although the FTC is primarily an enforcement agency, it is also charged with analyzing data and publishing information about the nation's industries, markets, and business firms. Much of this work is undertaken by the Bureau of Economics. In 1995, economists conducted studies on a broad array of topics in antitrust and consumer protection.

The Bureau of Economics also coordinates the Commission's Consumer and Competition Advocacy Program, which the Commission uses to provide advice to federal, state, and other regulatory entities concerning the actual or potential economic impact of existing and proposed trade regulations.

Antitrust

In the antitrust area, economists participated in all investigations of alleged antitrust violations and in the presentation of cases in support of complaints. Economists also advised the Commission on all proposed antitrust actions and provided economic expertise for matters in litigation. These activities consumed the bulk of the Bureau's resources assigned to the Commission's antitrust mission.

The Bureau also maintains a small research program in support of the Commission's antitrust activities. During the year, one major study was released assessing the competitiveness of the long-distance telephone market. Ongoing studies included a historical examination of a market in which the FTC brought a price discrimination case, the aftermath of divestitures obtained in FTC merger cases, and a review of the effects of mergers or asset transfers in the soft drink bottling industry.

Consumer Protection

In the consumer protection area, economists evaluated proposals for full-phase investigations, consent negotiations, consent settlements, and complaints. Economists routinely provided day-to-day

guidance on individual matters, provided litigation support services, and made policy recommendations directly to the Commission.

In addition to the Bureau's direct support for individual consumer protection case matters, staff economists worked on consumer protection topics of interest to the Commission. Such ongoing study work included an examination of the effects of food advertising policy on the consumption of fats and cholesterol in the American diet and a review of the interactions of food advertising, regulation, and science from 1950 to 1989.

Consumer and Competition Advocacy

The interests of consumers are not always well represented in some legislative and regulatory forums. Consequently, laws or regulations are sometimes promulgated that harm consumers by restricting entry, limiting competition, chilling innovation, raising prices, or reducing the quality of goods and services. The goal of the Commission's advocacy activities is to reduce such harm to consumers by informing appropriate governmental and self-regulatory bodies about the potential effects on consumers, both positive and negative, of proposed legislation, rules, industry guides, or codes. The Advocacy program in the Bureau of Economics is the central source of planning, coordination, review, and information for the staff's work in this area. During fiscal 1995, the Commission staff submitted 14 comments to federal and state agencies. Comment submissions have covered subject areas such as competition in health care markets, telemarketing fraud, occupational licensing, intellectual property, public utilities, communications, and product labeling, among others.

MANAGEMENT AND ADMINISTRATION

Budget and Finance

During fiscal year 1995, the Division of Budget and Finance completed negotiations and executed a cross-servicing agreement with the Department of the Interior for all Commission voucher payments processing to be done by the Department of the Interior's Administrative Service Center (ASC) in Denver. The Division worked with the Office of Management and Budget to allow the Commission to extend a buy-out program, allowing the Commission to further streamline its organization and staff structures.

The Division of Budget and Finance managed the Commission's financial services, such as maintaining a general ledger accounting system; issuing accurate and timely financial reports to program offices, the Department of the Treasury, and the Office of Management and Budget; and providing oversight of services received from the Administrative Service Center. The Division also carried out Commission-wide management programs for audit follow-up and reviewed and reported on internal controls. The Division planned and carried out the fiscal year 1995 budget, supported the fiscal year 1996 budget request through Congress, and developed the fiscal year 1997 budget request.

Personnel

In fiscal year 1995, the Division of Personnel managed the Commission's human resources, which included such services as recruitment, position classification, employee relations, performance management, and labor relations. A significant accomplishment during 1995 was assisting the Chairman in filling several key senior positions, as well as providing advice and guidance to the Bureau Directors in making structural changes to their offices. The Division of Personnel also continued to assist the agency in meeting the objectives of the National Performance Review (NPR). Specifically, the Division negotiated and executed an agreement with the Department of the Interior's Administrative Service center in Denver to provide the Commission's payroll/personnel services. This outsourcing activity will give the Commission integrated payroll/personnel capability as well as the ability to generate and transmit time and attendance records and personnel action requests electronically.

Procurement and General Services

In addition to providing the day-to-day administrative support to the Commission, the Division of Procurement and General Services completed several significant initiatives during the fiscal year 1995. These accomplishments included six contract awards:

- programming support services;
- personal computers;
- various enforcement program support contracts;

- consumer redress account administration;
- Agency for International Development program evaluation services for Eastern Europe; and
- warehouse and janitorial services.

The Division implemented an automated procurement system acquired through an interagency agreement with the Department of the Interior and completed a rewrite of the procurement section in the FTC administrative manual.

Procurement and General Services also completed several facility projects. These included constructing a new document storage area, installing a new fire alarm and sprinkler system, renovating the elevators, and installing a new keycard entrance system.

Planning and Information

The Planning and Information (P&I) program continued to make progress towards its goal of increasing Commission productivity and effectiveness by helping agency programs and staff make use of information systems and technology to improve the quality and quantity of their work. The overarching strategy of using information technology to improve services and cut costs was adopted as a major management initiative beginning in fiscal year 1995. The strategy for meeting P&I's goal has four elements:

- installing and maintaining the infrastructure of modern systems and other information resources that are necessary for the Commission's lawyers and economists to do their work;
- training and supporting Commission staff in the use of the infrastructure as effectively as possible;
- working with program managers and staff to focus resources on the Commission's priority law enforcement and consumer/ business education goals; and
- coordinating and supporting a majority of the Commission's information retrieval and dissemination efforts.

The Commission's information management program continued to be coordinated by three divisions of the Office of the Deputy Executive Director for Planning and Information. However, during the second half of fiscal year 1995, the P&I program conducted an extensive analysis of its organizational structure to seek ways to

improve the information and technology services provided to customers, including both Commission staff and the public. Along with this effort, resources were devoted to P&I staff development in the areas of project management and team effectiveness to build a culture and methodology supportive of a customer-driven focus. These efforts were in line with the program's strategic goals as well as with the administration's National Performance Review recommendations to focus on customer service.

While P&I devoted substantial resources to maintaining existing information services, technologies, and legacy information systems, fiscal year 1995 provided additional funds to accelerate upgrades and enhancements in several areas of the Commission's information systems and infrastructure. These include upgrades of desktop workstations and central computer resources and staff training on use of the new desktop applications. With expanded resources, the Commission also made significant progress on major project and systems development efforts.

Modern Systems Infrastructure

P&I's accomplishments supported the following objectives:

Expand Functionality of Commission Network and Desktop

P&I began early in fiscal year 1995 with the *Windows Desktop/ Open Network Computing Project*. The Project objective was to acquire and install by the end of calendar 1995 the hardware and software required to meet Commission-wide staff needs for improved LAN services, Windows-based software, direct access to Commission data resources in various media forms, and Internet access to the outside world. The upgrade was designed to provide the requisite amount of power and capacity at the desktop, at the server, and at the central computer to support future open network, client/server computing for mission critical systems along with a graphical user interface and LAN-based Windows applications.

In the process, a comprehensive redesign of the entire desktop menu system and related software options was implemented, network servers were upgraded, and each desktop was installed or upgraded to a minimum 486 processor, 16-megabyte memory, and 540-megabyte hard disk. To help staff become productive immediately, written instructions and training were provided to all Commission

staff in headquarters and in the 10 regions as they were upgraded to the new environment. By the end of fiscal year 1995, over 70 percent of the desktop installations in headquarters and the regions had been completed, along with user support and training; all Commission network servers were upgraded to the Windows NT Operating System; and additional hardware to meet Commission needs for network server and central computing platforms was acquired. The project remained on target for its projected completion in December 1995.

Other communications upgrades included implementation of a remote E-Mail package to provide upgraded remote communications capabilities for Commission staff working from home or on travel and deployment to users of upgraded LAN-based out-faxing capabilities.

Improve Regional Office Communications

The upgrade of Regional Office LAN/WAN servers, including installation of improved fax, dial-out, CD-ROM, and data communications capabilities, was completed for the majority of regional offices. New telephone and voice mail systems were procured and the upgrade was completed for the Los Angeles and Seattle regional offices. In addition, networking features were installed that allowed Commission staff to exchange voice mail between the Seattle, Denver, and Los Angeles regions and with headquarters. GSA approval was obtained to proceed with plans to add voice mail and upgrade telephone systems in all Regional Offices.

Establish a Systems Development Platform for the Future

Facing major legacy systems migration, it became critical to firmly establish a common system development methodology. This year, P&I was able to stabilize the Oracle relational database platform on a modern Unix-based central computer host. The staff also began to implement a standard Life Cycle Management program using Oracle CASE. Using this methodology, significant progress was made in conducting analyses of major systems targeted for redesign and migration and in developing an enterprise-wide data model.

Train and Support Commission Staff

P&I's accomplishments supported the following objectives:

Expand Training and Technical Support

In fiscal year 1995, P&I initiated a major project to reengineer technical support and Help Desk processes and to identify and procure new state-of-the-art Help Desk and property management software to support the technical support process.

To support expanded training requirements, P&I procured and put in place a portable training facility using laptop computers and large-screen display projectors. Supporting services and media to provide training for Commission staff in conjunction with the upgrade to a new Commission Windows Desktop environment were acquired and successfully delivered. Assistance was also provided to Commission offices and external agency staff in conjunction with conversion of Procurement and Personnel/Payroll systems. A number of user-oriented tip sheets and other documentation to assist Commission staff in using Commission computer systems were developed and distributed.

Enhance Litigation Support and Workgroup Consulting

Support for data acquisition efforts in law enforcement investigations continued to increase. Guidelines were developed and Commission staff were briefed on developing and executing electronic data acquisition strategies. A geographic information system (GIS), MAPINFO, was acquired and installed, and training was conducted for agency staff. Using GIS mapping, statistical and case specific information was provided to Commission staff in conjunction with a number of Commission merger investigations and other matters. Interviews with Bureau and Regional Office staff were completed to support an initiative to identify opportunities for improving litigation support services and to determine requirements for litigation document management capabilities and systems. An integrated text/document imaging and text retrieval system was successfully implemented to support the Telemarketing Rulemaking matter. As a result, materials were distributed to all Telemarketing workshop participants on multi-session CD-ROMs, as well as being made available to the public on the Internet, in lieu of paper copies. This was the first pilot project to use new imaging technology and new software tools for managing documents acquired by the

Commission through discovery or public submission. A prototype system was developed to support Office of the General Counsel requirements for capturing, storing, and accessing images and for indexing of selected appellate briefs and congressional and state access requests.

Focus Resources on Commission's Priority Missions

Major systems migration and development projects addressed the following objectives:

Analyze Replacement for Management Information System (MIS)

A requirements analysis was completed, working with agency managers and staff, which determined the types of information and functional needs that the agency has for overall management of our activities, for historical purposes, for conducting law enforcement and administrative activities, and for integration with other agency automated information systems. The resulting data and functional requirements were incorporated into the Commission enterprise data model. Technical and staff reviews of potential software vendors' products were completed. The analysis and reviews served as the basis for acquiring prototype licenses of a commercial product which met those requirements.

Reengineer FTC/DOJ Premerger and Clearance Systems

P&I staff completed their requirements analyses to reengineer and develop upgraded FTC/DOJ Clearance and Premerger Systems in coordination with the Antitrust Division of the Department of Justice.

Automate Commission Forms

All known existing forms were inventoried and reviewed by owners. Forms were then evaluated to determine which would be appropriate to prepare electronically. An evaluation of the three top commercial electronic forms software packages was completed, along with a formal analysis, with the result that an off-the-shelf forms package, JetForm, was procured. Exceeding the plans for this fiscal year, by year end Commission staff could access 101 electronic forms in JetForm via the LAN and take advantage of a training program.

Modernize Administrative Systems

In accordance with National Performance Review instructions, the Commission moved to a new, automated procurement management system intended to improve the workflow of the procurement business for Procurement officials, Commission staff, and the vendor community who are the Commission's trading partners. P&I also began to support another major conversion from GSA's payroll and personnel systems to a combined payroll/personnel system administered and maintained by the same agency that administers our financial management system.

Other administrative system changes included improving employee check-in/check-out procedures, improving the Commission's Textile RN-Number Tracking system, automating certain physical inventory processes, developing a telephone usage reporting system, improving access to training records and training opportunities, and improving the resources at the Help Desk to resolve calls quicker and with more expert knowledge.

Commission's Information Retrieval and Dissemination Efforts

P&I's accomplishments supported the following objectives:

Improve Access by the Public to Commission Information

The Commission recognized that the Internet, as a significant part of the global information infrastructure, offered enhanced possibilities for the Commission to disseminate information and interact with the public. The Commission developed a presence on the Internet in February 1995 with a Gopher server that was populated with consumer education and telemarketing rulemaking information. Moving quickly to make highest priority information available through Commission Internet service, the Commission implemented a World Wide Web server on its computer host (in May 1995), with information about the Commission, news releases, and links to the Gopher service. An Internet Steering Committee, representing Commission Bureaus and Offices, was established and began to provide input on content and priorities for populating the home page. By the end of the year, news releases, speeches, the Commission *ConsumerLine* Page, selected Commission documents from each Bureau, and transcripts of Commission-sponsored proceedings were

regularly being updated on the Commission Web site (http://www.ftc.gov).

Improve Access by Commission Staff to Commission Documents and Data

The Commission's electronic document storage and retrieval system, called LANDOC, was expanded, and progress was made to make it available to all Commission staff from desktop workstations. The LANDOC system, which uses the PCDOCS off-the-shelf software package, was successfully incorporated into the new standard workstation configuration, and Commission-wide installation was begun as part of the Commission Windows Desktop project. P&I worked with other federal users of PCDOCS to create a Capital Area DOCS Open Users Group.

Systematic collection and conversion to electronic format of Commission historical documents resulted in a final document count in LANDOC of over 16,500 documents at the end of the fiscal year, far exceeding the goal of 10,000 documents. Document collections scanned and converted for inclusion in LANDOC included FTC Volumes of Decisions 78-117 (excluding 115); Annual Reports 1970-1991; Press Releases 1959-1985; Notices to Staff 1986-1995; Biographies 1977-1995; Bureau of Economics Working Papers; Petitions to Quash; recent OGC Briefs; a pilot collection from the Non-Public IRIS Microfiche; and Office of the Secretary Minutes 1984-1988. Electronic copies of some documents were collected as they were completed or made available and added to LANDOC including the Administrative Manual, the Operating Manual, the Annual Reports for FY 1992 and FY 1993, public documents from the BCP Litigation Database, Press Releases 1985-1995, Notices to Staff 1995, Speeches 1988-1994, Judge Parker's ALJ Orders and Decisions, Consumer Education Brochures, Staff Memoranda, documents published in the Federal Register, Advocacy Comments, United States Code Title 15 and its supplements, and Government Standards of Conduct from the Office of Government Ethics.

To facilitate staff access to Commission data, P&I began to develop ways to facilitate staff's direct access to all Commission data resources with emphasis on tools that implement Windows-based standards and capabilities. In conjunction with improving access to any Commission data, P&I increased direct access to and user control of shared LAN space for workgroup projects. Major efforts were

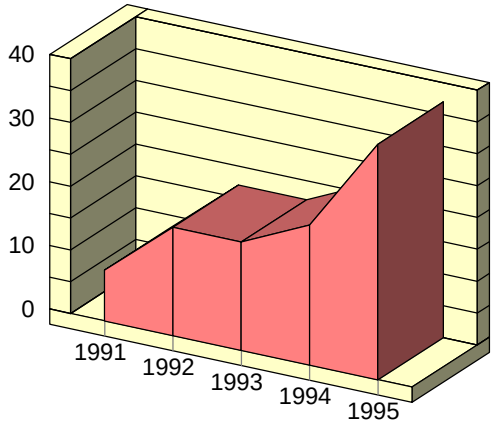
initiated to migrate a number of Commission central applications systems to the new open systems environment which offers substantially-improved access by Commission staff.

Improve Access by Commission Staff to External Information Source

The collection of economic and legal-oriented CD-ROM databases in the library was increased, including very large data sets from Census. Access was provided over the LAN to high-demand legal and economic CD-ROM. Internet training and support was expanded, and Web browser clients were made available on Windows desktops and walkup workstations for staff to use in accessing external Internet/Web server databases.

APPENDIX

PART II CONSENT ORDERS ISSUED
COMPETITION MISSION



COMPETITION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
Adobe Systems Incorporated	C-3536	10/18/94	Horizontal Merger	Computer Programming and Software
Alliant Techsystems Inc.	C-3567	04/07/95	Vertical Merger	Military Ammunition
American Home Products Corporation	C-3557	02/14/95	Horizontal Merger	Pharmaceuticals
Baby Furniture Plus Association, Inc.	C-3553	01/18/95	Boycott	Children's Furniture
Boston Scientific Corporation	C-3573	04/28/95	Horizontal Merger	Surgical and Medical Instruments
Boulder Ridge Cable TV	C-3537	10/19/94	Horizontal Restraint	Cable Television
Charter Medical Corporation	C-3558	02/14/95	Horizontal Merger	Psychiatric Hospitals
Columbia/HCA Healthcare Corporation	C-3544	12/06/94	Horizontal Merger	Specialty Outpatient Facilities

Part II Consent Orders Issued Appendix

Title	Number	Action Date	Type of Matter	Product
Del Monte Foods Company	C-3569	04/11/95	Supply Agreement	Canned Fruits and Vegetables
Eli Lilly and Company, Inc.	C-3594	07/28/95	Vertical Merger	Pharmaceutical Benefit Management Services
Glaxo plc	C-3586	06/14/95	Horizontal Merger	Pharmaceuticals
HEALTHSOUTH Rehabilitation Corporation	C-3570	04/12/95	Horizontal Merger	Psychiatric Hospitals
Healthtrust, Inc. - The Hospital Company	C-3538	10/20/94	Horizontal Merger	General Medical and Surgical Hospitals
IVAX Corporation	C-3565	12/22/94	Horizontal Merger	Pharmaceuticals
Korean Video Stores Association of Maryland	C-3588	06/20/95	Horizontal Price Fixing	Video Tape Rentals
La Asociación Médica de Puerto Rico	C-3583	06/02/95	Boycott	Physician Services
Lockheed Corporation	C-3576	05/09/95	Horizontal and Vertical Merger	Military Aircraft, Military Satellites, and Search Launch Vehicles
Medical Staff of Good Samaritan Regional Medical Center	C-3554	02/01/95	Boycott	Physician Services
Montedison S.p.A.	C-3580	05/25/95	Horizontal Merger	Plastics Materials and Resins
New England Juvenile Retailers Association	C-3552	01/18/95	Boycott	Children’s Furniture
Oerlikon-Buhrle Holding AG	C-3555	02/01/95	Horizontal Merger	Air and Gas Compressors
Penn Traffic Company, The	C-3577	05/15/95	Horizontal Merger	Grocery Stores
Physicians Group, Inc.	C-3610	08/11/95	Horizontal Restraints	Physician Services
Reckitt & Colman plc	C-3571	04/04/95	Horizontal Merger	Soap and Other Detergents
Reebok International Ltd.	C-3592	07/18/95	Resale Price Maintenance	Footwear
Revco D. S., Inc.	C-3540	10/31/94	Horizontal Merger	Drug Stores
Rite Aid Corporation	C-3546	12/15/94	Horizontal Merger	Drug Stores

Title	Number	Action Date	Type of Matter	Product
Roche Holding Ltd.	C-3542	11/22/94	Horizontal Merger	Pharmaceuticals
Schnuck Markets, Inc.	C-3585	06/08/95	Horizontal Merger	Grocery Stores
Schwegmann Giant Super Markets, Inc.	C-3584	06/02/95	Horizontal Merger	Grocery Stores
Scotts Company, The	C-3613	09/08/95	Horizontal Merger	Fertilizer
Sensormatic Electronics Corporation	C-3572	04/18/95	Horizontal Merger	Antishoplifting Devices
Service Corporation International	C-3579	05/16/95	Horizontal Merger	Funeral Services
Sulzer Limited	C-3559	02/23/95	Horizontal Merger	Primary Metal Products
Tele-Communications, Inc.	C-3575	05/09/95	Horizontal Merger	Cable TV Services
Trauma Associates of North Broward, Inc.	C-3541	11/01/94	Boycott	Physician Services
Wright Medical Technology, Inc.	C-3564	03/23/95	Horizontal Merger	Surgical Appliances and Supplies

COMPETITION MISSION (DETAIL) *Adobe Systems Incorporated; Aldus Corporation*

Adobe and Aldus agreed to settle allegations that their recently consummated merger could lead to higher prices and reduced innovation for professional-illustration software. Professional-illustration software enhances the ability of graphic artists to create free-form illustrations on computers. Adobe and Aldus sold the only two illustration software programs (Illustrator and Freehand) in the market for use on Apple Macintosh and Power Macintosh computers. The consent order requires the merged firm to divest the Freehand business and name within six months to Altsys Corporation, the firm that developed the software.

Alliant Techsystems Inc.

Alliant agreed to settle concerns stemming from its $466 million acquisition of Hercules Aerospace Company. Hercules is the only U.S. producer of propellant for large caliber ammunition and is the U.S. Army's chosen supplier. Under terms of the consent order, Alliant must construct a "firewall" to prevent the newly acquired

propellant division, which receives certain classified information from other ammunition and munitions suppliers necessary to provide them with propellant and explosives, from sharing information with Alliant's ammunition and munitions division.

American Home Products Corporation

American Home agreed to settle concerns relating to its $9.7 billion acquisition of American Cyanamid Company. The complaint issued with the consent order alleged that the acquisition could reduce competition for two vaccines, for certain biotechnology drugs used in treating cancer, and for research for a vaccine to treat rotavirus, a diarrheal disease that causes thousands of children's deaths each year. Under terms of the consent order, American Home will divest its tetanus and diphtheria vaccines business to a Commission-approved acquirer. The order also requires American Home to manufacture the vaccines for the acquirer until it obtains manufacturing approval from the Food and Drug Administration. In addition, the consent order prohibits American Home from acquiring any entity engaged in the manufacture of certain drugs for a period of 10 years.

Baby Furniture Plus Association, Inc.

Baby Furniture and its members agreed to settle allegations that they threatened to boycott manufacturers that sold their products at a discount through a catalog published by the New Hampshire Buyer's Service. According to the complaint, the association and its members conspired to discontinue business affiliations with those manufacturers that continued to make their products available to the NHBS catalog. The consent order prohibits Baby Furniture, a buying cooperative and trade association of juvenile specialty retailers based in Birmingham, Alabama, its members, and its officers from entering into agreements to boycott manufacturers of juvenile products that sell their products through discount catalogs.

Boston Scientific Corporation;
Cardiovascular Imaging Systems, Inc.; SCIMED Life Systems, Inc.

Boston Scientific agreed to license patents and technology in the intravascular ultrasound catheter market to Hewlett-Packard Corporation or another Commission-approved licensee within six

months to settle antitrust concerns arising from Boston Scientific's acquisitions of Cardiovascular Imaging and SCIMED. The consent order is structured to ensure the creation of a full-line competitor in the production and development of current-generation IVUS catheters and next-generation imaging guidewires. The order, which permitted the consummation of the acquisitions during the comment period, also settled litigation of the Commission's motion for a preliminary injunction to block the proposed acquisition of Cardiovascular Imaging.

Boulder Ridge Cable TV; Dean Hazen; Rodney Hansen; Weststar Communications, Inc.

Boulder Ridge and Weststar, two California-based cable companies, and their principals, Dean Hazen and Rodney Hansen, agreed to settle allegations that they entered into an anticompetitive agreement not to compete in certain areas in California and Hawaii as part of Boulder Ridge's acquisition of Three Palms, Ltd., a competing cable television operator in the Indian Wells Valley area of California. According to the complaint issued with the consent order, Boulder Ridge and Three Palms signed a non-competition agreement in which each agreed not to own, control, manage, or operate a cable TV system or any similar multi-channel video distribution system or service, within 15 miles of the legal boundaries of any community in which the other company owned or operated a cable television system, or in which the other company would own or operate a cable television system in the future. The consent order prohibits the respondents from enforcing any rights they may have under certain paragraphs of the agreement not to compete.

Charter Medical Corporation

Charter agreed to settle allegations that its planned purchase of National Medical Enterprise's psychiatric facilities would substantially lessen competition in four geographic markets: Atlanta, Memphis, Orlando, and Richmond. The Commission alleged that the acquisition, by eliminating competition in those areas, would increase the likelihood that Charter would unilaterally exercise market power in the relevant markets, would increase the likelihood of collusion, and would deny patients, physicians, third-party payers, and other consumers the benefits of free and open competition based on price,

quality, and service. The consent order requires Charter to modify its March 29, 1994, acquisition agreement to delete its acquisitions of the National Medical psychiatric facilities in the four localities.

Columbia/HCA Healthcare Corporation

Columbia/HCA agreed to settle allegations that its $692 million acquisition of Medical Care America, Inc., would violate federal antitrust laws. According to the complaint accompanying the consent order, the acquisition would combine two competing health facilities that offer outpatient surgery services in Anchorage, Alaska, and could result in higher prices or reduced quality for those services in the area. The consent order allows Columbia/HCA to acquire Medical Care, but requires it to divest the Alaska Surgery Center to a Commission-approved acquirer that will operate the firm in competition with Columbia/HCA.

Del Monte Foods Company; Del Monte Corporation; Pacific Coast Producers

Del Monte and Pacific Coast agreed to settle concerns that their 1992 supply and purchase option agreements would increase the likelihood of coordinated interaction in the canned fruit market when Del Monte acquired Pacific Coast through its five-year purchase agreement. Under the agreements, Del Monte received a commitment of all of Pacific Coast's output of canned fruit; acquired its customer lists; and determined the output, product pricing, and distribution of its canning operation. The consent order requires Del Monte and Pacific Coast to terminate the agreements and to obtain Commission approval for 10 years before acquiring any firm engaged in the manufacture of canned fruit.

Eli Lilly and Company, Inc.

Eli Lilly agreed to settle antitrust concerns stemming from its $4 billion acquisition of McKesson Corporation and its prescription management business, PCS Health Systems, Inc. The consent order requires Eli Lilly, among other things, to develop measures to ensure that its drugs are not given unwarranted preference over those of its competitors in connection with the pharmacy benefit management

services to third-party payers and others it will acquire as a result of the acquisition.

Glaxo plc

Glaxo agreed to settle antitrust concerns stemming from its $14.3 billion acquisition of Wellcome plc. The consent order requires, within nine months, the divestiture of Wellcome's worldwide research and development assets for non-injectable $5HT_{1D}$ agonists, non-injectable drugs used to treat migraine headaches. The consent order also requires Glaxo to provide technical assistance to the buyer to aid it in continuing the research and development currently being conducted by Wellcome for its $5HT_{1D}$ agonist.

HEALTHSOUTH Rehabilitation Corporation

HEALTHSOUTH agreed to settle antitrust concerns stemming from its $180 million merger with ReLife, Inc. According to the complaint issued with the consent order, the acquisition could raise prices and reduce services at rehabilitation hospital facilities in Birmingham, Alabama; Charleston, South Carolina; and Nashville, Tennessee. The consent order requires the divestiture of Nashville Rehabilitation Hospital, owned by a ReLife-controlled partnership, and is the Commission's first challenge of an acquisition among rehabilitative hospitals.

Healthtrust, Inc. - The Hospital Company

Healthtrust agreed to settle allegations that its proposed acquisition of certain assets of Holy Cross Health Services of Utah would significantly lessen competition for inpatient acute-care hospital services in a three-county area in the Salt Lake City-Ogden, Utah, metropolitan area. The consent order permits the acquisition of Holy Cross but requires the divestiture of Holy Cross Hospital in downtown Salt Lake City and certain other assets within six months. In April 1995, the Commission approved the sale of the Holy Cross Hospital to Champion Healthcare Corporation.

IVAX Corporation

IVAX agreed to settle allegations that its $593 million acquisition of Zenith Laboratories, Inc., could create a monopoly in the U.S. market for verapamil, a generic drug used to treat patients with chronic cardiac conditions. The consent order permits the acquisition of Zenith, but prohibits the acquisition of Zenith's rights to market or sell verapamil under an exclusive distribution agreement with G.D. Searle & Co. In addition, the order requires IVAX to obtain Commission approval for 10 years before acquiring any manufacturer or distributor of verapamil.

Korean Video Stores Association of Maryland; Bong Soo Ha; Chae Sul Song; Chang Hyun Cho; Chang Jin Park; Dae Yong Kang; Ju Young Lee; Ki Sik Kim; Kyeong Hae Lee; Mi Hwa Park; Mi La Kim; Seung Man Yun; Suk C. Kim; Tae Eung Yu; Yong Hoon Kang; Yoo Kwan Jun; Young Min Ro

Korean Video Stores and its 16 individual members agreed to settle allegations that they entered into an agreement to raise and fix the rental fees for Korean-language video tapes charged by members' stores throughout the metropolitan Washington, D.C., area. The consent order prohibits the Korean Video Stores and its members from engaging in such practices in the future and requires the public display of the settlement in member stores and in specific Korean-language newspapers published in the Washington, D.C., area.

La Asociación Médica de Puerto Rico; La Sección de Fisiatria de La Asociación Médica de Puerto Rico; Rafael E. Sein, M.D.; Rafael L. Oms, M.D.

La Asociación Médica, La Sección de Fisiatria, and two individual physiatrist members agreed to settle allegations that they entered into a boycott that delayed medical treatment for some patients and subjected the government insurance program to other costs and inconveniences in an attempt to obtain exclusive referral powers from insurers and to increase reimbursement rates for medical services. The consent order prohibits the respondents from entering into any agreements to boycott insurance programs in an attempt to obtain higher reimbursement rates.

Lockheed Corporation; Lockheed Martin Corporation; Martin Marietta Corporation

Lockheed agreed to settle concerns that its acquisition of Martin Marietta could allow the new firm, Lockheed Martin, to tie up two of the leading sensors that detect hostile missile launches against the U.S. The consent order requires Lockheed Martin to open up its teaming arrangements with Hughes Aircraft Company and Northrop Grumman Corporation, firms that develop and manufacture satellites for use in space-based early warning systems.

Medical Staff of Good Samaritan Regional Medical Center

The 500-member medical staff of Good Samaritan in Phoenix, Arizona, agreed not to conspire to boycott the hospital in an effort to induce the hospital to terminate its involvement in a competing multi-specialty physicians' clinic or in any other competing medical facility. According to the complaint accompanying the consent order, the medical staff presented a resolution to the hospital administration threatening a boycott if the hospital continued its support of the physician joint venture, Samaritan Physicians Center. The venture was designed to provide one-stop shopping for physician services and house calls and to operate in competition with a newly opened clinic in a nearby city. The medical staff's opposition resulted in the hospital administration terminating its relationship with the clinic.

Montedison S.p.A.; HIMONT Incorporated; Royal Dutch Petroleum; Shell Oil Company;
"Shell" Transport and Trading Company, p.l.c., The

Montedison, Royal Dutch, Shell Oil, and Shell Transport agreed to settle allegations that the formation of Montell Polyolefins, a $6 billion joint venture between the companies, could reduce competition in several polypropylene and polypropylene-related production and licensing markets and reduce U.S. export sales. The consent order requires the divestiture of Royal Dutch and Shell's interests in Unipol/SHAC and Seadrift Polypropylene Company, oil facilities in Norco, Louisiana, and Houston, Texas, and all other polypropylene assets to Union Carbide Corporation within six months.

New England Juvenile Retailers Association;
Allan Broverman; Baby Place, Inc., The; Baby Specialties, Inc.;
Baby Specialties of Natick, Inc.; Baby's Room, Inc.;
Boston Baby, Inc.; Boston Baby of Avon, Inc.;
Boston Baby of Hingham, Inc.; Chapin Specialties Company, Inc.;
Crib-n-Cradle Juvenile Furniture, Inc.; Cribs and Cradles, Inc.;
Elliot Young; George Koury; Henry Ritchotte; Jack Resnick;
Juveniles, Inc.; Louis Avarista, Sr.; Michael Slobodkin;
Normand Poirier d/b/a Norm's Discount;
Robert Newhouse; Rudolph Mosesso;
Small Wonders Limited, Inc. d/b/a Rooms to Grow;
Stephen Brass; Susan Young; Timothy Precourt; Tiny Totland, Inc.;
Waltham Slumber Shop, Inc.

New England Juvenile and 26 other respondents agreed to settle allegations that they threatened to boycott manufacturers that sold their products at discount through a catalog published by the New Hampshire Buyer's Service. According to the complaint, the association and its members conspired to discontinue business affiliations with those manufacturers that continued to make their products available to the NHBS catalog. The order prohibits the association and its members from engaging in similar activities in the future, and requires the dissolution of New England Juvenile. In addition, prior to its dissolution, the association is required to send a letter to the manufacturers it allegedly threatened, in which it acknowledges the consent order with the Commission and outlines its terms.

Oerlikon-Buhrle Holding AG

Oerlikon-Buhrle agreed to settle allegations that its proposed acquisition of Leybold AG could raise prices and reduce innovation in markets for manufacturing semiconductors, other scientific applications, and compact discs. The consent order permits the acquisition, but requires the divestiture of Oerlikon's turbo molecular pump business (used in the manufacture of semiconductors) and Leybold's compact disc metallizer businesses to a Commission-approved acquirer that will operate the assets as a viable business.

Penn Traffic Company, The

Penn Traffic agreed to settle allegations concerning its plan to acquire 45 grocery stores in Pennsylvania and New York from American Stores' subsidiary, Acme Markets, Inc. According to the complaint accompanying the consent order, the $94 million acquisition would substantially reduce supermarket competition, increase grocery prices, and reduce selection and quality in three areas of northeastern Pennsylvania. The consent order permits Penn Traffic to acquire the 45 Acme stores from American Stores Company, but requires the divestiture of one supermarket in each of the three areas to a Commission-approved acquirer or acquirers.

Physicians Group, Inc.;
Douglas W. Shiflett, M.D.; Edwin J. Harvie, Jr., M.D.;
Eric N. Davidson, M.D.; Lawrence G. Fehrenbaker, M.D.;
Milton Greenberg, M.D.; Noah F. Gibson, IV, M.D.

Physicians Group and members of its board of directors agreed to settle allegations that they conspired to prevent third-party payers from doing business, fixed the terms of reimbursement from payers, and resisted payers' cost-containment measures. The consent order requires the dissolution of Physicians Group and prohibits seven board members, physicians from Danville and Pittsylvania Counties, Virginia, from engaging in any conspiracy to fix and dictate terms or conditions they would accept from managed plans or other third-party payers.

Reckitt & Colman plc

Reckitt & Colman agreed to settle allegations that its acquisition of carpet-deodorizer and rug-cleaning businesses from L&F Products, Inc., would substantially reduce competition in the U.S. market for carpet-deodorizer products. The consent order requires Reckitt to divest its carpet-deodorizer and rug-cleaning businesses within six weeks to a Commission-approved acquirer.

Reebok International Ltd.; Rockport Company, Inc., The

Reebok International and its subsidiary, The Rockport Company, agreed to settle allegations that they fixed the resale prices of their

products. According to the complaint accompanying the consent order, Reebok agreed with certain retailers to maintain the level of pricing at which retailers sold their athletic and casual footwear products. The consent order prohibits Reebok and Rockport from fixing or controlling the resale prices at which any dealer advertises, promotes, or sells their products.

Revco D. S., Inc.

Revco agreed to settle allegations that its acquisition of Hook-SupeRx, Inc., could raise prices and reduce service for prescription drugs sold in retail stores in Covington, Marion, and Radford, Virginia. The consent order requires Revco to divest, within one year, either the pharmacy business it already owns or the pharmacy business it will acquire from Hook-SupeRx, in each of the areas, to a Commission-approved acquirer who will continue to operate the pharmacy businesses.

Rite Aid Corporation

Rite Aid agreed to settle allegations that its acquisition of LaVerdiere's Enterprises, Inc., would violate antitrust laws. According to the complaint accompanying the consent order, the acquisition could lead to higher prices for prescription drugs sold in retail stores in Bucksport and Lincoln, Maine, and in Berlin, New Hampshire. The consent order permits Rite Aid to complete the acquisition, but requires the divestiture of either the pharmacy assets it already owns or of the LaVerdiere pharmacy assets it will acquire in the three cities to a Commission-approved acquirer who will operate the stores in competition with Rite Aid.

Roche Holding Ltd.; Syntex Corporation

Roche Holding agreed to settle concerns that its acquisition of Syntex would reduce competition in the area of drug abuse testing products. The consent order requires Roche Holding to divest Syntex's Syva Company subsidiary to a Commission-approved buyer engaged in the manufacture of drug abuse testing products that will operate the business in competition with Roche.

Schnuck Markets, Inc.

Schnuck agreed to settle allegations that its acquisition of supermarkets currently owned by National Holdings, Inc., in five states would result in anticompetitive pricing and other consumer injury. The consent order requires Schnuck to divest 23 supermarkets in Missouri and Illinois within one year to settle antitrust concerns stemming from its acquisition of supermarkets owned by National Holdings in the St. Louis area. The divestitures, according to the terms of the order, must be made to entities that will operate the stores as supermarkets in competition with the Schnuck markets. In addition, the order requires Schnuck to obtain prior approval before acquiring any supermarkets in the geographical areas of concern.

Schwegmann Giant Super Markets, Inc.

Schwegmann agreed to settle allegations that its acquisition of 28 supermarkets in Louisiana, Mississippi, and Alabama from National Holdings, Inc., would combine direct competitors in some areas and lessen competition. The consent order requires the divestiture within one year of seven That Stanley! and Canal Villere supermarkets in the New Orleans, Louisiana, area to Commission-approved purchasers who would maintain the stores as competitive supermarkets. In addition, the order requires Schwegmann to obtain prior approval for 10 years before acquiring any supermarkets in the geographic markets of concern.

Scotts Company, The

Scotts agreed to settle allegations relating to its $200 million acquisition of Stern Miracle-Gro Products, Inc. The consent order requires Scotts to divest its Peters Consumer Water-Soluble Fertilizer Business and related assets to Alljack & Company or to another Commission-approved buyer no later than December 31, 1995. Scotts satisfied the divestiture requirement and sold the assets to Alljack during the public comment period.

Sensormatic Electronics Corporation

Sensormatic agreed to settle concerns that its acquisition of Knogo Corporation would decrease competition in the area of

disposable antishoplifting labels. The consent order permits Sensormatic to acquire Knogo, but prohibits it from acquiring patents and other exclusive rights for Knogo's "SuperStrip" manufacturer-installed disposable antishoplifting labels. In addition, Sensormatic is required to obtain prior Commission approval for 10 years before acquiring significant assets used in the research, development, and manufacture of disposable labels for source labeling.

Service Corporation International

Service Corporation, the largest owner and operator of funeral homes and cemeteries in North America, agreed to settle allegations that its proposed acquisition of Uniservice Corporation would substantially lessen competition for funerals and perpetual care cemetery services in and around Medford, Oregon. The consent order permits Service Corporation to acquire Uniservice, but requires the divestiture of two funeral homes, a cemetery, and a crematory owned by Uniservice in Medford, Oregon, to a Commission-approved acquirer. The agreement requires Service Corporation to operate the Uniservice assets independently of its own funeral homes and cemeteries and to keep the assets marketable and viable until divestiture. Service Corporation is also required to obtain prior Commission approval before acquiring any funeral homes or cemeteries in Jackson County, Oregon.

Sulzer Limited

Sulzer agreed to settle allegations that its acquisition of the Metco Division of The Perkin-Elmer Corporation would combine two key competitors in the market for aluminum polyester powder, thus substantially reducing competition in the market. The consent order requires Sulzer to divest to a Commission-approved acquirer, within six months, a copy of all of the information necessary to purchase ingredients to produce and market aluminum polyester powder, a substance sprayed on jet engine housings to improve the efficiency of the engines. The order also ensures that the acquirer has access to wholly aromatic polyester, a critical component of aluminum polyester powder. Finally, the order requires that Sulzer obtain prior Commission approval for 10 years before acquiring any firm engaged in the production of aluminum polyester powder.

Tele-Communications, Inc.

Tele-Communications agreed to settle allegations that its acquisition of TeleCable Corporation would eliminate competition for cable television service in Columbus, Georgia. The consent order permits Tele-Communications to complete its acquisition of TeleCable on the condition that it divest either its own Columbus cable TV assets or those of TeleCable in the Columbus area to a Commission-approved purchaser that would operate the system in competition with Tele-Communications.

Trauma Associates of North Broward, Inc.;
Aiden O'Rourke, M.D.; Carl Amko, M.D.; Frantz Chery, M.D.;
J. R. Nabut, M.D.; Kwang-Jae Joh, M.D.; Lucien Armand, M.D.;
Richard A. Johnson, M.D.; Santiago Triana, M.D.;
Sergio Gallenero, M.D.; William Cohen, M.D.

Trauma Associates and 10 surgeons in Broward County, Florida, agreed to settle allegations that they conspired to fix prices for medical services. The consent order prohibits the respondents from entering into any conspiracy or agreement to fix the fees physicians are paid for services performed at the trauma centers and to withhold surgical services in the North Broward Hospital District. The order also requires the dissolution of Trauma Associates within 180 days. Prior to dissolution, Trauma Associates is required to provide copies of the order to any entity with whom it has entered into contract negotiations for trauma surgical services since its inception.

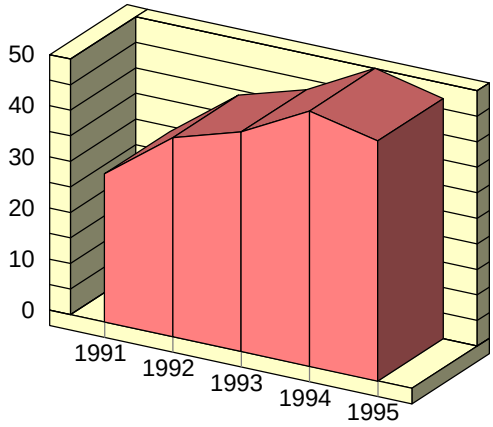
Wright Medical Technology, Inc.; Kidd, Kamm Equity Partners, L.P.;
Kidd, Kamm Investments, Inc.; Kidd, Kamm Investments, L.P.

Wright agreed to settle allegations that its proposed acquisition of Orthomet, Inc., would not only eliminate potential competition in the market for the sale of orthopaedic implants used in human hands but would also eliminate the competition needed for future research and development for such implants. The consent order requires Wright to transfer to the Mayo Foundation a full and complete copy of the Orthomet/Mayo Foundation Orthopaedic Finger Implant Research Assets and a license to those assets with the rights to sublicense them in perpetuity. The order also requires Wright to enable Mayo to find

a licensee and to assist that licensee for six months following the effective date of the order.

PART II CONSENT ORDERS ISSUED

CONSUMER PROTECTION MISSION



CONSUMER PROTECTION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
Abovo, Inc.	C-3563	03/22/95	Unsubstantiated Claims of Product Efficiency	Communication Devices
Louis Bass, Inc. d/b/a Crestwood Company	C-3562	03/13/95		
Alpine Industries, Inc.	C-3614	09/22/95	Unsubstantiated Advertising Claims	Ozone Generators/Air Cleaners
American Body Armor & Equipment, Inc.	C-3539	10/21/94	Deceptive Packaging and Labeling	Bullet-Proof Vests
American Institute of Smoking Cessation, Inc.	C-3560	03/03/95	Diet and Smoking Programs and Advertising Claims	Weight Loss and Smoking Cessation Hypnosis Seminars

Federal Trade Commission

Title	Number	Action Date	Type of Matter	Product
American Tobacco Company, The	C-3547	01/03/95	Tar and Nicotine Advertising Claims	Cigarettes
Arizona Institute of Reproductive Medicine, Ltd.	C-3616	09/25/95	Deceptive Claims of Program Success	*In Vitro* Fertilization Programs
Bee-Sweet, Inc.	C-3550	01/17/95	Deceptively Advertised Claims of Medical Effectiveness	Bee-Pollen Products
Body Wise International, Inc.	C-3617	09/25/95	Unsubstantiated Health Benefit Claims	Nutritional Supplements
BPI Environmental, Inc.	C-3535	10/17/94	Unsubstantiated Degradability Claims	Plastic Grocery Bags
Chemopharm Laboratory, Inc. d/b/a CP Industries	C-3545	12/06/94	Environmental Benefit Claims	Superior Sno-N-Ice Melter
Choice Diet Products	C-3587	06/16/95	Unsubstantiated Advertising Claims	Diet Pills and Stop Smoking Patch
Creative Aerosol Corporation	C-3548	01/13/95	Unsubstantiated Environmental Claims	Bath Soap
David Green, M.D.	C-3589	06/23/95	Unsubstantiated Claims of Health and Safety of Services	Treatment of Varicose and Spider Veins
Equifax Credit Information Services, Inc.	C-3611	08/14/95	Accuracy and Privacy of Consumer Credit Reports	Credit Bureau
Eskimo Pie Corporation, The	C-3597	08/11/95	Deceptive Food Claims	"Sugar Freedom" Frozen Dessert Products
European Body Concepts, Inc.	C-3590	06/23/95	Unsubstantiated Health and Safety Claims	Body Wraps
Felson Builders, Inc.	C-3578	05/15/95	Deceptive Advertising Claims	Homebuilder and Credit Companies/Home Financing
Formu-3 International, Inc.	C-3568	04/11/95	Unsubstantiated Weight-Loss and Maintenance Claims	Diet Programs
Gateway Educational Products, Ltd.	C-3581	06/01/95	Unsubstantiated Advertising Claims	"Hooked on Phonics" Reading Program

Title	Number	Action Date	Type of Matter	Product
Gorayeb Seminars, Inc.	C-3561	03/03/95	Unsubstantiated Advertising Claims	Weight Loss and Smoking Cessation Hypnosis Seminars

Federal Trade Commission

Title	Number	Action Date	Type of Matter	Product
Great Expectations Creative Management, Inc. Great Expectations, Inc. GEC Alabama, Inc. GEC Illinois, Inc. GEC Tennessee, Inc.	C-3604	08/11/95	Nondisclosure of Truth-in-Lending Credit Terms in Contracts	Franchisor of Video Dating Service Memberships
APM Enterprises, Inc.	C-3598	08/11/95		
G.E.C.H., Inc.	C-3599	08/11/95		
Great Expectations of Baltimore, Inc. Great Expectations of Washington, Inc. Great Expectations of Washington, D.C., Inc.	C-3600	08/11/95		
KGE, Inc.	C-3601	08/11/95		
TRIAAC Enterprises, Inc.	C-3602	08/11/95		
V.L.P. Enterprises, Inc.	C-3603	08/11/95		
Great Expectations of Columbus, Inc.	C-3605	08/11/95		
Great Southern Video, Inc. MWVE, Inc. New West Video Enterprises, Inc. Sun West Video, Inc.	C-3606	08/11/95		
JAMS Financial, Inc.	C-3607	08/11/95		
San Antonio Singles of Texas, Inc. Austin Singles of Texas, Inc.	C-3608	08/11/95		
Sterling Connections, Inc. Greatex Denver, Inc. Private Eye Productions, Inc.	C-3609	08/11/95		

Part II Consent Orders Issued Appendix

Title	Number	Action Date	Type of Matter	Product
Häagen-Dazs Company, Inc.	C-3582	06/02/95	Deceptive Food Advertising Claims	Low-Fat and Fat-Free Frozen Yogurt
Hayes Microcomputer Products, Inc.	C-3543	11/28/94	Deceptive Advertising Claims	Computer Modems
IHI Clinics, Inc.	C-3595	08/01/95	Unsubstantiated Advertising Claims	Weight Loss and Smoking Cessation Hypnosis Seminars
Jerry's Ford Sales, Inc.	C-3612	08/29/95	Misrepresentation/ Nondisclosure - Credit Advertising	Financing Plans for Automobiles
L & S Research Corporation	C-3534	10/06/94	Unsubstantiated Advertising Claims	Body Building and Weight Loss Products
Mattel, Inc.	C-3591	06/23/95	Deceptive Environmental Claims Advertising	Bath Foam Soap
Nature's Bounty, Inc.	C-3593	07/21/95	Unsubstantiated Health Benefit Claims	Nutrient Supplements
Ninzu, Inc.	C-3566	04/07/95	Unsubstantiated Advertising Claims	Acupressure Weight Loss Devices
Notations, Inc.	C-3551	01/18/95	Textile Fiber Products Identification Act	Women's Blouses
Olsen Laboratories, Inc.	C-3556	02/06/95	Infomercials	Arthritis Pain Treatment Products
Orchid Technology	C-3574	05/01/95	Unsubstantiated Advertising and Performance Claims	Computer Peripheral Equipment
Original Marketing, Inc.	C-3596	08/09/95	Unsubstantiated Weight Reduction Claims	Acu-2000 Ear Mold Acupressure Device
Quantum Electronics Corporation	C-3615	9/22/95	Unsubstantiated Advertising Claims	Ozone Generators/Air Cleaners
RN Nutrition	C-3549	01/13/95	Unsubstantiated Advertising Claims	Calcium Supplement Products

Federal Trade Commission

CONSUMER PROTECTION MISSION (DETAIL)

Abovo, Inc.; Louis Bass, Inc. d/b/a Crestwood Company; Susan Lakso

Louis Bass, Abovo, and its president, Susan Lakso, agreed to settle allegations that they used advertisements that contained false and unsubstantiated representations concerning the efficacy of their communication devices in enabling individuals with disabilities to communicate through facilitated communication. The consent order prohibits the respondents from misrepresenting that any communication aid will assist autistic and/or mentally retarded individuals to communicate through facilitated communication.

Alpine Industries, Inc.; Living Air Corporation; William J. Converse

These marketers of ozone generators for use in homes and offices agreed to settle allegations that they made unsubstantiated claims about the ability of their products to clean air of various indoor air pollutants and to prevent or relieve allergies, asthma, and other conditions. The consent order requires the respondents to have competent and reliable scientific evidence to support claims for any air cleaning product. This is one of the first two cases the Commission has brought involving air cleaners that generate ozone.

American Body Armor & Equipment, Inc.

American Body Armor agreed to settle allegations that the company falsely claimed its body armor was certified under a voluntary federal government standard. According to the complaint, American Body Armor falsely claimed that its vests were certified by the National Institute of Justice, an office of the U.S. Department of Justice. The consent order prohibits the company from misrepresenting that its bullet-resistant garments are certified, approved, endorsed, or sanctioned by any government body or private organization. In addition, American Body Armor is required to contact certain past purchasers and offer to provide replacement vests at a reduced price.

American Institute of Smoking Cessation, Inc.; Jane A. Grossman; Kenneth C. Grossman

American Institute and its president and vice president, Kenneth and Jane Grossman, agreed to settle allegations that they made unsubstantiated claims in their seminars about the success of participants in stopping smoking permanently and losing weight. The consent order prohibits the respondents from representing that participants in their seminars are cured of smoking addiction without experiencing irritability, anxiety, weight gain, or other side effects, unless they have competent and reliable scientific evidence to substantiate the representations.

American Tobacco Company, The

American Tobacco agreed to settle allegations regarding tar and nicotine advertising for the company's Carlton brand cigarettes. The Commission alleged that American Tobacco represented in an advertising campaign that consumers will get less tar by smoking 10 packs of Carlton than by smoking a single pack of the other brands shown in the ads, each of which was rated as having more than 10 milligrams of tar. However, consumers will not necessarily get less tar because the ratings shown in the ads are obtained by smoking machines that do not reflect actual smoking. The consent order prohibits the respondent from misrepresenting that consumers will get less tar by smoking any number of American Tobacco brand cigarettes than by smoking one or more cigarettes of any other brand. American Tobacco also must have competent and reliable scientific evidence to back up any future representations.

Arizona Institute of Reproductive Medicine, Ltd.; Robert H. Tamis, M.D.

Arizona Institute and its president, Robert Tamis, agreed to settle allegations that they made deceptive claims regarding the success rate of their *in vitro* fertilization program. The Commission alleged that the Institute did not have reliable substantiation for claims it made in promotional materials regarding its comparative success in achieving live births for patients. The consent order requires the Institute and its president to possess competent and reliable scientific evidence for any future comparative success-rate claims for fertility services. It

also stipulates that any comparison with other success rates be based upon the same calculating methodology.

Bee-Sweet, Inc.; Benny G. Morgan

Bee-Sweet agreed to settle allegations that it deceptively advertised that its bee-pollen products could treat several physical ailments, such as allergies, arthritis, anorexia, and obesity. The consent order prohibits the respondents from representing that bee-pollen products are effective as a cure for, or in mitigating, various conditions and physical ailments.

Body Wise International, Inc.

Body Wise agreed to settle allegations that it made deceptive weight-loss and cholesterol-reduction claims for its nutritional supplements. The consent order prohibits the company from falsely representing that any nutritional supplement, food, or drug can, or contains any ingredient that can, cause or contribute to achieving or maintaining weight loss without diet or exercise.

BPI Environmental, Inc.

BPI, successor to Beresford Packaging, Inc., agreed to settle allegations that it made unsubstantiated claims that its BIO-SAC plastic grocery bags will decompose and return to nature within three to six years when buried in landfills; that its PHOTO-SAC plastic grocery bags will decompose and return to nature in a reasonably short period after consumers dispose of them as trash; and that, when disposed of as trash, these plastic grocery bags offer a significant environmental benefit compared to other plastic grocery bags. The final order prohibits BPI from making unsubstantiated degradability claims for any of its plastic products in the future.

Chemopharm Laboratory, Inc. d/b/a CP Industries

Chemopharm agreed to settle allegations that it made false and unsubstantiated environmental-benefit claims to market its ice melting product, Superior Sno-N-Ice Melter. The consent order prohibits the company from making claims about the environmental benefits of any product unless the representations are true and it

possesses and relies upon competent and reliable evidence to substantiate the claims.

Choice Diet Products; Taleigh Corporation; William J. Santamaria

The marketers of the FormulaTrim 3000, MegaLoss 1000, and MiracleTrim diet pills and the Nicotain Stop Smoking Patch agreed to settle false advertising and unfair trade practices allegations. The consent order requires William Santamaria, owner of the companies, to post a $300,000 performance bond to be used for consumer redress should he engage in deceptive practices when marketing weight-loss or stop-smoking products in the future. The consent order also prohibits false claims for the same or similar products and requires the respondents to have competent and reliable scientific evidence to back up claims.

Creative Aerosol Corporation

Creative Aerosol, the manufacturer of Funny Color Foam children's bath soap, agreed to settle allegations that it made false and unsubstantiated environmental claims for its product. The consent order addresses claims made by the company that its product is safe for the environment, that it will not damage the ozone layer or otherwise harm the atmosphere, and that its packaging is recyclable. The consent order prohibits the company from representing that any product it sells offers any environmental benefit unless it can substantiate the claim.

David Green, M.D.; Varicose Vein Center, The

David Green agreed to settle allegations that he deceptively advertised as pain-free and permanent his varicose vein and spider vein treatments. The consent order requires Green to have competent and reliable scientific evidence to substantiate any claim he makes in the future.

Equifax Credit Information Services, Inc.

Equifax, a subsidiary of Equifax Inc., one of the largest consumer credit reporting agencies in the country, agreed to settle allegations that it violated the Fair Credit Reporting Act (FCRA) by failing to

assure the maximum possible accuracy of the consumer credit information it compiles and sells nationwide to credit grantors, employers, and others. The company also allegedly failed to properly reinvestigate information contained in consumer reports when it was disputed by consumers and gave consumer reports to recipients who did not have a permissible purpose under the FCRA. The final order requires Equifax to maintain reasonable procedures to ensure maximum possible accuracy of the information contained in its consumer reports. The company is also required to reinvestigate, within 30 days, information disputed by a consumer in his or her credit report. In addition, Equifax is required to limit the furnishing of consumer reports to those with a permissible purpose under the FCRA.

Eskimo Pie Corporation, The

Eskimo Pie agreed to settle allegations that it made false and misleading claims in advertising that its Sugar Freedom line of frozen dessert products is low or significantly reduced in calories and that it is approved or endorsed by the American Diabetes Association. The consent order prohibits Eskimo Pie from misrepresenting the existence or amount of calories or any other nutrient or ingredient in any frozen dessert product.

European Body Concepts, Inc.; James Marino

European Body Concepts and James Marino, its president, agreed to settle allegations that weight-loss and inch-loss claims for their body wrap system were false and unsubstantiated and that claims that the body wrap procedure is safe for everyone were deceptive. The consent order prohibits certain claims that any body wrapping treatment causes consumers to lose inches from their body measurements, unless the claim is both true and substantiated by scientific evidence. In addition, any inch-loss claims must be accompanied by disclosures that the reductions will be temporary and that the treatment does not cause weight loss, unless the respondents have competent and reliable scientific evidence to the contrary.

Felson Builders, Inc.;
Diamond Crossing Associates, Inc. d/b/a D.C. Funding;
Elmhurst Partners, L.P. d/b/a Elmhurst Funding; Joseph L. Felson

Felson Builders, Diamond Crossing, Elmhurst, and Joseph Felson agreed to settle allegations that they made unfair and deceptive advertising claims in violation of the Federal Trade Commission Act and violated the Truth in Lending Act (TILA) and its implementing regulation, Regulation Z, in home financing promotions. The respondents also settled allegations that they failed to provide consumers with written disclosures of credit costs and terms in violation of the TILA. The consent order requires Joseph Felson and the three firms to comply with the full disclosure requirements of Regulation Z in advertising credit terms.

Formu-3 International, Inc.; Formu-3 of Northern Ohio, Inc.;
Formu-3 of Southern Ohio, Inc.

Formu-3 International, the franchisor of Form-You-3 or Formu-3 weight-loss centers, and two related companies have agreed to settle allegations that they engaged in deceptive advertising by making unsubstantiated weight-loss and weight-loss maintenance claims. Commission allegations also address deceptive pricing and rate of weight-loss, safety-related, and other claims. The consent order prohibits the respondents from misrepresenting the performance, efficacy, or safety of any weight-loss program they offer or the competence or training of their personnel, in the future. The order also requires them to have scientific data to back up future claims they make about weight loss success, rates, or time frames, and weight maintenance.

Gateway Educational Products, Ltd.; John Herlihy;
John Shanahan

Gateway and two officers agreed to settle allegations that the company made misleading claims about the ability of its Hooked on Phonics program to teach users, including those with learning disabilities, to read. The consent order prohibits Gateway from making any of the alleged false claims or any other educational benefit claims for Hooked on Phonics or for any other educational

program or product, unless it can back up the claims with substantiation, including scientific evidence where appropriate.

Gorayeb Seminars, Inc.; Gorayeb Learning Systems, Inc.; Ronald Gorayeb

Gorayeb Seminars, Gorayeb Learning, and their president, Ronald Gorayeb, agreed to settle allegations that they made unsubstantiated claims in advertisements about the success of participants in their seminars in stopping smoking permanently and in losing weight. The consent order prohibits the respondents from making claims about the performance or efficacy of any smoking cessation or weight-loss program in the future without having competent and reliable scientific evidence to support the representations. The order also prohibits the respondents from making unsubstantiated claims that seminar participants are cured of smoking addiction without experiencing withdrawal, anxiety, weight gain, or other side effects.

Great Expectations Creative Management, Inc.;
APM Enterprises, Inc.; Austin Singles of Texas, Inc.;
GEC Alabama, Inc.; GEC Illinois, Inc.; GEC Tennessee, Inc.;
G.E.C.H., Inc.; Great Expectations, Inc.;
Great Expectations of Baltimore, Inc.;
Great Expectations of Columbus, Inc.;
Great Expectations of Washington, Inc.;
Great Expectations of Washington, D.C., Inc.;
Great Southern Video, Inc.; Greatex Denver, Inc.;
JAMS Financial, Inc.; KGE, Inc.; MWVE, Inc.;
New West Video Enterprises, Inc.; Private Eye Productions, Inc.;
San Antonio Singles of Texas, Inc.; Sterling Connections, Inc.;
Sun West Video, Inc.; TRIAAC Enterprises, Inc.;
V.L.P. Enterprises, Inc.

Great Expectations, a franchisor of video dating services, and 23 of its franchisees agreed to settle allegations that they made inaccurate disclosures to consumers regarding the cost of financing memberships in their services. The consent order requires all respondents to make all disclosures to consumers as required by the Truth in Lending Act when offering credit to their members. The order also requires the franchisees to establish adjustment programs to compensate their past and current members who overpaid finance charges as a result of the

challenged practices. The total refunds are expected to exceed $200,000.

Häagen-Dazs Company, Inc.

Häagen-Dazs, an ice cream and frozen yogurt maker, agreed to settle allegations that the company made false and misleading low-fat claims for its line of frozen yogurt products. The Commission alleged that Häagen-Dazs represented that its entire line of frozen yogurt is 98 percent fat-free and low in fat and that its entire line of frozen yogurt bars contains 100 calories and one gram of fat per serving. The consent order prohibits Häagen-Dazs from misrepresenting the existence or amount of fat, saturated fat, cholesterol, or calories in any of its frozen food products. The order also requires Häagen-Dazs to meet the Food and Drug Administration qualifying amount for any nutrient content claim.

Hayes Microcomputer Products, Inc.

Hayes agreed to settle allegations that it made false and misleading claims in an advertising campaign touting the escape sequence feature of its modems. In ads comparing other technologies to a ticking time bomb, Hayes allegedly represented that its technology is the only escape method available that does not create a substantial risk of data transmission failure. The consent order prohibits Hayes from making the representations alleged in the complaint unless they are true and supported by competent and reliable scientific evidence.

IHI Clinics, Inc.; Gordon Brick; Lawrence Brick

IHI Clinics and its principals, Gordon and Lawrence Brick, marketers of single-session group-hypnosis seminars to stop smoking and lose weight, agreed to settle allegations that certain advertising claims about the effectiveness of the program were false and unsubstantiated. According to the complaint accompanying the order, IHI advertising represented that 95 percent or more of those who attend IHI smoking-cessation seminars quit smoking permanently and that the U.S. Government has rated the single-session, group-hypnosis seminar used by IHI as the best way to stop smoking. Both statements are false and misleading, according to the complaint. The

consent order prohibits IHI and the two officers from making the alleged false claims and from misrepresenting the performance or efficacy of any IHI smoking cessation or weight-loss programs.

Jerry's Ford Sales, Inc.; Jerry C. Cohen;
Jerry's Chevrolet Geo Oldsmobile, Inc.;
John's Ford, Inc. d/b/a Jerry's Leesburg

Three northern Virginia automobile dealerships and their CEO and president, Jerry Cohen, agreed to settle allegations that they deceptively advertised their optional payment financing plan and engaged in other lease and credit advertising violations. The Commission alleged that many ads promoted low initial monthly payments without adequately revealing the existence of mandatory balloon payments of thousands of dollars at the end of the payment term. The consent order prohibits the dealerships and Cohen from misrepresenting in any manner the terms of financing the purchase of a vehicle. It also sets out detailed requirements for the respondents to comply with federal credit- and lease-disclosure laws and regulations.

L & S Research Corporation; Scott Chinery

L&S Research and its president, Scott Chinery, agreed to settle allegations that they made false and unsubstantiated claims in advertising their bodybuilding and weight-loss products. The consent order prohibits L&S and Chinery from making claims about weight loss, weight-loss maintenance, hunger suppression, muscle development, and cholesterol levels that are not substantiated by scientific evidence. The order also prohibits misrepresentations that scientific evidence demonstrates the efficacy of L&S products; prohibits misrepresentations about the existence or results of any test or study; and restricts the use of endorsements, including before and after pictures, which do not represent the typical or ordinary experience of users. L&S is also required to pay $1.45 million to the U.S. Treasury.

Mattel, Inc.

Mattel agreed to settle allegations that it made deceptive and misleading environmental claims in marketing its children's bath

foam product, Barbie Bath Blast Fashion Foam Soap. Mattel's labels allegedly claimed that the ingredients in the aerosol product will not deplete the earth's ozone layer or otherwise harm or damage the atmosphere. The order prohibits Mattel from representing that any aerosol product it sells offers any environmental benefit unless it can substantiate the claim.

Nature's Bounty, Inc.; Puritan's Pride, Inc.; Vitamin World, Inc.

Nature's Bounty and two of its wholly owned subsidiaries agreed to settle allegations that they made deceptive weight loss, body-building, disease-treatment, or other health-related claims for 26 nutrient supplements they marketed. The consent order requires Nature's Bounty and its subsidiaries to pay $250,000 for possible use for consumer redress.

Ninzu, Inc.; Davish Enterprises; Davish Health Products; Davish Merchandising, Inc.; Michael Metzger; Order By Phone, Inc.

Ninzu and other marketers of purported weight-loss devices agreed to settle allegations that they made false and unsubstantiated claims about the ability of their devices to suppress appetite and reduce weight. According to the complaint accompanying the consent order, Ninzu's ads claimed that the devices would apply pressure to a nerve ending, which inhibited the stomach's contractions and signaled the brain that the stomach was full. The consent order prohibits Ninzu from making false claims for the devices, or for any other weight-loss or acupressure device it markets in the future. It also requires the company to have competent and reliable scientific evidence to support any claim it makes about the performance, benefits, effectiveness, or safety of any weight-loss or weight-control product, program, or acupressure device.

Notations, Inc.; Kurt Erman

Notations and its president, Kurt Erman, agreed to settle allegations that they mislabeled the fiber content of various women's blouses they imported and sold. The Commission alleged that Notations included in hang tags on the blouses fiber trademarks falsely implying that the blouses were made of silk. The consent order prohibits Notations and Erman from misbranding any textile

product by mentioning or implying that the product contains a fiber without using the generic fiber name required by the Textile Fiber Products Identification Act and Commission rules or by mentioning or implying that it contains a fiber when, in fact, it does not.

Olsen Laboratories, Inc.; Peter F. Olsen; Richfield Distributors, Inc.

Olsen Labs, Richfield, and Peter Olsen agreed to settle allegations regarding arthritis-treatment claims they allegedly made in infomercials for Eez-Away Relief, including false claims that it is a new or unique product that is a major breakthrough in the treatment of arthritis pain. The consent order prohibits false breakthrough claims for Eez-Away or similar products. It also requires the respondents to have scientific substantiation before making health claims for products they market in the future.

Orchid Technology

Orchid Technology agreed to settle allegations that it misappropriated favorable reviews and tests of competitors' computer products as its own. Orchid's advertisements and promotional materials for its Celsius/VLB Windows Accelerator actually pertained to other products, the Commission alleged. The consent order prohibits Orchid from falsely representing that any of its computer peripheral equipment has been rated, endorsed, reviewed, or evaluated by any person or publication.

Original Marketing, Inc. d/b/a Acu-Stop 2000;
Barry A. Weiss; Franklin & Joseph, Inc.; Roger Franklin

Original Marketing, two of its corporate officers, and an affiliated advertising agency agreed to settle allegations that they made false and unsubstantiated advertising claims concerning an acupressure device called Acu-Stop 2000. The device is designed to be inserted into the ear like a hearing aid, allegedly causing weight loss and appetite suppression. The settlement prohibits the respondents from making any of the allegedly false representations specified in the complaint for the Acu-Stop 2000 or any other acupressure device. In addition, the settlement requires the respondents to pay refunds to certain purchasers of the Acu-Stop 2000 and to deposit $50,000 into an escrow account.

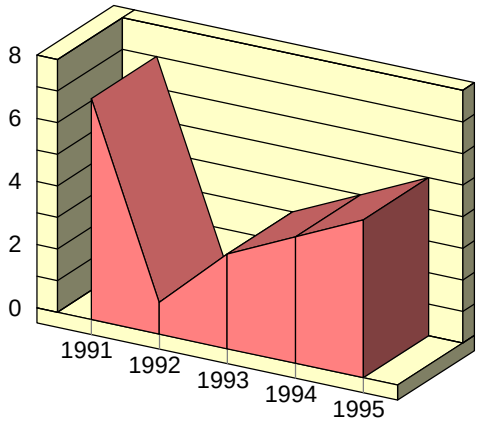
Quantum Electronics Corporation; Albert D. Coates; Ion & Light Company; Jacqueline J. Maynard; Maurice Lepenven

These marketers of ozone generators for use in homes and offices agreed to settle allegations that they made unsubstantiated claims about the ability of their products to clean air of various indoor air pollutants and to prevent or relieve allergies, asthma, and other conditions. The consent order requires the respondents to have competent and reliable scientific evidence to support claims for any air cleaning product. This is one of the first two cases the Commission has brought involving air cleaners that generate ozone.

RN Nutrition; George Page Rank; James W. Nugent

RN Nutrition and its principals, George Rank and James Nugent, agreed to settle allegations that they made unsubstantiated and misleading claims to market their calcium supplement product, BoneRestore. The consent order prohibits RN and the principals from making unsubstantiated claims that any RN food, drug, or supplement product will treat or cure any disease or condition, and from using the name BoneRestore in a misleading way. They are also restricted from using testimonial endorsements that do not represent typical results.

PRELIMINARY/PERMANENT INJUNCTIONS
COMPETITION MISSION



COMPETITION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
B.A.T. Industries P.L.C.	9410080	10/27/94	Horizontal Merger	Cigarettes
Boston Scientific Corporation	9510002	01/19/95	Horizontal Merger	Surgical and Medical Instruments
Ferro Corporation	9510032	07/19/95	Horizontal Merger	Chemical Preparations
Freeman Hospital	9410115	02/21/95	Horizontal Merger	General Medical and Surgical Hospitals
Local Health System, Inc.	9410076	11/09/94	Horizontal Merger	General Medical and Surgical Hospitals

COMPETITION MISSION (DETAIL) *B.A.T. Industries P.L.C.; American Brands, Inc.; American Tobacco Company, The; Brown & Williamson Tobacco Corporation*

(*See* page 126.)

Boston Scientific Corporation; Cardiovascular Imaging Systems, Inc.

(*See* page 36.)

Ferro Corporation; Chi-Vit Corporation

The Commission authorized staff to file a preliminary injunction in federal district court to block Ferro's proposed acquisition of Chi-Vit. The Commission alleged that the acquisition would combine two of the three leading producers of frit, specialty glass coating used to make porcelain enameled steel used in home appliances, giving the combined firm a 60-percent share of the $80 million U.S. frit market. The Commission alleged that because there is no substitute for frit in the production of heat-resistant appliances, the remaining firms in the market could raise prices and reduce product innovation and customer service. The parties abandoned the transaction before papers were filed in court.

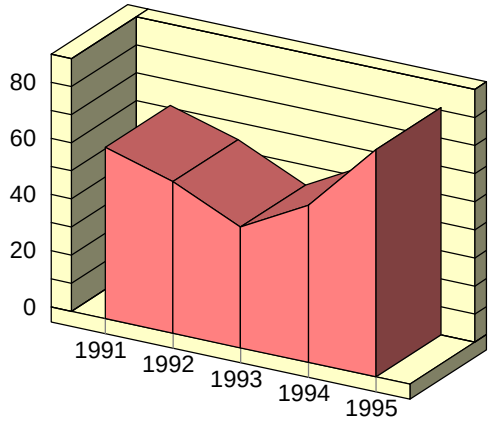
Freeman Hospital; Freeman-Oak Hill Health System;
Tri-State Osteopathic Hospital Association d/b/a Oak Hill Hospital

(*See* page 121.)

Local Health System, Inc.; Blue Water Health Services Corp.;
Mercy Health Services; Port Huron Hospital

The Commission authorized staff to seek a preliminary injunction in federal district court to bar Port Huron Hospital's proposed acquisition of Mercy Hospital-Port Huron on grounds that the merger of the two largest hospitals in St. Clair County, Michigan, would create a monopoly in acute-care inpatient hospital services in the area. A proposed consent agreement accepted for comment required Port Huron and Mercy Hospital to terminate their proposed merger plans and to notify the Commission or obtain Commission approval before acquiring certain hospital assets in the Port Huron, Michigan, area. The parties abandoned the transaction before the court could rule on the Commission's request for an injunction.

PRELIMINARY AND PERMANENT INJUNCTIONS
CONSUMER PROTECTION MISSION



CONSUMER PROTECTION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
AAA Quality Electric, Inc.	X940040	04/06/95	False Advertising Claims	Home Electric Repair
Acme Vending Company, The	X950095	07/10/95	Franchise Rule	Snack and Drink Vending Machines
Allstate Business Consultants Group	X950061	07/10/95	Franchise Rule	Snack Vending Machines
American Architectural Manufacturing Association	X950007	11/23/94	Misrepresented Testing Standards	Fenestration Products
American Vending Group	X950083	07/10/95	Franchise Rule	Coffee Display Racks
America's Radio Transmitter, Inc.	X950084	07/10/95	Franchise Rule	Radio Transmitters for Drive-By Advertisements
Andrisani Family Carmella Andrisani Christopher Andrisani David Andrisani	X930055	05/10/95	Franchise Rule	Display Rack Distributorships
Baylis Company, Inc., The	X940022	11/03/94	Telemarketing Fraud and False Advertising Claims	Alcohol Abuse Prevention Program

Title	Number	Action Date	Type of Matter	Product
Business Opportunity Center, Inc.	X950048	07/10/95	Franchise Rule	Sobriety Pill Vending Machines
Chase McNulty Group, Inc.	X950035	04/05/95	Fraudulent Marketing of Investments	Investments in Wireless Communications
Dahlonega Mint, Inc. d/b/a Chattanooga Coin Company	X940037	01/05/95	False Advertising Claims	Collectable Coins
Del Dotto Enterprises	X950021	02/07/95	Infomercials	Books & Tapes for Cash Flow System to Purchase Real Estate & Obtain Credit
Delta Distributors Company, Inc.	X950102	07/10/95	Franchise Rule	Pay Telephones
Digital Communications, Inc.	X940017	11/09/94	Telemarketing Fraud	Mobile Radio Systems
Lawson Kerster a/k/a Don Kerster		12/02/94		
Digital Interactive Associates, Inc.	X950039	04/07/95	Fraudulent Marketing of Investments	Investments in Wireless Communications
Firstlight Entertainment, Inc.	X950096	07/11/95	Franchise Rule	Comic Book Display Racks
Fitness Express, Inc. Frank Lopinto Gino Lopinto Vincent S. Andrich	X930049	06/07/95	Telemarketing Fraud	Vitamins
Freedom Medical, Inc.	X950041	05/22/95	Telemarketing Fraud	Medical Equipment
Global Gumballs, Inc.	X950085	07/10/95	Franchise Rule	Giant Gumball Vending Machines
Hang-Ups Art Enterprises, Inc.	X950014	01/04/95	Fraudulent Marketing of Investments	Art Prints
Health Wave, Inc.	X950097	07/11/95	Franchise Rule	Healthy Food Vending Machines
Independence Medical, Inc.	X950043	05/22/95	Telemarketing Fraud	Medical Equipment
Independent Travel Agencies of America Association	X950028	03/27/95	Franchise Rule	Independent Travel Agencies
Infinity Corporation Makiko Kato	X950069	07/21/95	Franchise Rule	Medical Claims Billing

Federal Trade Commission

Title	Number	Action Date	Type of Matter	Product
Insulate Industries, Inc.	X950038	04/24/95	Misrepresented Testing Standards	Fenestration Products
International Champions, Inc.	X950086	07/10/95	Franchise Rule	Video Game Vending Machines
International Computer Concepts Helen Schumaker	X940071	09/15/95	Franchise Rule	Computer Software Display Rack Business
Island Automated Medical Services, Inc.	X950098	07/11/95	Franchise Rule	Medical Claims Billings
John Ramos d/b/a Universal Card Company	X950022	02/22/95	Fraudulent Marketing of Investments	Baseball Cards
Life Systems Associates, Inc.	X950087	07/10/95	Franchise Rule	Candy, Snack, and Soda Vending Machines
Li'l Snacks, Inc.	X950101	08/10/95	Franchise Rule	Candy and Snack Vending Machines
Marketing Twenty-One, Inc. d/b/a Genesis Enterprises	X940064	02/02/95	Telefunding Fraud	Donations to Nonprofit Entities
Marquette	X950076	07/10/95	Franchise Rule	Medical Claims Billing
Meridian Capital Management, Inc.	X950060	08/17/95	Telemarketing Fraud	Recover Money Lost in Prior Investment Scams
MINI-TV USA, Inc.	X950057	08/18/95	Franchise Rule	Placing Miniature, Coin-Operated Televisions in Retail Locations
Modern Management Systems, Inc.	X950088	07/10/95	Franchise Rule	Snack Vending Machines
Mohammad Gezerse d/b/a Pierre-g Leather, Inc.	X950010	11/09/94	Textile Fiber Products Identification Act and Leather Belt Rule	Socks and Belts
Monhegan Group, Inc.	X950078	08/25/95	Unsubstantiated Advertising Claims	Information Packages Concerning Auctions, Jobs, and Credit Cards and Repair
Mortgage Service Associates, Inc.	X950049	07/11/95	Franchise Rule	Property Inspection

Title	Number	Action Date	Type of Matter	Product
Motion Medical, Inc.	X950042	05/22/95	Telemarketing Fraud	Medical Equipment
National Marketing, Inc.	X950089	07/10/95	Franchise Rule	Candy Display Racks
National Tech Systems, Inc.	X950090	07/10/95	Franchise Rule	Crime Prevention Products Display Racks
Nibblers, Inc.	X950091	07/10/95	Franchise Rule	Candy Vending Machines
Nishika, Ltd.	X950016	11/07/94	Telemarketing Fraud	Prize Promotion Schemes
North American Supply, Inc.	X950055	06/27/95	Telemarketing Fraud	Office Supplies
Nu-Ideas Technologies, Inc.	X950079	07/10/95	Franchise Rule	Film and Snack Vending Machines
PAL Financial Services, Inc.	X950034	05/30/95	Telemarketing Fraud	Direct Broadcast Services via Satellite
Panoramic Multimedia, Inc.	X950046	07/10/95	Franchise Rule	Compact Disk Display Racks
PFR, Inc.	X950015	08/09/95	Telefunding Fraud	Recover Room and Prize Promotions
Pro-Plastic Design & Marketing, Inc.	X950092	07/10/95	Franchise Rule	Chocolate Peppermint Patty Vending Machines
Protocol, Inc.	X950093	07/10/95	Franchise Rule	Personal Hygiene Products Vending Machines
Public Teleco Corporation	X950064	07/10/95	Franchise Rule	Pay Telephones
Publishing Clearing House, Inc. Roy L. Shifrin	X940063	01/26/95	Telefunding Fraud	Solicit Donations for a "Charitable" Organization
Quarter Call Communications, Inc.	X950094	07/10/95	Franchise Rule	Pay Telephones
Richard Canicatti d/b/a Refund Information Services	X950002	06/16/95	Telemarketing Fraud	Recovery Room
Safety Plus, Inc. William Bailey	X910081	04/27/95	Deceptive Sales Promotions	Fire Safety Products
Sage Seminars, Inc.	X950068	08/09/95	Franchise Rule	Motivational/Personal Growth Seminars

Federal Trade Commission

Title	Number	Action Date	Type of Matter	Product
Salsa's Franchise Development Corporation Ward H. Kerr	X940053	11/04/94	Franchise Rule	Restaurant Franchises
Michael A. Ruby Richard L. Kern		10/27/94		
Satellite Broadcasting Corporation	X950034	04/17/95	Telemarketing Fraud	Direct Broadcast Services via Satellite
Showcase Distributors, Inc.	X950054	07/10/95	Franchise Rule	Popcorn Display Racks and Vending Machines
SMI/USA, Inc. William Garner	X940003	07/05/95	Franchise Rule	Self-Improvement Courses, Tapes, and Other Products
Software Concepts, Inc.	X950036	04/18/95	Franchise Rule	Computer Software Display Racks
Stillman Dyslexia Center, The	X950019	02/09/95	Unsubstantiated Advertising Claims	Center for the Treatment of Reading Disabilities
Summit Communications, Inc.	X950099	07/11/95	Franchise Rule	Pay Telephones
Surface Science Corporation	X950100	07/17/95	Franchise Rule	Engine Lubricant
TCA, Inc. Effie Pappas Stephen Lawrence	X950082	05/15/95	Fair Debt Collection Practices Act	Debt Collection
David Siebert		05/17/95		
Telecommunications of America, Inc.	X950050	07/10/95	Franchise Rule	Pay Telephones
Telefunders for the Gleaners All American Marketing, Inc. International Charity Consultants, Inc. John Rubbico Martin Mayer Michael Plummer	X940028	06/07/95	Telefunding Fraud	Donations to Nonprofit Entities

Title	Number	Action Date	Type of Matter	Product
Telefunders for the Gleaners–Continued New Horizons International, Inc. Ottavio Ronca Planet Smart Marketing, Inc. Preferred Marketing Services, Inc. Premium Awards Processing Company, Inc. Ronny Ladner Trina Frederico	X940028	06/07/95	Telefunding Fraud	Donations to Nonprofit Entities
Thadow, Inc.	X950018	01/25/95	Telefunding Fraud	Recovery Room and Prize Promotions
Thomas Wallace	X950031	01/04/95	Fraudulent Marketing of Investments	Art Prints
Turcal, Inc. d/b/a Promatch Advertising Network Glenn R. Kennedy Michael Cevatli	X940027	04/20/95	Deceptive Sales Promotions	Timeshare Resale Services
Unimet Credit Corporation E. Keith Owens Ed Martin Ed Meyers	X920071	12/19/94	Fraudulent Marketing of Investments	Precious Metals
United States Business Bureau	X950062	07/10/95	Franchise Rule	Sham Better Business Bureau
United Wholesalers, Inc. d/b/a Main Line	X950004	11/07/95	Telemarketing Fraud	Cleaning Supplies and Light Bulbs
USM Corporation d/b/a Senior Citizens Against Telemarketing	X950067	07/12/95	Telemarketing Fraud	Recover Money Lost by Consumers to Previous Telemarketers
Value Investments, Ltd.	X910029	08/15/95	Franchise Rule	Investment Opportunities
Marjorie Goldberg		05/31/95		
W. W. Chambers Company, Inc.	X950070	06/06/95	Funeral Rule	Funeral Services
Wayne Phillips	X950072	09/25/95	Order Violations	Workshops and Seminars

Federal Trade Commission

Title	Number	Action Date	Type of Matter	Product
Wolf Group Louis Abramowitz	X940029	04/28/95	Franchise Rule	Vending Machines Sold as Business Opportunities
Worldwide Marketing and Distribution Company	X950056	07/10/95	Franchise Rule	Popcorn Vending Machines
X.CLUSIVE Vending, Inc.	X950059	08/10/95	Franchise Rule	Snack and Drink Vending Machines

CONSUMER PROTECTION MISSION (DETAIL)

AAA Quality Electric, Inc.; A-1 All County Electric, Inc.; ABBA Electric, Inc.; All County Electric, Inc. of Georgia; All County Electric, Inc. of Illinois; All County Electric, Inc. of Texas; All County Electric of Massachusetts; Allied Electrical Contractors, Inc.; Bradley Philip Schwab; Dale Andrew Sparks; Dorthy Jean Lagman; James Edwards Willis; Performance Service Contractors, Inc.

AAA Quality Electric, eight other companies, and four company officers settled allegations that they deceptively promoted electrical repair services to consumers nationwide. The settlement prohibits the defendants from deceptively selling unnecessary electrical repairs and from double-charging or otherwise improperly billing consumers' credit cards in the future.

Acme Vending Company, The; Acme Vending; Peter K. Smith

Acme, a marketer of snack and soft drink vending machine franchises, and its officer, Peter Smith, settled allegations that they failed to offer potential purchasers of their business opportunities the basic disclosure document and earnings claims documentation as required by the Franchise Rule. The Commission is asking for civil penalties, consumer redress, and injunctive relief. This case was brought as part of Project Telesweep, a nationwide crackdown by federal and state regulators on business opportunity fraud.

Allstate Business Consultants Group; Edward Wong; Enrico Anthony Pace

The Commission alleged that Allstate violated Section 5 of the FTC Act and the Franchise Rule in the sale of business opportunities. The Commission obtained a temporary restraining order and is seeking consumer and permanent injunctive relief.

American Architectural Manufacturing Association

The American Architectural Manufacturing Association (AAMA) agreed to settle allegations that it deceptively accredited Pacific Inspection to test the energy efficiency of windows and similar products. The settlement requires AAMA to halt the alleged deceptive practice.

American Vending Group; Kenneth Sterling

The Commission alleged that American Vending violated the Franchise Rule and Section 5 of the FTC Act in its sales of instant coffee rack-display franchises under the name Gourmet Cafe. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

America's Radio Transmitter, Inc.; Leon Switchow

The Commission alleged that America's Radio violated the Franchise Rule by failing to provide required disclosures to consumers. The allegations stem from the company's sales of franchises to market radio transmitters for drive-by advertisements, which are used to transmit promotional or informational messages. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

(Andrisani Family)
A&Q Enterprises, Inc.; American Beverage Corporate;
Broscorp, Inc.; C&A Industries, Inc.; C&C Advertising, Inc.; Carmella Andrisani; Christopher Andrisani; David Andrisani; Grocery Shopping Association of America, Inc.;
Interstate Locators, Inc.; J.C.P., Inc.; Karma's Skin Systems, Inc.; Rain Forest Natural Products, Inc.; Yardpro, Inc.

The Commission alleged that a variety of related companies and individuals used phony references and misrepresented the earnings potential of a variety of display rack businesses, the success of current owners, and the amount of assistance the defendants would provide to buyers, in violation of the Franchise Rule. Two settlements permanently ban several defendants from participating in the marketing of any franchise or business opportunity and require them to post a bond before engaging in any future telemarketing activities.

Baylis Company, Inc., The; Jack Quast; Kurt Bollinder; Richard Baylis

Baylis and three of its corporate officers agreed to settle allegations that they deceptively solicited magazine advertising for a purported drug- and alcohol-abuse prevention program. The defendants falsely represented that Baylis is a nonprofit organization and that it spends a substantial portion of its magazine advertising proceeds to support substance abuse programs. The settlement permanently prohibits them from making any misrepresentations of material fact in connection with the solicitation of magazine advertising, subscriptions, or other financial support for any social or charitable cause in the future.

Business Opportunity Center, Inc.; Diane M. Jonas; James W. Raim; Market Systems, Ltd.; Natural Health Systems, Inc.; Paul S. Janus; Paul A. Jonas; Progressive Products, Inc.; Richard Herbert, M.D.; Robert Brian Roemer; Tami Brennan McClure

The Commission alleged that Business Opportunities and three corporations violated the Franchise Rule by failing to provide purchasers with required disclosure documents. The Commission obtained a temporary restraining order, froze the defendants' assets,

and had a receiver appointed. The Commission is also seeking consumer redress and permanent injunctive relief.

Chase McNulty Group, Inc.; Anthony L. Rick; E. Lee Elliott; Jeffrey D. Trotter

The Commission alleged that Chase McNulty and three corporate officers made a variety of deceptive claims in a scheme to market investments in a new wireless communications technology called Interactive Video and Data Service (IVDS). The defendants allegedly falsely represented the kinds of returns consumers could expect on their investments, the value of the licenses and of the systems to be developed, the level of services IVDS license-holders can offer, and the amount of risk they faced. The defendants stipulated to a preliminary injunction. The court also ordered an asset freeze and appointed a receiver over the company.

Dahlonega Mint, Inc. d/b/a Chattanooga Coin Company; Lewis Revels

Chattanooga agreed to settle allegations that it marketed coins issued by the Hutt River Province in Australia as legal tender issued by the authority of a government, when the coins were actually privately minted commemorative tokens with no legally established monetary value. The agreement requires Chattanooga to disclose that Hutt River Province is not a recognized sovereign nation and contains broad prohibitions on future misrepresentations about the nature or value of Hutt River Province products or any other collectible.

Del Dotto Enterprises; David P. Del Dotto; NFN Enterprises, Inc. d/b/a National Financial Network; Yolanda Del Dotto

The Commission is seeking injunctive relief and redress for consumers who purchased the books and audio tapes sold by Del Dotto, known as the Cash Flow System. This action follows a 1994 settlement with defendants involving allegedly deceptive claims for the Cash Flow System, including that it helped hundreds of thousands of consumers make substantial sums of money buying and selling real estate.

Delta Distributors Company, Inc.; Steven Harding

The Commission alleged that Delta violated the Franchise Rule in the sale of coin-operated pay telephone franchises by failing to provide basic disclosure and earnings claims documents. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Digital Communications, Inc.; Brian O'Shaughnessy; David Rolfe; Digital Communications of Denver; Donald A. Rabbit; Howard Newman; Lawson Kerster a/k/a Don Kerster; Leonard B. Evans; S.M.R. Digital Communications, Inc.

David Rolfe, Digital Communications, and seven other individual and corporate defendants settled allegations over their roles in an allegedly deceptive scheme to sell Specialized Mobile Radio networks as investments. The two settlements prohibit similar misrepresentations in the future, and one requires Rolfe to post a $100,000 performance bond before engaging in any business that offers investments.

Digital Interactive Associates, Inc.; Carlo Anneke; David Dambro; Douglas E. Mallach; Market Logistics Group; Michael Dambro; Terry K. Vickery; Vicki A. Lucas

The Commission alleged that Digital and seven individual and corporate defendants made a variety of deceptive claims in a scheme to market investments in a new wireless communication technology called Interactive Video and Data Service (IVDS). The defendants allegedly used a variety of claims related to the information superhighway to induce consumers nationwide to invest thousands of dollars each in this new technology. The Commission alleged that the defendants should have disclosed to investors that most of the money they raised went to pay the costs of their telemarketing operations and their profits. The court granted a temporary restraining order prohibiting the claims. The Commission is seeking a permanent injunction and refunds for consumers.

Firstlight Entertainment, Inc.; Michael Peters

The Commission alleged that Firstlight, a marketer of Firstlight Comixx display rack distributorships for collectable comic books, and corporate officer Michael Peters failed to offer potential purchasers of their business opportunities the basic disclosure document and earnings claims documentation as required by the Franchise Rule. The Commission is seeking injunctive relief, consumer redress, and civil penalties. This case was originally brought as part of Project Telesweep, a nationwide crackdown by federal and state regulators on business opportunity fraud.

Fitness Express, Inc.; Fitness Express Enterprises, Inc.;
Frank Lopinto; Gino T. Lopinto; Vincent S. Andrich

Fitness Express and four other individual and corporate defendants agreed to settle allegations that they ran a deceptive prize-promotion scheme to market vitamins, diet products, and other items to consumers. The two settlements bar the defendants from engaging in interstate telemarketing in the future. Andrich is also barred from engaging in any prize-promotion telemarketing scheme and from misrepresenting materials facts about any products or services he markets in the future. In addition, in order to protect victims of the scheme from being targeted again, the settlements bar the defendants from transferring their customer lists.

Freedom Medical, Inc.; Brian A. Patten;
Freedom Medical of Wisconsin, Inc.; Robert L. Grden

The Commission alleged that Freedom Medical, a medical equipment company, pitched one type of product to customers but then obtained physician approval and made insurance claims for other, more expensive equipment. The Commission is seeking an order to permanently bar the defendants from making misrepresentations to consumers, doctors, and insurance companies that would allow the defendants to obtain reimbursements from insurers that they otherwise would not be entitled to. Pending hearings on the Commission allegations, the courts froze the defendants' assets to preserve any funds for disgorgement and appointed receivers to oversee the corporate operations.

Global Gumballs, Inc.; Michelle Smith; Tim McCarty

The Commission alleged that Global Gumballs, a marketer of gumball vending machine franchises, violated Section 5 of the FTC Act and the Franchise Rule by failing to provide franchisees with timely, accurate, and complete disclosure and earnings claim documents. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Hang-Ups Art Enterprises, Inc.; Max Klein

The Commission alleged that Hang-Ups, a firm that conducts artwork auctions, falsely claimed that the prints it sold were the work of such artists as Marc Chagall, Joan Miro, Salvador Dali, and Pablo Picasso. The Commission is seeking strong injunctions to prohibit Hang-Ups and Klein, its vice-president, from selling fake art in the future. The Commission also asked the court to order the defendants to pay redress to consumers.

Health Wave, Inc.; Gregory Duvall; Mark Livingston

The Commission alleged that Health Wave and two principals violated the Franchise Rule and Section 5 of the FTC Act in their sales of healthy snack food vending machines by failing to provide basic disclosure and earnings claims documents. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Independence Medical, Inc.; Independent Medical of America, Inc.; Jeffrey S. Marmer; *Jerry Rodney Rogers*

The Commission alleged that Independence Medical, a medical equipment company, pitched one type of product to customers but then obtained physician approval and made insurance claims for other, more expensive equipment. The Commission is seeking an order to permanently bar the defendants from making misrepresentations to consumers, doctors, and insurance companies that would allow the defendants to obtain reimbursements from insurers that they otherwise would not be entitled to. Pending hearings on the Commission allegations, the courts froze the defendants' assets to preserve any funds for disgorgement and appointed a receiver to oversee the corporate operations.

Independent Travel Agencies of America Association; David Eugene Mueller; Travel Industry Council, Inc.

The Commission alleged that the Independent Travel Agencies of America Association (ITAA) promised to help investors set up their own home-based travel agencies and achieve earnings of $25,000 in their first year. According to the Commission, investors paid about $2,000 to $5,000 each for "certification," training materials, and the promise of significant assistance from the ITAA. However, purchasers found that, even after completing the program, they could not operate fully functional independent travel agencies. The defendants also failed to provide key pre-purchase information, in violation of the Franchise Rule. The Commission is seeking redress for investors and preliminary and permanent court orders barring the alleged deceptive practices.

Infinity Corporation; Makiko Kato

The Commission alleged that Infinity, a marketer of business opportunities to provide medical billing services, and its principal, Makiko Kato, violated the Franchise Rule by failing to provide potential purchasers with the basic disclosure and earnings claim documents required by the rule. The Commission is seeking civil penalties, consumer redress, and injunctive relief. The case was brought as part of Project Telesweep, a nationwide crackdown by federal and state regulators on business opportunity fraud.

Insulate Industries, Inc.; Garry E. Wamsley

The Commission alleged that Insulate Industries and company vice-president and co-owner Garry Wamsley misrepresented the insulating ability of windows they manufactured and sold in the Pacific Northwest. Allegedly, sample windows submitted to a laboratory for testing on thermal insulating ability were modified so as to improve the test results. The test results then were used to sell unmodified production windows, according to the Commission. The Commission is seeking an order that will prohibit such practices and provide redress to consumers.

International Champions, Inc.; Wayne Hunt

The Commission alleged that International Champions and its officer Wayne Hunt violated the Franchise Rule by failing to provide consumers with the basic disclosure and earnings claim documents. The allegations stem from the defendants' sales of coin-operated video game franchises. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

(International Computer Concepts)
Helen Schumaker

Helen Schumaker, a defendant in the suit against International Computer Concepts, a franchisor of computer software display-rack businesses, agreed to settle allegations of misrepresenting the potential earnings of franchise buyers and using shills as references, among other violations of the Franchise Rule. Under the settlement, Schumaker is permanently restrained from making misrepresentations about the income, profits, or sales volume that franchise buyers could expect to earn and from future violations of the rule.

Island Automated Medical Services, Inc.; Diversified Data Services; John Travos; MedStar USA; Star Funding Group

The Commission alleged that Island Automated Medical Services violated the Franchise Rule and Section 5 of the FTC Act in its sales of electronic medical claims processing. The company is alleged to have violated the Franchise Rule by failing to provide basic disclosure and earnings claims documents. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

John Ramos d/b/a Universal Card Company; All Pro Sports, Inc.

John Ramos and All Pro Sports agreed to settle allegations that they deceptively marketed sports trading cards as excellent investments by overstating the value and profit potential of the cards. The settlement prohibits similar deceptive conduct in the future and requires that Ramos post a $250,000 bond in the event that he engages in any future telemarketing.

Life Systems Associates, Inc.; Patricia Small; Robert W. Small, Jr.

The Commission alleged that Life Systems failed to provide required disclosure documents in the selling of refrigerated candy, snack-food, and soda vending machine packages, in violation of the Franchise Rule. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Li'l Snacks, Inc.; Nava Jo Hartley

The Commission alleged that Li'l Snacks violated the Franchise Rule and Section 5 of the FTC Act by failing to provide basic disclosure and earnings claims documents. The allegations stem from the company's sales of candy and snack food vending machine franchises. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Marketing Twenty-One, Inc. d/b/a Genesis Enterprises; Markos Mendoza

Marketing Twenty-One and its principal officer agreed to settle Commission allegations stemming from their role in a fraudulent telefunding scheme. The Commission alleged that they deceptively offered highly valuable prizes to consumers in return for tax-deductible donations to a designated charity. According to the Commission, consumers did not receive the promised prizes, and the donations were not tax-deductible. The settlement prohibits the defendants from misrepresenting any prize promotion or charitable solicitation activity they undertake in the future. In addition, the settlement requires Mendoza to obtain a $1 million performance bond before engaging in such a venture in the future.

Marquette; Amy Felton; Lawrence Ken Swenson, Jr.; Monte Bolt; Russell Brentmeyer

Marquette, an insurance brokerage service, advertises nationally in newspapers its business opportunities involving electronic medical billing of insurance claims. The Commission alleged that Marquette misrepresented earnings potential and success rates of their services. The Commission is seeking consumer redress and injunctive relief.

Meridian Capital Management, Inc.; Advisory Consultants, Inc.; Angelo DeLon; Jeffrey A. Jordan; Richard Randall

The Commission alleged that Meridian Capital and three individuals operated a fraudulent recovery room business and misrepresented to consumers that, for a fee, they could recover most of the money consumers had previously lost to other firms engaged in deceptive and fraudulent telemarketing schemes. The court ordered a temporary halt to the telemarketing scheme and froze the defendants' assets to preserve funds for consumer redress. The Commission is also seeking a permanent injunction against the defendants' deceptive practices.

MINI-TV USA, Inc.; Edmund Albright

MINI-TV and its president agreed to settle allegations that they deceptively pitched their business opportunity, which involves placing mini, coin-operated television sets in restaurants, laundromats, and other locations. The Commission alleged that the defendants overstated the franchisees' potential earnings, understated the difficulty of placing the TV sets, and failed to provide key pre-purchase information as required by the Franchise Rule. The settlement prohibits the defendants from violating the rule and from misrepresenting the sales, income, or profit of a business venture, or the ease or difficulty of obtaining customers, locations, or outlets for such a venture.

Modern Management Systems, Inc.; Margaret Reed Small; Nationwide Vending

The Commission alleged that Modern Management, a marketer of countertop snack vending machine franchises, violated the Franchise Rule and Section 5 of the FTC Act by failing to provide basic disclosure and earnings claims documents. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Mohammad Gezerse d/b/a Pierre-g Leather, Inc.

Mohammad Gezerse, a wholesaler of men's elite accessories, agreed to settle Commission allegations that he represented non-leather belts as leather, represented belts made in Taiwan as made in Italy, and

failed to label socks made in Korea as to their country of origin. In mislabeling the items, the Commission alleged, Gezerse violated the FTC Act, the Textile Fiber Products Identification Act, and the Leather Belt Rule. The settlement prohibits Gezerse from mislabeling the material content of any product he sells and requires that he comply with "country of origin" labeling requirements in the future.

Monhegan Group, Inc.; Vinton Bacon

A California telemarketer and his company agreed to settle allegations that they made numerous false and unsubstantiated advertising claims to consumers in the marketing and sale of information packages concerning government auctions of real property, automobiles, and other personal property; federal job opportunities; and credit cards and credit repair services. Under the settlement, Monhegan and Bacon would be prohibited from making similar misrepresentations when marketing the same types of information packages to consumers in the future.

Mortgage Service Associates, Inc.; J.D. Raffone Associates, Inc.; Joseph D. Raffone a/k/a J. Raffone;
MSA Nationwide Field Services, Inc.; Vita L. Raffone

The Commission alleged that Mortgage Service Associates, a franchiser of property inspection services, violated the Franchise Rule by not providing required documentation. The Commission obtained a temporary restraining order and a preliminary injunction in order to prevent the alleged practices in the future.

Motion Medical, Inc.; Anton Albert Wood

The Commission alleged that Motion Medical, a medical equipment company, pitched one type of product to customers but then obtained physician approval and made insurance claims for other, more expensive equipment. The Commission is seeking an order to permanently bar the defendants from making misrepresentations to consumers, doctors, and insurance companies that would allow the defendants to obtain reimbursements from insurers that they otherwise would not be entitled to. Pending hearings on the Commission allegations, the courts froze the defendants' assets to preserve any

funds for disgorgement and appointed a receiver to oversee the corporate operations.

National Marketing, Inc.; Paul Woodward

The Commission alleged that National Marketing, a marketer of bulk-candy rack display franchises, violated the Franchise Rule and Section 5 of the FTC Act by failing to provide basic disclosure and earnings claims documents to consumers. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

National Tech Systems, Inc.; Mel Parsell

The Commission alleged that National Tech and its officer Mel Parsell violated the Franchise Rule by failing to provide consumers with the basic disclosure and earnings claim documents. The allegations stem from the defendants' sales of rack distributorships for marketing crime prevention products under the trade name "Crime Alert."

Nibblers, Inc.; Thomas Kiernan

The Commission alleged that Nibblers, a marketer of vending machines to dispense bite-sized candies, and its president, Thomas Kiernan, violated the Franchise Rule and Section 5 of the FTC Act by failing to give investors a required document containing substantiation for the earnings claims they made and by not supplying proper information on the basic disclosure documents. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Nishika, Ltd.; American 3-D Corporation; American 3-D, Ltd.; Bentley Industries, Inc.; Daniel A. Fingarette a/k/a William A. Burke; James D. Bainbridge; Nishika 3-D Camera Sales, Inc.; Nishika Corporation

The Commission alleged that a network of companies and their principal officers made numerous false representations in connection with a prize-promotion telemarketing scheme. The Commission alleged that consumers had been promised that they had won valuable prizes, such as a new car or cash, and that to receive them, they had to authorize a one-time charge of up to $700 on their credit cards.

Some weeks later, consumers received merchandise that was often of limited value, along with their prize, which in almost all cases, the Commission alleged, was a vacation voucher that contained a number of onerous conditions and additional costs. The Commission is seeking a permanent injunction to halt the alleged scheme and redress for consumers.

North American Supply, Inc.; American Computer Industries, Inc.; Harold Moskowitz; Larry Ellis; Otis Brown; Ron Moskowitz

The Commission obtained a court order temporarily halting the allegedly deceptive sales practices of two companies and four individuals selling photocopier toner and other office supplies by telephone to businesses and nonprofit organizations across the country. The Commission alleged that the defendants falsely represented to businesses that they were their usual supplier of office products and, in numerous instances, threatened to institute lawsuits against consumers who refused to pay the defendants' invoices. At the Commission's request, the court froze the defendants' assets to preserve funds for consumer redress and appointed a receiver to take charge of one of the companies.

Nu-Ideas Technologies, Inc.; Film Centers of America, Inc.; Joseph Gilmore; Mr. Popcorn, Inc.; Ron Davis; T. Randall Bridges

The Commission alleged that Nu-Ideas violated the Franchise Rule and Section 5 of the FTC Act in its promotion and sales of vending machine business opportunities. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

PAL Financial Services, Inc.; Lonny Remmers; Media Management, Inc.

The Commission alleged that PAL Financial, a telemarketing boiler room, took in more than $315,000 of the $2.36 million raised in an allegedly fraudulent scheme to pitch consumers investments in the chance to market and distribute Direct Broadcast Satellite television programming in certain areas of Georgia. The Commission also alleged that Media Management misspent more than $2 million of consumer investments. The court issued a temporary restraining order prohibiting the defendants from engaging in the alleged scheme,

freezing their assets, and appointing a temporary receiver to manage the corporate defendants. The Commission is seeking a permanent injunction that would bar the defendants from engaging in similarly deceptive schemes in the future and redress for injured consumers.

Panoramic Multimedia, Inc.; Mackie Services, Inc.; Randy Prefer; Stanley L. Katz

The Commission alleged that Panoramic violated Section 5 of the FTC Act and the Franchise Rule by making misrepresentations in the sale of business opportunities. The Commission is seeking consumer redress and injunctive relief.

PFR, Inc., d/b/a PFR and Awards Center; Joseph Mantashigian

PFR and its president agreed to settle allegations over their roles in an allegedly fraudulent scheme in which the perpetrators promised, in exchange for purportedly tax-deductible charitable donations of $1,000 or more, to deliver prizes that elderly consumers were supposed to have received from other fraudulent prize-promotion telemarketers. The settlement permanently prohibits them from engaging in future misrepresentations in connection with soliciting charitable donations or payments in return for prizes or awards and from making any other misrepresentations regarding any material aspect of a future telemarketing or telefunding business.

Pro-Plastic Design & Marketing, Inc.; Kirt A. Harris

The Commission alleged that Pro-Plastic violated the Franchise Rule and Section 5 of the FTC Act in its sale of candy vending machine franchises. The company allegedly failed to provide basic disclosure and earnings claims documents. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Protocol, Inc.; David L. Bobert

The Commission alleged that Protocol, a marketer of personal hygiene product vending machine franchises, violated the Franchise Rule and Section 5 of the FTC Act by failing to provide basic disclosure and earnings claims documents. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Public Teleco Corporation; Ronald Owen

The Commission alleged that Public Teleco violated Section 5 of the FTC Act and the Franchise Rule in the sale of business opportunities. The Commission obtained a temporary restraining order and an asset freeze and is seeking consumer redress and injunctive relief.

(Publishing Clearing House, Inc.)
Roy L. Shifrin

Roy Shifrin agreed to settle allegations that he deceptively offered highly valuable prizes to consumers in return for tax-deductible donations to a designated charity. The Commission alleged that the consumers did not receive the promised prizes and that the donations were not tax deductible. The settlement permanently enjoins Shifrin from these type of misrepresentations and requires that he post a $1 million performance bond before undertaking any prize promotion or charitable solicitation activities in the future.

Quarter Call Communications, Inc.; Fitzgerald Lewis

The Commission alleged that Quarter Call and its president, Fitzgerald Lewis, failed to provide key information to potential investors in their pay phone business opportunity, as required by the Commission's Franchise Rule. The defendants offer pay telephone vending opportunities and license purchasers to use their Quarter Call trademark in providing 25-cents-per-minute telephone service to consumers. The Commission is seeking civil penalties, consumer redress, and injunctive relief.

Richard Canicatti d/b/a Refund Information Services

Richard Canicatti agreed to settle allegations involving his role in an allegedly deceptive telemarketing scheme that preyed on elderly consumers who had lost money to fraudulent sweepstakes or prize promotions. The Commission alleged that he and another individual misrepresented that they would recover the money lost, that they had been successful in recovering such lost money for consumers, and that they were cooperating with regulatory authorities, such as the Commission, to help recover lost money. The settlement permanently

prohibits him from making similar misrepresentations and from falsely representing any fact material to a consumer's decision to purchase recovery services he offers or any good or service he telemarkets.

(Safety Plus, Inc.)
William Bailey

William Bailey, one of the defendants in a Commission lawsuit brought in 1991 to halt the allegedly deceptive promotion of fire-safety products and door-to-door sales jobs, is barred from having any involvement in the marketing of any earning opportunity in the future, under an agreement settling allegations against him. Bailey is also prohibited from falsely representing any material aspect of any good or service he markets in the future.

Sage Seminars, Inc.; Peggy Ann Davenport; William R. Dempsey

The Commission alleged that Sage Seminars, a franchisor of opportunities to produce "Dreamwalk" motivational seminars, overstated the earnings potential of investors in the franchise, in violation of the Franchise Rule and the FTC Act. The Commission is seeking injunctive relief and consumer redress.

Salsa's Franchise Development Corporation;
Blazers Franchise Development Corporation;
Brantany Development Corporation;
Brantany Industries Corporation; Michael A. Ruby;
Pizza Chef Corporation, U.S.A.;
Pizza Chef Development Corporation; Preferred Restaurants, Inc.;
Richard L. Kern; Risque Apparel Corporation; Ward H. Kerr;
Winner Circle Development Corporation

Three individuals and nine corporate defendants settled allegations that they misrepresented the start-up costs, earnings potential, and refund policies for five restaurant and apparel franchises they had marketed since 1990. The settlements bar the individuals from offering any franchise or business opportunity in the future. The settlement with the corporate defendants prohibits them from engaging in similar misrepresentations in the future.

Satellite Broadcasting Corporation; Allan Wells a/k/a Joe Champion;

Satellite Broadcasting Royalty Trust; Satellite Systems, Inc.; T. Michael Haws

The Commission alleged that Satellite Broadcasting, two related companies, and two individuals falsely represented to investors nationwide the opportunity to market and distribute Direct Broadcast Satellite television programming to homes and businesses in various counties in Georgia. The company, through telemarketing, touted its investment opportunity as a low-risk, instant-income venture and falsely told some investors that it had already acquired the rights to market DIRECTV, Inc., programming. At the Commission's request, a federal district court temporarily halted the allegedly deceptive telemarketing scheme, froze the defendants' assets to preserve funds for consumer redress, and appointed a receiver to take control of the companies.

Showcase Distributors, Inc.; Dale Merritt; VC Network

The Commission alleged that the defendants, marketers of popcorn display racks and vending machine business opportunities, engaged in deceptive marketing of business opportunities, violated Section 5 of the FTC Act, and failed to make required disclosures under the Franchise Rule. The court issued a temporary restraining order halting these practices. The Commission is seeking permanent injunctive relief.

(SMI/USA, Inc.)
William Garner

William Garner, an officer of a company selling franchises of self-improvement courses and products, agreed to settle allegations that he violated the Franchise Rule and a 1970 Commission order by misrepresenting to prospective franchisees the ease of selling these items and the income they could expect to earn. The settlement permanently enjoins Garner from future violations of the Franchise Rule and the prior consent order.

Software Concepts, Inc.; James Crabtree, Jr.

Software Concepts and its president agreed to settle allegations that they failed to provide disclosure documents and other required

information to prospective purchasers of their computer software display rack franchises, in violation of the Franchise Rule. The settlement permanently enjoins the defendants from future violations of the rule.

Stillman Dyslexia Center, The; Arnold Stillman; Marcia Stillman; Stillman Institute for Sensorineural Development, Inc.; Transformational Training Center, Inc.

Stillman and its officers agreed to settle allegations that they made false and unsubstantiated claims about their method of diagnosing and treating dyslexia, a reading disorder. The Commission alleged that the defendants charged more than $3,000 for a 24-session course of treatment that includes the use of motorized beds that rock or rotate the patients. The settlement prohibits the defendants from making future misrepresentations in the promotion or sale of services for the treatment of any learning-related problem or disorder.

Summit Communications, Inc.; Mitchell R. Newman

The Commission alleged that Summit Communications and company president Mitchell Newman illegally conspired with seven Wometco Cable TV companies operating in Georgia to allocate between themselves the customers they would serve in the area of Cobb County, Georgia, where their local cable systems overlap. Allocation of customers deprives consumers of choices on quality and price made available through competition. The Commission is seeking consumer redress, civil penalties, and injunctive relief.

Surface Science Corporation; David J. Kriel

The Commission alleged that Surface, a marketer of business opportunities for the right to sell Megalon engine lubricant, and its president David Kriel failed to offer potential purchasers of their business opportunities the basic disclosure document and earnings claims documentation as required by the Franchise Rule. The Commission is seeking civil penalties and injunctive relief. This case was originally brought as part of Project Telesweep, a nationwide crackdown by federal and state regulators on business opportunity fraud.

(TCA, Inc.)
David Siebert; Effie Pappas; Stephen Lawrence;
Trans Continental Affiliates

David Siebert, former senior vice-president of Trans Continental Affiliates (TCA), a debt collection agency, agreed to settle allegations that he used abusive and deceptive practices when attempting to collect debts from consumers, in violation of the Fair Debt Collection Practices Act (FDCPA). The settlement prohibits him from engaging in similar practices in the future. The Commission is also seeking an order to permanently prohibit TCA, its president Stephen Lawrence, and its chief financial officer Effie Pappas from violating the FDCPA and to assess civil penalties against them.

Telecommunications of America, Inc.; Barry Taylor; Bob Hodge;
Jon S. Burns; Robert Diehl; Tom Williamson; William Hodge

The Commission alleged that Telecommunications, a marketer of pay telephone business opportunities, and its corporate officers agreed to settle allegations that they failed to offer potential purchasers of their business opportunities the basic disclosure document and earnings claims documentation as required by the Franchise Rule. The Commission was granted a temporary restraining order and is seeking consumer redress and injunctive relief. This case was originally brought as part of Project Telesweep, a nationwide crackdown by federal and state regulators on business opportunity fraud.

(Telefunders for the Gleaners)
All American Marketing, Inc.;
International Charity Consultants, Inc.; John Rubbico;
Martin Mayer; Michael Plummer; New Horizons International, Inc.;
Ottavio Ronca; Planet Smart Marketing, Inc.;
Preferred Marketing Services, Inc.;
Premium Awards Processing Company, Inc.; Ronny Ladner;
Trina Frederico

Twelve of 24 defendants agreed to settle allegations they used a fraudulent prize-promotion pitch to induce consumers, many of them elderly, to donate money to two purported charitable organizations. The six settlements contain broad injunctions against similar misrepresentations and impose strict requirements that the defendants

monitor employees and telemarketers they assist in the future. The six individual defendants would have to post $1 million bonds before engaging in, or assisting others engaging in, telephone prize-promotion programs in the future.

Thadow, Inc.; Alex Norman

The Commission alleged that Thadow and its president engaged in fraudulent prize-promotion telefunding schemes to induce consumers to make purportedly tax-deductible donations of $1,000 or more to two charities. A federal district court ordered a temporary halt to the allegedly deceptive telemarketing scheme, which preyed on elderly consumers who had previously lost money to other prize-promotion telemarketers. In addition to imposing a temporary restraining order, the court froze the defendants' assets to preserve them for consumer redress. The Commission is also seeking permanent prohibitions against the deceptive schemes.

Thomas Wallace; Geneva Graphics, Ltd.;
International Fine Arts Gallery, Ltd.; L&D Editions, Ltd.

Thomas Wallace and three other dealers of artwork prints purportedly by such well-known artists as Marc Chagall, Jean Miro, Salvador Dali, Pablo Picasso, and others agreed to settle allegations that they misrepresented the authenticity of the prints they sold. The Commission alleged that the dealers often falsely represented that the prints were, in fact, hand-signed by the respective artists. The settlement prohibits the defendants from making similar false representations about any artworks they market or sell in the future.

Turcal, Inc. d/b/a Promatch Advertising Network; Admatch Network;
Glenn R. Kennedy; Michael Cevatli a/k/a Mustafa Cevatli;
Resort Condo Marketing

In two settlements, Turcal and four other defendants resolved Commission allegations based on their roles in an allegedly deceptive scheme to market timeshare resale services. Under the settlements, the defendants would be permanently prohibited from making future misrepresentations in connection with the provision of any services relating to real estate. In addition, Cevatli, Turcal's founder, agreed

to post a performance bond of at least $50,000 to protect consumers before engaging in any direct marketing activity in the future.

(Unimet Credit Corporation)
E. Keith Owens; Ed Martin; Ed Meyers

Owens, Martin, and Meyers agreed to settle allegations stemming from their roles in the allegedly deceptive telemarketing of leveraged investments in precious metals to consumers. The settlement requires the defendants to abide by broad restrictions and extensive disclosure requirements in connection with any future marketing of commodities as investments to consumers.

United States Business Bureau; Paul Kalomeris;
Reuben Sierra Borja; William O'Rourke

United States Business Bureau and its officers Kalomeris, Borja, and O'Rourke agreed to settle allegations that they misrepresented affiliation with the Better Business Bureau and the government. The defendants allegedly ran a better business bureau that consumers could call for information on other business opportunity marketers, some of which were targeted by the Commission in Project Telesweep cases. The order to settle the allegations prohibits the defendants from falsely implying that they are affiliated with the Better Business Bureau or the government. United States Business Bureau also agreed to pay $11,000 for consumer redress. This case was brought as part of Project Telesweep, a nationwide crackdown by federal and state regulators on business opportunity fraud.

United Wholesalers, Inc. d/b/a Main Line Professionals;
Innovators of Success, Inc.; International Research Corporation;
James W. MacDonald; Long Life Industries, Inc.;
Margaret A. MacDonald; Philip G. Lynch; Steven Green

The Commission alleged that the defendants deceived their targeted victims, including many small businesses and nonprofit entities, into purchasing their cleaning supply products by, among other things, misrepresenting that they were representatives of, or affiliated with, the customers' regular supplier or that they were calling only to verify an address in order to reship a returned order. The court issued a temporary restraining order halting the scheme, froze the defendants'

assets to preserve them for consumer redress, and appointed a receiver. The Commission is also seeking a permanent injunction against the challenged activities.

USM Corporation d/b/a Senior Citizens Against Telemarketing; Anita Sowards; SCAT Services

The Commission alleged that USM and its president operated a fraudulent recovery room and misrepresented to elderly consumers that they were affiliated with a government consumer protection agency and would, for a fee ranging from $200 to more than $1,000, recover money that the consumers had lost to other fraudulent telemarketers. A federal district court ordered a temporary halt to the allegedly deceptive telemarketing scheme and froze the defendants' assets to preserve funds for consumer redress. The Commission is seeking a permanent injunction against the defendants' deceptive practices.

Value Investments, Ltd.; Marjorie Goldberg

Value Investments, which offered and sold mortgage broker franchises, and Marjorie Goldberg agreed to settle allegations that they violated the Franchise Rule. Under the terms of the settlements, Value Investments and Goldberg are permanently enjoined from future violations of the rule.

W.W. Chambers Company, Inc.; Thomas S. Chambers; William W. Chambers, III; William W. Chambers, Sr.

The Commission alleged that W.W. Chambers, a funeral home operator, and its principals violated the Funeral Rule on numerous occasions by failing to provide consumers with written itemized price lists and other information. The Commission asked the court to permanently prohibit the defendants from violating the Funeral Rule in the future and to order them to pay a civil penalty for each violation of the rule.

Wayne Phillips; Accelerated Systems, Inc.; U.S. Educational Services, Inc.

The Commission asked a federal court to order workshop seller Wayne Phillips and two of his companies to pay $2.1 million plus

interest in consumer redress owed by him under the terms of a 1991 settlement with the Commission that prohibits him from misrepresenting the availability of government loans to consumers.

(Wolf Group)
Louis Abramowitz

Louis Abramowitz, who held senior positions in numerous corporate entities involved in an allegedly deceptive scheme to sell vending machine business opportunities, agreed to settle allegations against him. The settlement requires Abramowitz to post a $1 million bond for the protection of future investors before he offers any franchise or business opportunity through a privately owned company. The settlement also contains a broad prohibition against false or misleading claims in connection with any telemarketing activity he engages in or any franchise or business opportunity he offers and requires him to comply with the Franchise Rule.

Worldwide Marketing and Distribution Company; David Bernstein;
Frank Friedland; Hollywood Pop;
International Popcorn Distributors; Kevin Feldman;
Maize Vending Associates; Mammoth Holding Company;
Planet Ice Cream, Inc.; Popcorn Flavors International;
Popcorn Supply Company; Remote Assembly Corporation;
Royal Imperial Ltd.; Steven F. Gelb; Titan Management Corporation

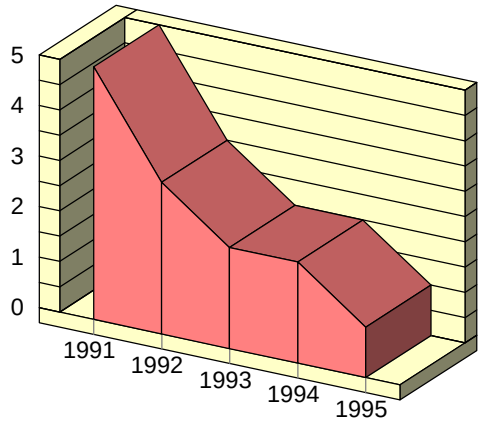
The Commission alleged that Worldwide Marketing and Distribution violated Section 5 of the FTC Act and the Franchise Rule in the promotion and sale of popcorn vending machine business opportunities. The Commission received a temporary restraining order and is seeking consumer redress and injunctive relief.

X.CLUSIVE Vending, Inc.; Edward A. Durante a/k/a Ed Durante;
Walter J. Zink

X.CLUSIVE Vending and two of its principals agreed to settle allegations that they misrepresented the potential earnings of those who bought their vending machine business opportunities, among other violations of the Franchise Rule. The settlement permanently bars the defendants from selling franchises or business opportunities.

Federal Trade Commission

CIVIL PENALTY ACTIONS
COMPETITION MISSION



COMPETITION MISSION (SUMMARY)

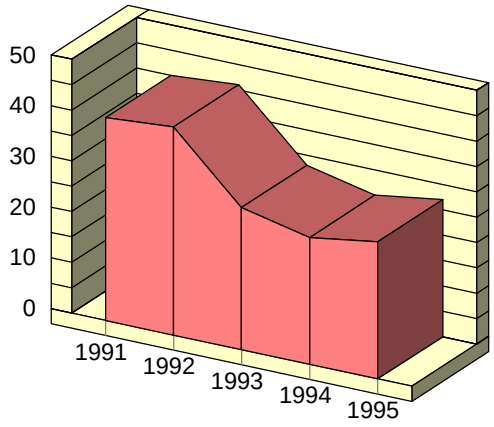
Title	Number	Action Date	Type of Matter	Product
Onkyo U.S.A. Corporation	C-3092	07/25/95	Order Violation	Household Audio and Video Equipment

COMPETITION MISSION (DETAIL)

Onkyo U.S.A. Corporation

The U.S. District Court for the District of Columbia entered a judgment requiring the payment of $225,000 in civil penalties to settle charges that Onkyo U.S.A. Corporation violated a 1982 consent order. The Commission alleged that Onkyo's sales representatives encouraged a dealer to fix and adhere to specified prices for Onkyo audio components and related products sold to consumers through retail outlets. The complaint was filed in the U.S. District Court for the District of Columbia.

CIVIL PENALTY ACTIONS
CONSUMER PROTECTION MISSION



CONSUMER PROTECTION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
Alpha Services Corporation d/b/a East Lawn Funeral Home	X950006	10/25/94	Funeral Rule	Funeral Services
American Distribution, Inc.	X950047	06/19/95	Mail/Telephone Order Rule	Low-Price Consumer Goods
American TelNet, Inc.	X950013	12/12/94	900-Number Rule	Sex and Psychic Advice Telephone Lines
Beltone Electronics Corporation, Inc.	X950005	12/21/94	Order Violations	Hearing Aids
Buena Vista Funeral Home, Inc.	X950051	07/12/95	Funeral Rule	Funeral Services
Chapel of the Chimes	X950058	08/08/95	Funeral Rule	Funeral Services
Colonial Chapels, Inc.	X940078	10/04/94	Funeral Rule	Funeral Services
Crossroads Auto Mart Charles W. Middleton d/b/a Crossroads Auto Mart	X930053	06/30/95	Used Car Rule	Used Car Sales
Entrepreneur Media, Inc.	X950025	01/11/95	Franchise Rule	Promote Franchise and Business Opportunity Trade Shows

Title	Number	Action Date	Type of Matter	Product
Gannett Satellite Information Network	X950075	09/21/95	900-Number Rule	900-Number Services
Great Lakes Collection Bureau, Inc.	X950074	09/13/95	Fair Debt Collection Practices Act	Debt Collection
HealthComm, Inc.	X950026	01/31/95	Order Violations	Meal Replacement Foods and Food Supplements
I. B. Diffusion, L.P.	X950045	05/31/95	Care Labeling Rule	Women's Clothing and Accessories
Jani-King International, Inc.	X950068	07/26/95	Franchise Rule	Commercial Cleaning Service Franchises
Jessica McClintock, Inc.	X950032	01/30/95	Care Labeling Rule	Women's and Girls' Clothing
L.O.V. II, Inc. d/b/a Lewis and Wright Funeral Directors	X950052	07/10/95	Funeral Rule	Funeral Services
National Financial Services, Inc.	X910020	07/20/95	Fair Debt Collection Practices Act	Debt Collection
Neiman-Marcus Company, Inc.	X950008	11/03/94	Mail/Telephone Order Rule	Retailer of Consumer Goods
Patton Brothers Funeral Homes	X950053	07/11/95	Funeral Rule	Funeral Services
Payco American Corporation	X930051	03/08/95	Fair Debt Collection Practices Act	Debt Collection
Ronco, Inc.	X950009	11/22/94	Mail/Telephone Order Rule	Food Dehydrates and Hair Products
Ruzich Funeral Home, Inc.	X950071	07/07/95	Funeral Rule	Funeral Services
Safe-Stride International, Inc.	X930040	10/29/94	Franchise Rule	Non-Slip Bathtub and Floor Treatment Franchises
Shulman Promotions, Inc. d/b/a On Your Own Business Shows	X950012	12/29/94	Franchise Rule	Promote Franchise and Business Opportunity Trade Shows
SMI/USA, Inc.	X940003	07/05/95	Order Violations	Self-Improvement Courses, Tapes, and Other Products
Sun Coast Resources, Inc.	X950001	10/05/94	Fuel Rating Rule	Gasoline Sales

Title	Number	Action Date	Type of Matter	Product
TCA, Inc. James R. Brown	X950082	05/18/95	Fair Debt Collection Practices Act	Debt Collection

CONSUMER PROTECTION MISSION (DETAIL)

Alpha Services Corporation d/b/a East Lawn Funeral Home; Mark D. White

Alpha Services agreed to settle allegations that it violated the Funeral Rule by failing to provide some consumers who inquired in person with a general price list, a casket price list, or an outer burial container price list; failing to provide consumers an itemized written statement of funeral goods and services they selected; and failing to include certain required disclosures on the general price list and the outer burial container price list they did provide. The settlement requires the defendants to pay an $18,000 civil penalty and prohibits future violations of the rule.

American Distribution, Inc.; American Comic & Entertainment; American Comics; American Entertainment; American Entertainment, Inc.; Entertainment This Month; Stephen E. Milo

American Distribution and its president and founder, Stephen Milo, sellers of comic books and other entertainment novelties by mail, agreed to settle allegations that they failed to ship merchandise within the times specified in their advertising, in violation of the Mail/ Telephone Order Rule. The Commission also alleged that the defendants failed to properly notify customers of their option to either consent to the delays or cancel their orders and receive prompt refunds and that they improperly issued company credits rather than refunds on canceled orders. The defendants agreed to pay a $50,000 civil penalty and to exchange for cash as much as $150,000 to $200,000 worth of credit vouchers held by customers. In addition, the settlement prohibits the defendants from violating the rule in the future.

American TelNet, Inc.; Abraham (Michael) Pardes; Michael Self; Ted Liebowitz

American TelNet agreed to pay $2.5 million to settle allegations that it illegally used 800-numbers for 900-number-type services and

then billed possibly unwary consumers and businesses for calls made from their phones to sex and psychic advice lines. The Commission also alleged that American TelNet illegally referred 800-number callers to international or 900-numbers without making proper price disclosures. The defendants agreed to pay a $500,000 civil penalty and $2 million to be used for a consumer redress program. This is the first Commission case enforcing the 900-Number Rule.

Beltone Electronics Corporation, Inc.

Beltone Electronics, one of the largest hearing aid manufacturers in the United States, agreed to pay an $825,000 civil penalty as part of a settlement involving the marketing of its ClearVoice and Voice Enhancer hearing aids. The Commission alleged that the company made false and unsubstantiated performance claims for the two hearing aids, in violation of a 1976 Commission order. The settlement requires Beltone to give refunds to dealers whose customers have returned their hearing aids after a trial period and to make certain advertising disclosures designed to help consumers understand limits on the benefits of hearing aids.

Buena Vista Funeral Home, Inc.; John R. Bratten, Jr.; John R. Bratten, Sr.

Buena Vista and its officers agreed to settle allegations that they failed to give customers required general price lists, in violation of the Funeral Rule. The settlement requires the defendants to pay a $4,000 civil penalty and prohibits them from violating the rule in the future.

Chapel of the Chimes

Chapel of the Chimes, a funeral home, agreed to settle allegations that it failed to provide consumers with a printed price list and other required pre-purchase information in the form required under the Funeral Rule. The Commission alleged that the defendant conditioned the purchase of certain funeral goods or services on the purchase of other funeral goods and services. The settlement requires Chapel of the Chimes to pay a $70,000 civil penalty and prohibits it from violating the rule in the future.

Colonial Chapels, Inc.; John A. Flynn; John J. Flynn; Mary Flynn

Colonial Chapels agreed to settle allegations that it failed to provide consumers with a written general price list about the funeral goods and services it offers, in violation of the Funeral Rule. The settlement requires the defendants to pay a $40,000 civil penalty and prohibits them from violating the rule in the future.

(Crossroads Auto Mart)
Charles W. Middleton d/b/a Crossroads Auto Mart

A judge upheld allegations against Charles Middleton for failing to display the required Buyers Guide on the window of used cars offered for sale, in violation of the Used Car Rule. The order requires Middleton to pay a $4,500 civil penalty and prohibits him from future violations of the rule.

Entrepreneur Media, Inc.

Entrepreneur, a promoter of franchise and business opportunity shows, agreed to settle allegations that it violated the Franchise Rule by sponsoring franchise shows at which exhibitors made earnings claims without providing required disclosure documents. The settlement requires the company to pay a $25,000 civil penalty and prohibits it from future violations of the rule.

Gannett Satellite Information Network

Gannett Satellite agreed to pay a $30,000 civil penalty to settle allegations that it violated the 900-Number Rule in advertising its various 900-number services, including sports, news, horoscopes, weather reports, entertainment programs, and other topics. The settlement also prohibits future violations of the rule.

Great Lakes Collection Bureau, Inc.

Great Lakes agreed to pay a $150,000 civil penalty to settle allegations that it violated the Fair Debt Collection Practices Act (FDCPA) by improperly contacting third parties, using abusive language, and falsely threatening attachment or garnishment of wages or property, or other legal actions. The settlement prohibits the

company from violating the FDCPA, requires the company to notify consumers of their right to tell Great Lakes to stop contacting them, and requires the company to notify its employees that they may be held liable for FDCPA violations.

HealthComm, Inc.; Jeffrey S. Bland, Ph.D.; Nu-Day Enterprises, Inc.

HealthComm and its officer, Jeffrey Bland, agreed to pay a $45,000 civil penalty to settle allegations that they deceptively advertised various weight-loss products and diet supplements, in violation of a 1992 order. In addition to the civil penalty, the settlement prohibits HealthComm and Bland from future violations of the Commission's order.

I.B. Diffusion, L.P.; I.B.D. Acquisition, Inc.

I.B. Diffusion, an importer and distributor of women's clothing and accessories, agreed to pay a $100,000 civil penalty to settle allegations that it failed to state the appropriate cleaning method for certain types of garments, in violation of the Care Labeling Rule. The Commission alleged that the faulty care instructions resulted in damage to sequins, beads, or other trim. In addition to imposing the civil penalty, the settlement prohibits I.B. Diffusion and its general partner, I.B.D. Acquisition, from violating the rule in the future.

Jani-King International, Inc.

Jani-King agreed to pay a $100,000 civil penalty to settle allegations that it failed to provide potential purchasers of its commercial cleaning services franchises with key information, in violation of the Franchise Rule. The Commission alleged that Jani-King did not provide documentation to support its contract-based earnings claims or information about the franchise's litigation history. The settlement requires Jani-King to comply with the rule in the future.

Jessica McClintock, Inc.

Jessica McClintock, a manufacturer of women's and girls' clothing, agreed to pay a $66,000 civil penalty to settle allegations that it failed to state the appropriate cleaning method to be used on certain types of garments, in violation of the Care Labeling Rule. In addition

to the civil penalty, Jessica McClintock is prohibited from violating the rule in the future.

L.O.V. II, Inc. d/b/a Lewis and Wright Funeral Directors; Irving Sanchez, III; Richard A. Lewis

L.O.V. and its officers agreed to settle allegations that they did not give consumers itemized lists of all the goods and services they offer, in violation of the Funeral Rule. The settlement requires the defendants to pay a $7,500 civil penalty and prohibits them from violating the rule in the future.

National Financial Services, Inc.; N. Frank Lanocha; Robert J. Smith

National Financial Services (NFS), a debt collection agency, and its owner, Robert Smith, were ordered to pay a $500,000 civil penalty for violating the Fair Debt Collections Practices Act (FDCPA). In addition, Frank Lanocha, an attorney affiliated with NFS and Smith, was ordered to pay a $50,000 civil penalty for similar violations of the FDCPA. The $550,000 total civil penalty is the largest ever obtained by the Commission in a debt-collection case.

Neiman-Marcus Company, Inc.

Neiman-Marcus agreed to pay an $85,000 civil penalty to settle allegations that it failed to comply with requirements for informing its mail order customers about delays in shipping their orders and about their cancellation and refund rights, in violation of the Mail/Telephone Order Rule. In addition, the settlement prohibits Neiman-Marcus from future violations of the rule.

Patton Brothers Funeral Homes; Alfonso B. Patton; Katharyn M. Patton; Mary Kathryn Patton

Patton Brothers and its officers agreed to settle allegations that they did not give consumers itemized lists of all the goods and services they offer, in violation of the Funeral Rule. The settlement requires the defendants to pay a $16,000 civil penalty and prohibits them from violating the rule in the future.

Payco American Corporation

Payco agreed to settle allegations that it violated the Fair Debt Collection Practices Act (FDCPA) by illegally revealing consumer debts to third parties, using obscene or abusive language, and falsely threatening arrest, garnishment of wages, or other legal action against consumers from whom it was attempting to collect debts for clients. The settlement requires Payco to pay a $500,000 civil penalty and prohibits any future violations of the FDCPA.

Ronco, Inc.; Ronald Popeil

Ronco, a manufacturer and promoter of food dehydrators and certain hair products, and its president, Ronald Popeil, agreed to settle allegations that they violated the Mail/Telephone Order Rule by failing to send consumers their merchandise within the times required under the rule. The Commission also alleged that Ronco misrepresented the times in which consumers could expect delivery of their ordered merchandise. The settlement requires Ronco to pay a $50,000 civil penalty and prohibits future violations of the rule.

Ruzich Funeral Home, Inc.; Brown Funeral Home; David Ruzich

Ruzich Funeral Home agreed to settle allegations that it failed to provide consumers with a printed price list about the costs of caskets and other funeral services it offered, in violation of the Funeral Rule. The settlement requires the defendants to pay a $30,000 civil penalty and prohibits future violations of the rule.

Safe-Stride International, Inc.; Kathleen Mott; Richard Colfels; William Riley

Safe-Stride and its principals agreed to settle allegations that they violated the Franchise Rule in the sale of non-slip bathtub and floor treatment franchises. Under the terms of the agreement, Riley and Mott will each pay a $10,000 civil penalty, and all defendants are prohibited from future violations of the rule.

Shulman Promotions, Inc. d/b/a On Your Own Business Shows; Silas Shulman

These promoters of franchise and business opportunity trade shows agreed to settle allegations that they violated the Franchise Rule by sponsoring franchise shows at which exhibitors made earnings claims without providing required disclosure documents. Shulman Promotions and company president, Silas Shulman, agreed to a proposed settlement that would prohibit them from violating the rule in the future. In addition, the defendants agreed to pay a $10,000 civil penalty.

SMI/USA, Inc.; Charles G. Williams; James L. Sirbasku; Paul Meyer

SMI/USA, Inc., and three of its officers agreed to settle allegations that they violated the Franchise Rule and a 1970 consent order in promoting and selling their franchises for self-improvement courses, tapes, and other products. SMI/USA and Meyer are required to pay a $300,000 civil penalty. In addition, Williams and Sirbasku are each required to pay a $10,000 civil penalty. The $320,000 in total civil penalties is the third largest penalty imposed for Franchise Rule violations.

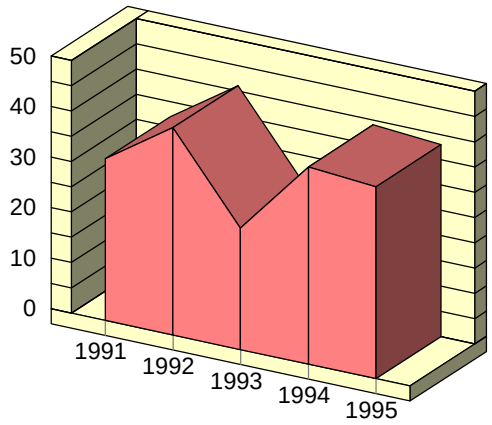
Sun Coast Resources, Inc.; Kathy E. Prasnicki

Sun Coast, a fuel distributor, and its president agreed to settle allegations that they violated the Fuel Rating Rule by pumping gasoline into underground storage pumps belonging to a retail chain, Rocket Gas and Car Wash, Inc., that allegedly overstated the octane ratings of the gasoline. The settlement requires Sun Coast to pay a $35,000 civil penalty and prohibits them from violating the rule in the future.

(TCA, Inc.)
James R. Brown

James Brown, a former principal and attorney of TCA, agreed to settle allegations that he violated the Fair Debt Collection Practices Act. The settlement requires Brown to pay a $2,000 civil penalty and prohibits him from violating the Act in the future.

CONSUMER REDRESS ACTIONS
CONSUMER PROTECTION MISSION



CONSUMER PROTECTION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
AAA Quality Electric, Inc. All County Management Services, Inc.	X940040	05/24/95	False Advertising Claim	Home Electric Repair
Andrew D. Levine	X930058	01/04/96	Fraudulent Marketing of Investments	Art Prints
Andrisani Family Laura O'Rourke William O'Rourke	X930055	05/10/95	Franchise Rule	Display Rack Distributorships
Capital Club of North America, Inc.	X950024	01/19/95	Unauthorized Use of Credit Cards	Consumer Lists of Credit Card Account Numbers
Central Supplies, Inc.	X950011	07/27/95	Telemarketing Fraud	Janitorial Supplies
Chase Consulting, Inc.	X940076	11/21/94	Credit Service Fraud	Credit Repair Program on an On-Line Computer Service
Comtel Data Systems, Inc.	X940046	06/21/95	Franchise Rule	Public Fax Machines and Display Rack Opportunities
Debra Mink d/b/a International Services	X950040	09/15/95	Misrepresented Advertising Claims	Employment Services

Title	Number	Action Date	Type of Matter	Product
Direct Response, Inc.	X940011	09/29/95	Misrepresentation of Products and Services	Direct Mail Sweepstakes
Goddard Rarities of Los Angeles, Inc.	X930054	10/25/94	Misrepresentation of Authenticity	Coins
Interactive Marketing Concepts, Inc.	X950063	07/28/95	Telemarketing Fraud	Various Products and Services - Secured Credit Cards, Grocery Coupons, Package Plan
Main Distribution Center	X940060	01/27/95	Telemarketing Fraud	Photocopier Toner and Other Office Supplies
Mini Snacks, Inc.	X950037	04/25/95	Franchise Rule	Display Rack Distributorships
National City Bank of Minneapolis, The	X930006	10/19/94	Fraudulent Marketing of Investments	Rare Coin Investments
NCH, Inc.	X940023	09/06/95	Telefunding	Solicit Funds by Telephone for a Charitable Organization
O.J.T. Corporation	X950030	01/04/95	Fraudulent Marketing of Investments	Art Prints
Pase Corporation Efraim Arenas Melody Culver	X940059	02/08/95	Business Opportunities Investment Fraud	Work-at-Home Business Opportunities
Publishing Clearing House, Inc. Lori Martin Raymond Reed	X940063	05/12/95	Telefunding	Telephone for a Charitable Organization
Refund Information Services Joe Colon	X950002	05/19/95	Telemarketing Fraud	Recover Money Lost by Consumers in Fraudulent Sweepstakes Promotions
Rennaissance Fine Arts, Ltd.	X940048	08/10/95	Fraudulent Marketing of Investments	Fine Art Prints
Research Awards Center Deborah C. Taylor	X950033	07/21/95	Telemarketing Fraud	Memberships in Sweepstakes "Clubs"
Robbins Research International, Inc.	X950044	06/14/95	Franchise Rule	Motivational Seminars

Federal Trade Commission

Title	Number	Action Date	Type of Matter	Product
Salsa's Franchise Development Corporation Richard L. Levinger	X940053	11/04/94	Franchise Rule	Restaurant Franchises
Second Income, Inc.	X950073	09/27/95	Franchise Rule	Coin Vending Games
Silueta Distributors, Inc.	X940010	2/24/95	Deceptive Advertising Claim	Cellulite Treatment
Southland Consultants	X940070	12/22/95	Telemarketing Fraud	Advance-Fee Loans
Southwest Sunsites, Inc.	X870011	03/13/95	Deceptive Advertising Claims	Land
Spectrum Resources Group, Inc.	X930057	02/28/95	Fraudulent Marketing of Investments	Wireless Cable Television
Telefunders for the Gleaners Ronald Cooke	X940028	06/07/95	Telefunding Fraud	Donations to Nonprofit Entities
Thomas E. O'Day	X950023	04/04/95	Telemarketing Fraud	Coin and Gemstone Liquidation Program
Jeffrey L. Kelley		09/29/95		
U.S. Hotline, Inc.	X930044	06/21/95	Deceptive Marketing of Services	"How To" Pamphlet Services
Unimet Credit Corporation	X920071	12/19/94	Telemarketing Fraud	Precious Metals
United Consumer Services, Inc. Falcon Financial Services Stuart Jedlicki	X940080	11/28/94	Telemarketing Fraud	Recover Money Lost by Consumers to Previous Telemarketers
United Holdings Group, Inc.	X940043	10/21/94	Telefunding	Prize Promotion Techniques to Induce Consumers to Donate Money
United States Information Bureau Frederick J. Hartbrodt Lawrence E. Clark	X950077	08/23/95	Unsubstantiated Advertising Claims	Information Packages Concerning Auctions, Jobs, and Credit Cards and Repair
Water Resources International, Inc. a/k/a American Soap Products Company	X950066	08/31/95	Misrepresentation of Safety and Efficacy	Home Water Purification Devices

Title	Number	Action Date	Type of Matter	Product
Wine Exchange, Inc., The	X950027	04/10/95	Telemarketing Fraud	Wine
Wolf Group Sheldon Wagner	X940029	09/29/95	Business Opportunities Investment Fraud	Vending Machines Sold as Business Opportunities

CONSUMER PROTECTION MISSION (DETAIL)

(AAA Quality Electric, Inc.)
All County Management Services, Inc.

The Commission obtained an order against All County Management Services, an umbrella entity under which nine other companies did business. The order prohibits the company from making false statements to induce consumers to purchase electrical repairs and requires the company to disclose cost information up front, provide written estimates, and leave replaced electrical parts with consumers. The court entered a default judgment ordering $3,356,618 for consumer redress. All other defendants in the case, including four individuals who served as officers or principals of the corporate defendants, had previously settled with the Commission.

Andrew D. Levine; A.D.L. Fine Arts, Inc.; M.C.L. Fine Arts, Inc.

Andrew Levine and two corporate defendants agreed to settle allegations that they misrepresented the authenticity of the art prints they sold. The complaint alleged that the defendants often falsely represented that the prints were hand-signed by such well-known artists as Marc Chagall, Joan Miro, Salvador Dali, and Pablo Picasso. The settlement requires Levine to pay $300,000 in consumer redress, and enjoins the defendants from engaging in similar conduct in the future.

(Andrisani Family)
Laura O'Rourke; William Robert O'Rourke

William and Laura O'Rourke agreed to settle allegations that they violated the Franchise Rule by making misrepresentations about their display rack distributorship business opportunities. The settlement requires the payment of $5,648,000 in consumer redress and

permanently bans the defendants from participating in any way in the marketing of any franchise or business opportunity.

Capital Club of North America, Inc.; Business Publications, Inc.; GLS Direct, Inc.; List Marketing Management, Inc.; Media Arts International, Ltd.; Michael Salaman; National Media Corporation; NIS of South Jersey, Inc.; Philip A. Herman; Philip A. Herman Marketing Consultants, Inc.; Rocco Petrucelli; Ross Housley; Subscription Services, Inc.

Capital Club and 12 other defendants agreed to settle allegations involving their roles in a scheme to rent and sell lists of consumers' credit card numbers to direct-marketing companies that then billed the consumers' accounts without authorization. The settlement permanently bans the defendants from providing confidential credit-card account information to third parties and requires them to take steps to ensure that future clients for other credit-related lists are not engaged in deceptive or unfair practices. The settlement also requires the defendants to pay a total of $292,500 in consumer redress.

Central Supplies, Inc.; David Ashley; Hi-Tronics, Inc.

David Ashley and two firms he controlled agreed to settle allegations that they ran a deceptive scheme to bill churches and small businesses for unordered merchandise. The settlement prohibits Ashley from doing business under the names Central Supplies or Hi-Tronics and requires him to obtain a bond before reentering the telemarketing business. Ashley was also required to return $44,000 in uncashed checks to customers and was prohibited from seeking payment for any goods not already paid for.

Chase Consulting, Inc.; Brian Corzine a/k/a Brian Chase

Brian Corzine, doing business as Chase Consulting, agreed to settle allegations that he promoted a deceptive credit repair program on America Online. The settlement requires Corzine to pay $1,917 in consumer redress, the total amount he collected, and prohibits him from engaging in similar misrepresentations in the future. This was the Commission's first case targeting advertising on the information superhighway.

Comtel Data Systems, Inc.; Comtel Group, The; D.J.I. Manufacturing, Inc.; Douglas J. Irvine; Software Express, Inc.

Comtel Data Systems agreed to settle allegations that it employed deceptive sales practices, in violation of the Franchise Rule, regarding franchises and business opportunities in connection with the marketing of facsimile machines and rack display business opportunities. The settlement requires the defendant to pay $281,737 in consumer redress.

Debra Mink d/b/a International Services

A federal district court upheld Commission allegations that Mink ran a fraudulent job-placement service and barred her from offering, or assisting others to offer, employment services in the future. The court also prohibited Mink from falsely representing any material fact in connection with any future telemarketing activities and ordered her to pay more than $593,000 for consumer redress.

Direct Response, Inc.; Linda Wilcox; Scott Wilcox

The Commission alleged that the Wilcoxes and their company, Direct Response, offered mail-order consumers valuable prizes, awards, and free gifts in return for small fees. In fact, many consumers received nothing at all in return for the fee, and others received awards of negligible value. A federal district court permanently barred the defendants from any future direct-mail promotion or sales activity and required them to pay over $22 million in consumer redress.

Goddard Rarities of Los Angeles, Inc.; Iraj Sayah-Karaji

Goddard and Sayah-Karaji agreed to a settlement that prohibits them from making a host of false and deceptive representations in connection with the future marketing of any coin or investment, and in any future telemarketing effort. The settlement resolves allegations that they misrepresented the value, risk, and mark-ups for coins they sold as investments to consumers nationwide. The settlement also requires Sayah-Karaji and one other individual, who was not a defendant in the case, to release their claims to various real estate and other assets so that the assets can be liquidated for consumer redress.

Interactive Marketing Concepts, Inc.;
Advanced Marketing and Promotions, Inc.;
Consumer News Service, Inc.; Donald Hellinger; Robert Ostroff

Donald Hellinger, Robert Ostroff, and their companies agreed to settle allegations that they deceptively promoted credit cards and other products or services via 900-numbers. The two settlements call for a total of $15,000 in consumer redress and prohibit the defendants from understating the cost of calling their 900-numbers or making other alleged misrepresentations, require them to disclose certain material information in connection with future promotions, and bar them from assisting others engaged in similar deceptive practices.

Main Distribution Center; Authorized Distribution Center, Inc.;
Corporate Business Products, Inc.; David Krischer;
Ronald Merenstein; Steven Toth; Walter Rebar

Four individuals and their three corporations agreed to settle allegations that they used deceptive and misleading practices to sell photocopier toner and other supplies by telephone. The settlement bars all of the defendants from marketing toner or office supplies in the future, and it permanently bars the individuals from the tele-marketing of office supplies in the future. The settlement requires consumer redress payments in the following amounts: Toth and Rebar jointly, $700,000; Merenstein, $425,000; Krischer, $50,000; Corporate Business, $1,000,000; and Authorized Distribution, $250,000; a total of $2,425,000.

Mini Snacks, Inc.; John Sanchez; Tim McCarty

Mini Snacks and corporate officers, John Sanchez and Tim McCarty, agreed to pay $100,000 in consumer redress to settle allegations that they misrepresented the earning potential and other aspects of their vending machine franchises and failed to provide key pre-purchase information to potential franchisees, in violation of the Franchise Rule. The settlement also prohibits the defendants from misrepresenting or making unsubstantiated claims about any aspect of any business venture they promote and requires them to comply with the rule in the future.

National City Bank of Minneapolis, The

National City Bank agreed to settle allegations that it and the law firm of Larkin, Hoffman, Daly & Lindgren attempted to prevent the Commission from collecting on an $11.2 million federal court judgement from William Ulrich and his firm, Security Rare Coin & Bullion. The Commission had alleged that National City Bank and Larkin helped Ulrich fraudulently transfer several million dollars in rare coins into trusts for his three daughters, and then convert a substantial portion of the coins back to his own use. The settlement requires the bank to pay $399,750. The funds collected in this case will be combined and, if practical, used to provide redress to consumers of Security Rare Coin.

NCH, Inc.; James H. Hart; Robbin McLaurin

A federal district court judge upheld Commission allegations against NCH and its principals for their roles in a fraudulent telefunding scheme. The Commission had alleged that the defendants deceptively offered "highly valuable" prizes to consumers in return for making a contribution to a charitable organization named "Operation Life." In addition, the Commission alleged that the defendants misrepresented the charitable activities in which Operation Life was engaged. The defendants were ordered to pay $2,645,760 in consumer redress and were permanently banned from engaging in any prize-promotion telemarketing activities in the future.

O.J.T. Corporation; Jalal Jalallar; O. J. Art Gallery, Inc.; Omar Jalallar

These dealers of artwork prints purportedly by such well-known artists as Marc Chagall, Joan Miro, Salvador Dali, Pablo Picasso, and others agreed to settle allegations that they misrepresented the authenticity of the prints they sold. The Commission alleged that the dealers often falsely represented that the prints were in fact hand-signed by the respective artists. Additionally, the Commission alleged that the dealers distributed the counterfeit prints to retailers, thus assisting art galleries and other retailers to misrepresent the authenticity of prints as well. The settlement requires the defendants to pay $25,000 in consumer redress. It also prohibits them from making similar false representations about the artwork they market or

sell in the future and from assisting others who have made, or intend to make, such misrepresentations.

(Pase Corporation)
Efraim Arenas; Melody Culver

Two officers of Pase Corporation agreed to settle allegations that they used deceptive advertisements and mailings in connection with five of their work-at-home business opportunities and with three programs that purported to offer grants, loans, and credit cards to consumers. The Commission alleged that the defendants falsely represented, among other things, that consumers investing in their programs could reasonably expect to earn specified sums of money by performing certain minimal tasks. The settlement permanently prohibits the defendants from engaging in similar deceptive practices in the future. In addition, it requires Culver to pay $6,400 and Arenas to pay $10,000 in consumer redress.

Publishing Clearing House, Inc.; Lori Martin; Raymond Reed

A federal district judge upheld Commission allegations against two individuals and their company for their roles in a fraudulent telefunding scheme. The Commission alleged that the defendants deceptively offered highly valuable prizes to consumers in return for tax-deductible donations to a designated charity. The judge ordered the defendants to pay more than $370,000 in redress to consumers and permanently banned Martin and Reed from engaging in any prize-promotion telemarketing ventures in the future.

(Refund Information Services)
Joe Colon

Joe Colon agreed to settle allegations involving his role in an allegedly deceptive telemarketing scheme that preyed on elderly consumers who had lost money to fraudulent sweepstakes or prize promotions. The Commission alleged that he and another individual misrepresented that they would recover the money lost, that they had been successful in recovering such lost money for consumers, and that they were cooperating with regulatory authorities, such as the Commission, to help recover lost money. The settlement permanently prohibits Colon from making similar misrepresentations and from

falsely representing any fact material to a consumer's decision to purchase recovery services he offers or any good or service he telemarkets and requires him to pay $123,610 in consumer redress.

Rennaissance Fine Arts, Ltd.; Cornell Gabos

A federal district court permanently banned Rennaissance and its president, Cornell Gabos, from deceptively marketing artworks and ordered Gabos to pay $2.3 million in consumer redress. The Commission alleged that the defendants misrepresented the authenticity and value of artworks purportedly by such artists as Picasso, Chagall, Dali, and Miro.

(Research Awards Center)
Deborah C. Taylor

Deborah Taylor agreed to settle allegations stemming from her role in misrepresenting the likely benefits of joining the many sweepstakes-entry clubs she and other defendants operated. The settlement prohibits Taylor from misrepresenting promotions, products, or services or the likelihood that consumers will receive valuable prizes if they participate in a promotion. In addition, Taylor agreed to pay $350,000 in consumer redress.

Robbins Research International, Inc.; Anthony J. Robbins

Motivational speaker Anthony Robbins and his company agreed to settle allegations that they misrepresented the potential earnings of those who bought their franchises for motivational seminars. According to the complaint, prospective franchisees paid Robbins Research International fees ranging from $5,000 to as much as $90,000 for the rights to conduct and charge admission for seminars featuring videotapes of Robbins presenting his motivational techniques. The settlement requires Robbins to buy back seminar kits that franchisees purchased in addition to those initially supplied under the franchise arrangement and to pay $221,260 in redress. It also prohibits future violations of the Franchise Rule.

(Salsa's Franchise Development Corporation)
Richard L. Levinger

Levinger agreed to settle allegations, stemming from his role in Salsa's Franchise Development Corporation, that he misrepresented the start-up costs, earnings potential, and refund policies for five restaurant and apparel franchises. The settlement prohibits Levinger from having any future involvement in the operation of any franchisor, franchise broker, or marketer of business ventures. Levinger also agreed to sell a home and certain other assets and to turn over the proceeds for redress to injured investors.

Second Income, Inc.; Alan L. Rosofsky; Glenn Rosofsky;
M. David Silverman; Silver Shots, Inc.

The Commission had alleged that the three officers and owners of Second Income and Silver Shots made false claims about potential earnings, profitable locations, and compliance with state licensing laws, in the course of selling their vending machine game business opportunities to consumers. Under agreements settling the allegations, the defendants are required to pay $3.9 million in consumer redress and are prohibited from making the alleged deceptive claims in the future.

Silueta Distributors, Inc.; Stanley Klavir

A federal judge permanently barred Silueta and its president from deceptively claiming that their "Sistema Silueta" cream and tablets will reduce cellulite. The Commission had alleged that Sistema Silueta, advertised in commercials directed at the Spanish-speaking community, was nothing more than a moisturizer and diuretic tablets, neither of which will cause cellulite loss. The defendants were ordered to pay $169,339 in consumer redress and prohibited from misrepresenting that Sistema Silueta will cause cellulite reduction.

Southland Consultants; Christopher Puma; Jeanette Puma;
Southland Consulting Corporation

Southland and two individuals agreed to pay up to $100,000 in consumer redress to settle allegations that they falsely represented that consumers would receive loans upon payment of an advance fee and

that they misrepresented the company's refund policy. The settlement also prohibits the defendants from misrepresenting the availability and conditions of obtaining a loan in the future.

Southwest Sunsites, Inc.; Barry Gross; Sarah Gross; Trustees of the Sydney and Sarah Gross Trust

The court granted a summary judgment in a lawsuit against Barry and Sarah Gross, trustees of the Sydney and Sarah Gross Trust, to collect consumer redress required by a 1990 consent agreement. The 1990 agreement settled Commission allegations that several companies and individuals had used unfair and deceptive tactics in sales of undeveloped land. Under the settlement, the defendants were required to pay a total of $2.5 million in consumer redress over a two-year period. The redress payments were guaranteed by the Gross Trust. The defendants made the first payments, totaling $1 million, but failed to make further payments. Trustees of the Gross Trust have made additional payments; however, over $1 million (including interest) remains unpaid. The summary judgment requires that the trustees pay all unpaid sums owed under the original redress agreement plan.

Spectrum Resources Group, Inc.; Charles Davis; Integrated Wireless, Inc.; James Greenbaum; Jeff Jolcover; Midas Media I, Ltd.; Sid Ridich

A federal district court judge upheld Commission allegations against the Spectrum Resources Group, a cluster of companies selling investments in wireless cable opportunities. The Commission had alleged that Spectrum and related individuals and companies ran a fraudulent scheme in which investors lost several million dollars. The order prohibits the defendants from engaging in similar practices in the future and requires the payment of more than $5 million in consumer redress.

(Telefunders for the Gleaners) Ronald Cooke

Ronald Cooke agreed to settle allegations stemming from his role in a fraudulent prize-promotion pitch to induce consumers, many of them elderly, to donate money to two purported charitable organizations. The settlement contains broad injunctions against

similar misrepresentations and imposes strict requirements that Cooke monitor employees and telemarketers he assists in the future. He is also required to post a $1 million bond before engaging, or assisting others engaging, in telephone prize-promotion programs in the future. He was ordered to turn over to the Commission the proceeds from the sale of real property, expected to be approximately $250,000, to be used for consumer redress.

Thomas E. O'Day; Jeffrey L. Kelley

O'Day and Kelley agreed to settle allegations arising from their roles in an allegedly deceptive telemarketing scheme that preyed on consumers trying to liquidate the gemstones they previously purchased from other telemarketers as investments. The settlements require O'Day to pay $350,000 and Kelley to pay $200,000 in consumer redress. The settlements also prohibit the specific misrepresentations cited in the Commission's complaint and require both men to post a bond of $1 million to protect future customers before marketing or liquidating coins or gemstones or engaging in telemarketing.

U.S. Hotline, Inc.; Ads Across America; Jay Peterson

U.S. Hotline, Ads Across America, and Jay Peterson agreed to settle allegations that they deceptively promoted a series of "guides" for $20 to $50 each that supposedly explained how to buy government-seized cars at "giveaway prices" or how to find work-at-home jobs that involved reading manuscripts or books or performing piecework. The settlement requires the defendants to pay approximately $5.4 million in consumer redress and prohibits them from future misrepresentations regarding any product or service they sell.

Unimet Credit Corporation; Unimet Trading Corporation

Two corporations agreed to settle allegations that they provided various forms of assistance to companies deceptively telemarketing leveraged investments in precious metals and foreign currencies. The settlement requires the companies to pay $1.9 million in consumer redress and to abide by broad restrictions and extensive disclosure requirements in connection with any future marketing of commodities as investments to consumers.

(United Consumer Services, Inc.)
Falcon Financial Services, Inc.; Stuart Jedlicki

Falcon Financial and Stuart Jedlicki agreed to settle allegations that they ran a deceptive recovery room telemarketing scheme. The Commission alleged that the defendants targeted victims who had lost money in a previous scheme by investing in Specialized Mobile Radio licenses. The defendants allegedly made a variety of deceptive representations in promising to recover the victims' losses for an up-front fee. The defendants are subject to broad injunctions against deceptive conduct in connection with the sale of recovery services, consumer information and consulting services, and investments and are also required to pay $37,500 in consumer redress.

United Holdings Group, Inc.; John Roberts; Christopher Vener

United Holdings Group and its two principal officers agreed to settle allegations that they ran a deceptive telefunding scheme to solicit donations for a charity. The settlement requires Roberts and Vener to each post a $1 million performance bond to protect consumers before engaging in any prize promotion or charitable solicitation effort in the future. In addition, the settlement requires the defendants to pay $217,000 in consumer redress.

United States Business Bureau; Paul Kalomeris;
Reuben Sierra Borja; William Robert O'Rourke

(*See* page 92.)

(United States Information Bureau)
Frederick J. Hartbrodt; Lawrence E. Clark

Two telemarketers agreed to settle allegations that they made numerous false and unsubstantiated advertising claims to consumers in connection with the marketing and sale of information packages. The information in the packages concerned government auctions of real property, automobiles, and other personal property; federal job opportunities; and credit cards and credit repair services. Under the settlements, Hartbrodt and Clark are prohibited from making similar misrepresentations when marketing the same types of information packages to consumers in the future. The settlement with Hartbrodt

required him to pay $25,000 for consumer redress and to post a $200,000 performance bond before selling information packages to consumers again. Clark agreed to pay $10,000 in redress.

Water Resources International, Inc. a/k/a American Soap Products Company

Water Resources and its officers agreed to settle allegations that they used various false and deceptive representations about the safety of drinking water and the efficacy of their treatment devices in order to induce consumers to purchase home water-purification devices. The settlement prohibits the defendants from misrepresenting the results of in-home water testing and the efficacy of their treatment devices and requires payment of $100,000 for possible consumer redress.

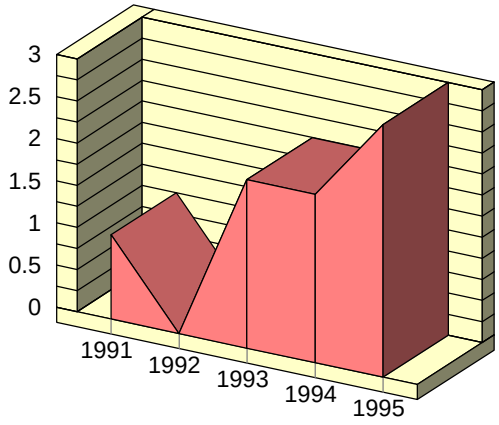
Wine Exchange, Inc., The; Benton E. Lane; Kenneth S. Gross; Marilyn W. Lane

The Wine Exchange and three individuals agreed to settle allegations that they made false and misleading claims in connection with the wines they offered as "excellent," "low-risk" investments to consumers across the United States. The Commission alleged that the defendants told prospective investors that they sold "ultra-premium" or investment grade wines from California at below-wholesale prices and that they would be able to resell the wines on behalf of the investors at a substantial profit within two to four years. The settlement requires the defendants to pay $600,000 in consumer redress and to relinquish approximately $2.5 million in fees owed to them by investors for insurance and storage charges and for outstanding balances on sales contracts.

(Wolf Group)
Sheldon Wagner

Sheldon Wagner agreed to settle allegations stemming from financial management positions he held in several corporate entities involved in an allegedly deceptive scheme to sell vending machine business opportunities. The settlement requires him to turn over assets valued at approximately $45,000 to be used for consumer redress. In addition, Wagner is required to post a $1 million bond for the protection of future investors before he offers any franchise or business

opportunity. The settlement also contains a broad prohibition against false or misleading claims in connection with the sale of any franchise or business venture or with any telemarketing activity in which he engages and prohibits future violations of the Franchise Rule.



PART III ADMINISTRATIVE COMPLAINTS

COMPETITION MISSION

COMPETITION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
B.A.T. Industries P.L.C.	D09271	11/28/94	Horizontal Merger	Cigarettes
Freeman Hospital	D09273	03/21/95	Horizontal Merger	General Medical and Surgical Hospitals
International Association of Conference Interpreters a/k/a Association Internationale des Interprètes de Confèrence	D09270	10/25/94	Horizontal Price Fixing	Business Services

COMPETITION MISSION (DETAIL)

B.A.T. Industries P.L.C.; American Brands, Inc.;
American Tobacco Company, The;
Brown & Williamson Tobacco Corporation

(*See* page 126.)

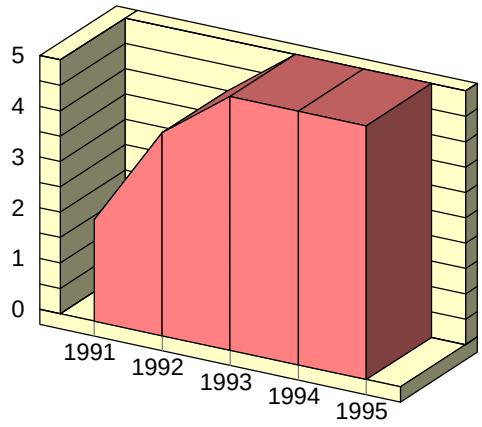
Freeman Hospital; Freeman-Oak Hill Health System;
Tri-State Osteopathic Hospital Association d/b/a Oak Hill Hospital

The Commission alleged that the merger of Freeman and Tri-State would reduce competition and could raise prices or reduce services for inpatient acute-care hospital services in Joplin and surrounding areas of Missouri and Kansas. The parties consummated the merger after the district court denied the Commission's request for a preliminary injunction.

International Association of Conference Interpreters a/k/a
Association Internationale des Interprètes de Confèrence;
United States Region of the International Association of Conference Interpreters

The Commission issued an administrative complaint alleging that International Association of Conference Interpreters and its affiliate members conspired to fix the fees they would charge for interpretation services performed in the United States. In August 1994, separate consent orders were accepted with American Association of Language Specialists and American Society of Interpreters.

PART III ADMINISTRATIVE COMPLAINTS
CONSUMER PROTECTION MISSION



CONSUMER PROTECTION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
Automotive Breakthrough Sciences, Inc. ABS Tech Sciences, Inc. Richard Schops	D09275	09/27/95	Misrepresentation of Advertising Claims	Retrofit Anti-Lock Brake Devices
BST Enterprises, Inc. Michael Woodruff	D09276			
Brake Guard Products, Inc. Ed F. Jones	D09277			
Home Shopping Network, Inc.	D09272	09/27/95	Misrepresentation of Advertising Claims	Vitamin and Stop-Smoking Sprays
RustEvader Corporation a/k/a Rust Evader Corporation	D09274	08/30/95	Advertising Claims	Electronic Corrosion Control Product for Automobiles

CONSUMER PROTECTION MISSION (DETAIL)

Automotive Breakthrough Sciences, Inc.; ABS Tech Sciences, Inc.; Brake Guard Products, Inc.; BST Enterprises, Inc.; Ed F. Jones; Michael Woodruff; Richard Schops

The Commission alleged that three manufacturers of add-on motor vehicle braking systems made false and unsubstantiated advertising claims that their products were anti-lock braking systems (ABS) that protect against wheel lock-up. According to the complaint, the three companies promoted their add-on braking devices as genuine ABS when, in fact, the companies' products are substantially different in design and operation from true factory-installed ABS equipment and do not prevent or substantially reduce wheel lock-up and the resulting skidding that can occur during emergency stops. The Commission is seeking an order that prohibits these misrepresentations and requires substantiation for the performance and safety claims made by the three companies.

Home Shopping Network, Inc.; Home Shopping Club, Inc.; HSN Lifeway Health Products, Inc.

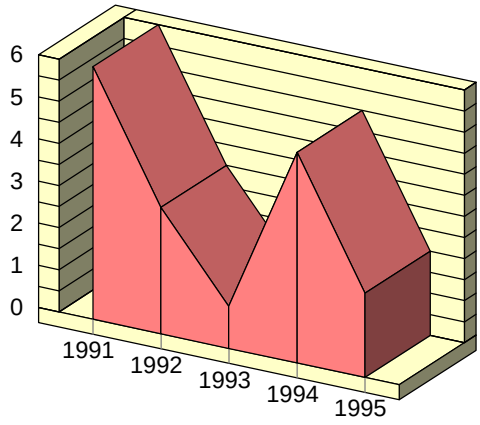
The Commission alleged that Home Shopping Network made unsubstantiated claims about the benefits and efficacy of three vitamin sprays and a stop-smoking spray. According to the complaint, Home Shopping Club produced and aired advertising called "Spotlight on Ruta Lee," during which Lee promoted and sold three vitamin spray products, Life Way Vitamin C and Zinc Spray, Life Way Antioxidant Spray, and Life Way Vitamin B-12 Spray, and the smoking cessation spray, Smoke-Less Nutrient Spray. The Commission is seeking an order that would require respondents to have competent and reliable scientific evidence to support any claim they make about the effect of any food, dietary supplement, or drug on the user's health or on the structure or function of the human body.

RustEvader Corporation a/k/a Rust Evader Corporation d/b/a REC Technologies;
David F. McCreary

The Commission alleged that RustEvader Corporation, the marketer of a purported electronic corrosion-control product for automobiles that is sold under the names Rust Evader, Rust Buster, Electro-Image, and Eco-Guard, made false claims about the product,

as well as about a demonstration and studies regarding its efficacy. The Commission also alleged that RustEvader illegally included in its warranty a provision that requires consumers to pay for a biannual inspection at an authorized Rust Evader dealer to keep their warranty in force. The Commission is seeking an order that, among other things, prohibits RustEvader and its president, David McCreary, from using the names Rust Evader or Rust Buster for this or substantially similar products, from making deceptive claims regarding automotive products, and from conditioning warranty coverage on a consumer's purchase of a name brand service.

PART III CONSENT ORDERS ISSUED
COMPETITION MISSION



COMPETITION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
B.A.T. Industries P.L.C.	D09271	04/19/95	Horizontal Merger	Cigarettes
Red Apple Companies, Inc.	D09266	02/28/95	Horizontal Merger	Grocery Stores

COMPETITION MISSION (DETAIL)

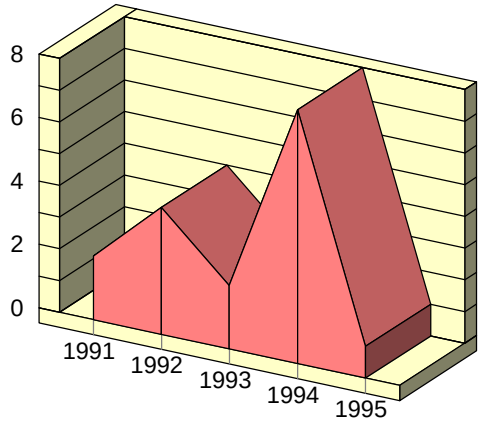
B.A.T. Industries P.L.C.; American Brands, Inc.; American Tobacco Company, The; Brown & Williamson Tobacco Corporation

B.A.T. agreed to settle administrative charges that its $1 billion acquisition of American Tobacco would combine the third and fifth largest cigarette manufacturers in the U.S., reducing competition and possibly resulting in anticompetitive pricing. The Commission had sought a preliminary injunction to prevent consummation of the acquisition pending the ruling in the administrative trial. The final consent order requires B.A.T. to divest six American Tobacco cigarette brands, three full-revenue brands, and the Reidsville, North Carolina, manufacturing facility to a Commission-approved acquirer. B.A.T. is also required to obtain Commission approval before acquiring an interest in any U.S. cigarette manufacturer or distributor.

Red Apple Companies, Inc.;
Designcraft Industries, Inc. d/b/a Sloan's Supermarkets, Inc.;
John A. Catsimatidis; Supermarket Acquisition Corp.

Red Apple, Sloan's, and John Catsimatidis, the Chairman of Red Apple and Sloan's, agreed to settle administrative charges that Red Apple's acquisition of 32 Sloan's Supermarkets could reduce competition among supermarkets in four Manhattan residential neighborhoods. The consent order requires Red Apple to divest one supermarket in the Upper East Side, the Upper West Side, Greenwich Village, and Chelsea, and to divest a second store in two of the first three of those neighborhoods. In addition, Red Apple is prohibited, for 10 years, from acquiring additional supermarkets in Manhattan without prior Commission approval. While the administrative action against Red Apple was pending, the Commission learned that Red Apple planned to sell some of the supermarkets listed in the Notice of Contemplated Relief to Rite Aid. This is the first time the Commission authorized staff to seek injunctive relief to prevent the sale of assets that were potential candidates for divestiture.

PART III CONSENT ORDERS ISSUED
CONSUMER PROTECTION MISSION



CONSUMER PROTECTION MISSION (SUMMARY)

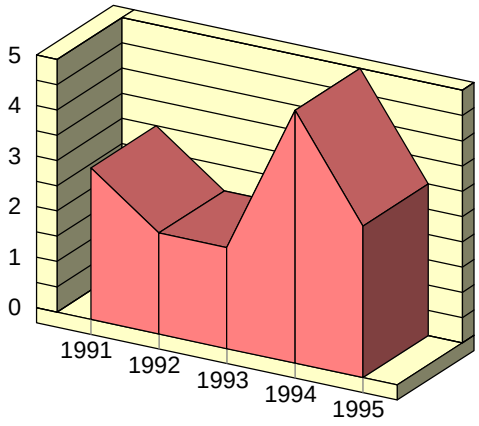
Title	Number	Action Date	Type of Matter	Product
Schering Corporation	D09232	10/31/94	Unsubstantiated Advertising Claims	Weight Loss and Maintenance Product and Fiber Supplement

CONSUMER PROTECTION MISSION (DETAIL)

Schering Corporation

Schering Corporation, a major national pharmaceutical manufacturer, agreed to settle allegations that it made unsubstantiated claims that its product, Fibre Trim, is an effective weight-loss product, and false and unsubstantiated claims that Fibre Trim is a high-fiber product. The consent order prohibits Schering from claiming that any food, food supplement, or drug product provides any appetite-suppressant, weight-loss, weight-control, or weight-maintenance benefit unless the claims are substantiated by competent and reliable scientific evidence.

FINAL ORDERS
COMPETITION MISSION



COMPETITION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
Detroit Automobile Dealers Association	D09189	06/30/95	Horizontal Restraints	New Car Dealers
Hospital Board of Directors of Lee County d/b/a Lee Memorial Hospital	D09265	07/07/95	Horizontal Merger	General Medical and Surgical Hospitals
R.R. Donnelley & Sons Co.	D09243	07/21/95	Horizontal Merger	Commercial Printing, Gravure

COMPETITION MISSION (DETAIL)

Detroit Automobile Dealers Association

The Commission upheld its earlier decision and ruled that certain members of the Detroit Automobile Dealers Association who allegedly agreed to restrict showroom hours of operation are not exempt from antitrust scrutiny under the nonstatutory labor exemption. On remand from the U.S. Court of Appeals for the Sixth Circuit, the Commission opinion requires 12 dealerships and 10 individuals to open their showrooms for a minimum number of hours per week for one year.

Hospital Board of Directors of Lee County d/b/a Lee Memorial Hospital

The Commission dismissed a complaint that challenged Lee Memorial Hospital's acquisition of Cape Coral Hospital of Fort Myers, Florida, after the parties abandoned the transaction. The dismissal of the administrative complaint also terminates the Commission's petition for a rehearing of the decision of the U.S. Court of Appeals for the Eleventh Circuit affirming a lower court ruling. The lower court had denied the Commission's motion for injunctive relief on grounds that the acquisition was exempt from antitrust scrutiny under the "state action doctrine," which allows certain state policies to displace competition. Cape Coral Hospital later agreed to be acquired by Health Management Associates, Inc., a firm that does not own or operate any hospital in Lee County.

R.R. Donnelley & Sons Co.; Pan Associates, L.P.

The Commission overturned a 1994 initial decision and dismissed the administrative complaint against Donnelley on grounds that the

product market for analyzing the effects of Donnelley's 1990 acquisition of Meredith/Burda Company L.P. should also include offset printing, which competes broadly with gravure printing for publication printing jobs. The Commission also found that the merged firm could not engage in unilateral anticompetitive conduct, in part because other firms in the market have relatively elastic supply for high-volume printing and have already repositioned their products in response to the merger. The initial decision had held that the acquisition would eliminate competition in gravure printing used for magazines, catalogs, advertising inserts, and other large-scale volume, multipage publications.

RULEMAKING ACTIVITIES

CONSUMER PROTECTION MISSION

Alternative Fuel Labeling Rule

The Commission issued this final rule establishing uniform labeling requirements for nonliquid alternative fuels, such as compressed natural gas, hydrogen, and electricity, and alternative-fueled vehicles, which result in disclosure of cost and benefit information, enabling consumers to make reasonable purchasing choices and comparisons.

Energy Labeling Rule

The Commission completed certain amendments to the lamp-labeling rules to facilitate industry compliance and issued an enforcement policy statement to provide the industry additional time to comply with the new statutorily mandated rules.

Fuel Rating Rule

A survey of gasoline distributors to assess compliance with the Fuel Rating Rule demonstrated that the overall level of compliance was good. The report on the survey also found that state laws that require gasoline to be tested periodically are effective and concluded that they would be beneficial if enacted in states that currently do not have them.

Recycled Oil Rule

The Commission initiated a rulemaking proceeding to establish a rule to govern recycled or re-refined oil intended for use as engine oil. The rule would implement statutory requirements designed to encourage the use of recycled oil and would permit manufacturers to represent on a recycled engine-oil container label that the oil is substantially equivalent to new engine oil, as long as the determination of equivalency is based on test procedures prescribed by the new Commission rule.

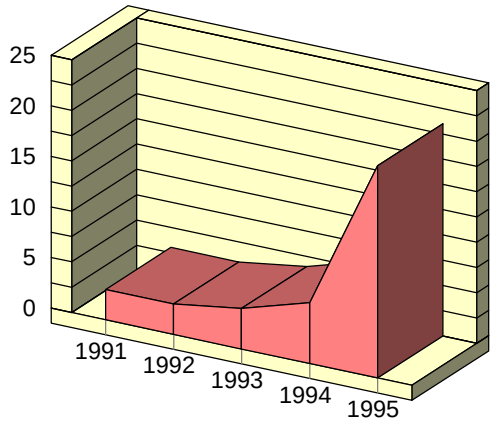
Regulatory Reform

The Commission accelerated its review of certain rules and guides under its existing 10-year schedule of reviews of all such rules and guides, resulting in proposals to repeal 25 percent of its trade regulation rules and repeals of 25 percent of its industry guides. The Commission initiated rulemaking proceedings to rescind the Fiberglass Curtain and Draperies Rule, the Quick Freeze Spray Rule, the Binocular (Prismatic) Rule, the Sleeping Bag Rule, the Tablecloth Rule, and the Extension Ladder Rule. In addition, the Commission began a proceeding to rescind the Leather Belt Rule and rescinded the *Guides for the Ladies' Handbag Industry*, the *Guides for Luggage and Related Products Industry*, and the *Guides for Shoe Content Labeling and Advertising*. These will be consolidated into a single guide that addresses leather and imitation leather products more generally. The Commission also eliminated its *Beauty and Barber Equipment and Supplies Industry Guides*, *Deceptive Debt Collection Guides*, *Use of the Word "Free" in Film Sales Guides*, *Mail Order Insurance Industry Guides*, *Use of the Word "Mill" Guides*, and *Wig Guides.*

Telemarketing Sales Rule

The Commission issued the Telemarketing Sales Rule to protect consumers from deceptive and abusive telemarketing practices. The Rule gives the Commission and the 50 state attorneys general a new tool for dealing with the $40 billion-a-year problem of telemarketing fraud. It covers most types of telemarketing calls to consumers, including calls to pitch goods, services, sweepstakes, and prize-promotion and investment opportunities. The Rule prohibits telemarketers from calling before 8 a.m. and after 9 p.m. and from calling consumers who have said that they do not want to be called. It also prohibits misrepresentations about the cost, quantity, and other aspects of the offered goods or services. Finally, it bans telemarketers who are offering to arrange loans, provide credit repair services, or recover money consumers lost in a telemarketing scam from seeking payment before rendering the promised services, and it prohibits credit card laundering and other forms of knowing assistance to deceptive telemarketers. The Rule became effective on December 31, 1995.

ORDER MODIFICATIONS
COMPETITION MISSION



COMPETITION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
Amerada Hess Corporation, et al.	C-2456	01/03/95	Horizontal Merger	Crude Petroleum Pipelines
American Academy of Orthopaedic Surgeons, The	C-2856	05/04/95	Horizontal Price Fixing	Professional Organization
American World Industries, Inc.	C-1010	12/23/94	Vertical Price Fixing - RPM	Floor Coverings-Linoleum/Tile
Atlas Supply Co., et al.	D05794	08/24/95	Price Discrimination	Automobile Batteries
DC Comics	D07614	06/14/95	Service/Promotional Allowances	Paperback Books
Warner Publisher Services, Inc.	D07611			
Food Service Equipment Industry, Inc.	D04433	09/21/95	Monopolization	Kitchen Products
General Motors Corporation	D03152	04/18/95	Tying	Automotive Service/Repairs
Giant Food Inc.	D06459	09/07/95	Inducing Discrimination	Grocery Stores

Title	Number	Action Date	Type of Matter	Product
Goodyear Tire & Rubber Company, The	C-1957	06/08/95	Vertical Restraints	Tires
H.D. Lee Co., Inc., The	C-0411	02/14/95	Service/Promotional Allowances	Apparel/Accessories
Harley-Davidson Motor Company	D05698	07/11/95	Monopolization	Motorcycles
Interco Incorporated	C-2929	03/27/95	Vertical Price Fixing - RPM	Men's, Women's Clothing/ Accessories
Levi Strauss & Co.	D09081	12/20/94	Vertical Price Fixing - RPM	Men's, Women's Clothing/ Accessories
NorAm Energy Corp.	C-3265	04/05/95	Monopolization	Gas Transmission and Distribution
P. Lorillard Co.	D06600	08/24/95	Service/Promotional Allowances	Tobacco
Pittsburgh Plate Glass Company	D06699	04/04/95	Price Discrimination	Automotive Safety Glass
Rubber Manufacturers Association, Inc., et al., The	D05448	07/19/95	Monopolization	Tires
	D07505			
Supermarket Development Corporation	C-3224	09/05/95	Horizontal Merger	Grocery Stores
Valspar Corporation, The	C-3478	08/29/95	Horizontal Merger	Plastics Materials and Resins

COMPETITION MISSION (DETAIL) *Amerada Hess Corporation, et al.*

The Commission terminated a 1973 consent order against Amerada Hess Corporation, Leon Hess, Southland Oil Company (successor to VGS Corporation), and Clarco Pipe Line Company. The order was terminated in accordance with the sunsetting policy, under which the Commission presumes, in the context of petitions to reopen and modify existing competition orders and in the absence of rebuttal evidence, that the public interest requires terminating orders that have been in effect for more than 20 years.

American Academy of Orthopaedic Surgeons, The

The Commission granted a petition from the American Academy of Orthopaedic Surgeons and set aside a 1976 consent order that prohibited them from initiating, publishing, or circulating relative value scales (RVS) for medical or surgical procedures. The Commission ruled that setting aside the order will allow the American Academy of Orthopaedic Surgeons to circulate the Abt Restudy and other RVS information to third-party payers, its members, and other nongovernmental entities involved in influencing health care policy and physician reimbursement.

American World Industries, Inc.

The Commission terminated a 1965 consent order settling allegations that American World's predecessor, Armstrong Cork Company, entered into agreements with its wholesalers to fix the prices, terms, and conditions of sale of Armstrong's floor covering products by wholesalers, retail dealers, and flooring contractors. The order was terminated in accordance with the sunsetting policy, under which the Commission presumes that the public interest requires terminating orders that have been in effect for more than 20 years.

Atlas Supply Co., et al.

The Commission terminated a 1951 consent order settling allegations that Atlas, its shareholders, Chevron U.S.A., Inc., BP Exploration and Oil, Inc., and other respondents knowingly accepted discriminatory prices for tires, batteries, and automotive products. The Commission terminated the order in accordance with its sunsetting policy, under which the Commission presumes, in the context of petitions to reopen and modify existing competition orders and in the absence of rebuttal evidence, that the public interest requires terminating orders that have been in effect for more than 20 years.

DC Comics; Warner Publisher Services, Inc.

The Commission set aside two separate 1960 orders against DC Comics (National Comics Publications, Inc.) and Warner (formerly Independent New Company, Inc.). The orders required the companies to offer promotional allowances for their publications on proportionally equal terms to all customers. The orders were modified in accordance with the Commission's sunsetting policy, under which

the Commission presumes that the public interest requires terminating orders that have been in effect for more than 20 years.

Food Service Equipment Industry, Inc.

The Commission granted the request of Food Service and set aside a 1941 consent order settling allegations that Food Service and approximately 100 of its members and officers attempted to monopolize the market for resale and distribution of food service equipment by, among other things, agreeing not to sell certain equipment through anyone other than recognized dealers. The order was terminated in accordance with the sunsetting policy, under which the Commission presumes that the public interest requires terminating orders that have been in effect for more than 20 years.

General Motors Corporation; General Motors Sales Corp.

The Commission terminated a 1942 consent order against General Motors and General Motors Sales. The order settled allegations that General Motors Sales coerced its automobile retail dealers into purchasing accessories supplied by General Motors or from its designated source. The Commission terminated the order in accordance with its sunsetting policy, under which the Commission presumes that the public interest requires reopening and setting aside competition orders that have been in effect 20 years or more.

Giant Food, Inc.

The Commission set aside a 1964 order against Giant (formerly Giant Food Shopping Center, Inc.) in accordance with its sunsetting policy, under which the Commission presumes that the public interest requires reopening and terminating competition orders that have been in effect for 20 years or more. The order prohibited Giant from inducing its suppliers to offer compensation for promotional services or facilities on terms that Giant knew were not proportionally equal to the terms those suppliers offered other retailers.

Goodyear Tire & Rubber Company, The;
B.F. Goodrich Company, The; Firestone Tire & Rubber Company; General Tire & Rubber Company, The; Uniroyal, Inc.

The Commission set aside a 1971 consent order as it pertains to Goodyear, the only party that filed a petition to reopen the order. The order remains in effect as to the other respondents. The consent order settled allegations that Goodyear, B.F. Goodrich, Firestone, General Tire, and Uniroyal violated antitrust laws by hindering competition in the sales and leasing of special mileage commercial tires to transit companies and by allocating transit company customers among themselves. The consent order had prohibited the respondents from refusing to sell special mileage commercial tires to transit companies and from continuing the leasing of such tires for periods longer than five years. The Commission terminated the order in accordance with its sunsetting policy, under which the Commission presumes, in the context of petitions to reopen and modify existing competition orders and in the absence of rebuttal evidence, that the public interest requires terminating orders that have been in effect for more than 20 years.

H.D. Lee Company, Inc., The

The Commission terminated a 1963 consent order against H.D. Lee in accordance with its sunsetting policy, under which the Commission presumes that the public interest requires reopening and setting aside competition orders that have been in effect for more than 20 years. The order settled allegations that the company illegally discriminated in offering advertising or promotional payments to its customers in connection with the resale of its wearing apparel.

Harley-Davidson Motor Company

The Commission terminated a 1954 consent order against Harley-Davidson that prohibited Harley-Davidson from, among other things, selling its products on the condition that the purchasers not deal in products supplied by any Harley-Davidson competitor. The order was terminated in accordance with the sunsetting policy, under which the Commission presumes that the public interest requires terminating orders that have been in effect for more than 20 years.

Interco Incorporated; Londontown Corporation; Queen Casuals, Inc.

The Commission granted, in part, a request from London Fog, successor to Londontown, to modify a 1978 consent order to allow the company to offer price-restrictive cooperative advertising programs.

The order settled allegations that Interco, its wholly owned subsidiary Londontown, and Queen Casuals illegally fixed resale prices for their products. The Commission denied Interco's request to unilaterally terminate a dealer for not adhering to previously announced resale prices or sale periods on grounds that the conduct could lead to illegal agreements to fix prices at which retailers sell London Fog products.

Levi Strauss & Co.

The Commission modified a 1978 consent order against Levi Strauss to clarify that the order does not prohibit the company from developing and operating its own retail stores and that Levi Strauss may enter into lawful joint ventures with Designs, Inc., and others to operate retail stores selling only Levi's brand products. The Commission ruled that continued application of the order without modification would be inequitable to Levi Strauss and could injure competition. The order, although modified, continues to prohibit Levi Strauss from fixing the retail prices at which its products are sold and from engaging in resale price maintenance activities.

NorAm Energy Corp.

The Commission granted in part and denied in part a petition from NorAm Energy Corp., formerly Arkla, Inc., to reopen and vacate a 1989 consent order which required the company to divest the Transark natural gas pipeline or other assets to an acquirer approved by the Commission. The Commission deleted the divestiture requirement, but continues to enforce the other provisions of the order requiring prior approval before purchasing certain natural gas pipeline assets in Arkansas.

P. Lorillard Co.

The Commission set aside a 1958 order against Lorillard, which required the company to offer compensation for promotional services on proportionally equal terms to all competing companies that distribute its tobacco and other products. The Commission terminated the order in accordance with its sunsetting policy, under which the Commission presumes that the public interest requires terminating orders that have been in effect for more than 20 years.

Pittsburgh Plate Glass Company

The Commission terminated a 1957 consent order against the former Pittsburgh Plate Glass Company which settled allegations that the company sold auto replacement glass to automobile manufacturers at lower prices than similar glass was sold to independent glass installers. The Commission terminated the order in accordance with the sunsetting policy, under which the Commission presumes that the public interest requires reopening and setting aside competition orders which have been in effect 20 years or more.

Rubber Manufacturers Association, Inc., The, et al.

The Commission terminated 1948 and 1962 consent orders against Rubber Manufacturers that prohibited the corporation and its members from engaging in price-fixing activities. The Commission terminated the orders in accordance with the sunsetting policy, under which the Commission presumes that the public interest requires reopening and setting aside competition orders which have been in effect 20 years or more.

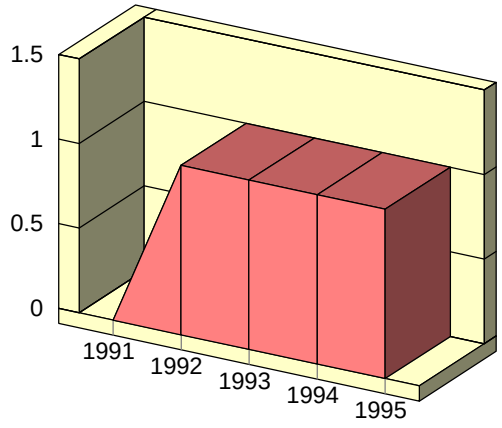
Supermarket Development Corporation; SSI Associates, L.P.

The Commission granted Supermarket Development's request to delete a 1988 settlement provision requiring Supermarket Development to obtain Commission approval, until 1998, before acquiring any supermarket assets in any of 19 designated areas in New Mexico and western Texas. In its place, the Commission added a provision requiring Supermarket Development to notify the Commission at least 30 days prior to acquiring any supermarkets in those areas.

Valspar Corporation, The; McWhorter, Inc.

The Commission modified a 1993 consent order against Valspar and McWhorter, deleting a prior approval provision for the acquisition of assets used in manufacturing coating resins in the U.S. McWhorter filed its petition under the Commission's modified prior approval policy, which allows the prior approval provisions of consent orders to be terminated in certain instances.

ORDER MODIFICATIONS
CONSUMER PROTECTION MISSION



CONSUMER PROTECTION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
California & Hawaiian Sugar Company	C-2858	01/17/95	Deceptive Comparative Claims	Sugar

CONSUMER PROTECTION MISSION (DETAIL)

California & Hawaiian Sugar Company

The Commission modified a 1977 order against California & Hawaiian to ease restrictions on the company's ability to make comparative advertising claims about the source and origin of various brands of granulated white sugar. The order settled allegations that California & Hawaiian and its advertising agency, Foote, Cone, and Belding/Honig, Inc., deceptively advertised that sugar derived from Hawaii sugar cane is different from or superior to other sugars, particularly those derived from beets. The Commission modified the order so that California & Hawaiian may make claims about objective differences in granulated white sugars with respect to health, safety, nutritional quality, or purity, as long as it has adequate substantiation in the form of competent and reliable evidence to support such claims. The modified order expressly prohibits the respondents from making deceptive comparative claims.

CONSUMER AND BUSINESS EDUCATION EFFORTS

CONSUMER PROTECTION MISSION

The Office of Consumer and Business Education produced 23 new and 20 revised publications. Five of the publications were business booklets; thirteen resulted from joint efforts; and eight were in Spanish. Total publication distribution during the fiscal year exceeded 3.4 million. To enhance its outreach, the Office went on the Internet with *ConsumerLine*, the electronic version of nearly 140 consumer and business publications, and reported nearly 63,000 hits during the fiscal year.

The Office participated with 60 other government agencies in Public Service Recognition Week and participated with the U.S. Office of Consumer Affairs and 36 other federal agencies in a Congressional Expo. The Office also worked with several organizations on LifeSmarts, a high school consumer game show, and with the Consumer Literacy Consortium, a group of more than 20 private and public sector organizations, to write, produce, and market *66 Ways to Save Money*.

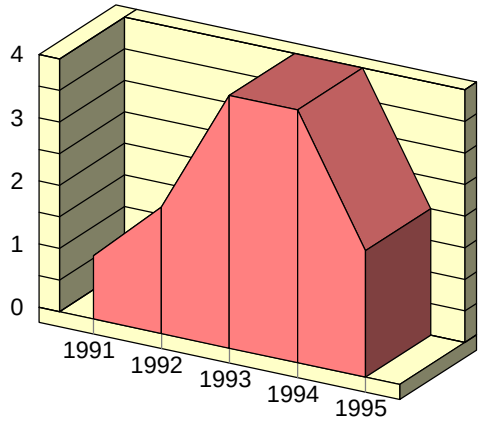
With the Food and Drug Administration, the National Association of Attorneys General, the American Association of Advertising Agencies, and the Bureau's Advertising Practices Division, the Office co-sponsored a national conference, "Preventing Fraudulent Advertising: A Shared Responsibility." Approximately 130 persons from the media, academia, the private sector, and federal and state law enforcement offices attended.

In sponsorship with the National Coalition for Consumer Education, the Office jointly produced a half-hour video, "Get the Facts," with the national Futures Association, the National Funeral Directors Association, and the University of Wisconsin. The video won the 1995 Cable Access Programming Excellence Award for Best Single Program in the Today's Life category.

The Office worked with the Direct Marketing Association to produce *A Business Guide to the Federal Trade Commission's Mail or Telephone Order Merchandise Rule* and *Playing by the "Rule,"* a graphic supplement to the *Business Guide*. More than 14,000 copies of these publications were distributed during the fiscal year. The *Business Guide* won gold and bronze medals in the International Mercury Awards and an honorable mention from the National Association of Government Communicators.

APPELLATE COURT REVIEW OF COMMISSION ACTIONS

COMPETITION MISSION



COMPETITION MISSION (SUMMARY)

Title	Number	Action Date	Type of Matter	Product
Coca-Cola Company, The	D09207	05/18/95	Horizontal Merger	Carbonated Soft Drinks
Hospital Board of Directors of Lee County d/b/a Lee Memorial Hospital	9410057	11/30/94	Horizontal Merger	General Medical and Surgical Hospitals

COMPETITION MISSION (DETAIL)

Coca-Cola Company, The

On May 18, 1995, Coca-Cola agreed to settle antitrust concerns that its proposed 1986 acquisition of the Dr Pepper Company could substantially reduce competition and raise consumer prices in the U.S. soft-drink market. Under the consent agreement, Coca-Cola must obtain Commission approval before acquiring any rights to the Dr Pepper brand in the United. States. Coca-Cola must also notify the Commission before acquiring any entity that has annual branded carbonated soft-drink sales over 10 million 192-ounce case equivalents. The Commission also modified the June 1994 order that required Coca-Cola to obtain prior approval before making certain acquisitions. The order was modified to eliminate Coca-Cola Enterprises, Inc., as a Coca-Cola subsidiary subject to the prior approval provisions. As a result of the consent order, the U.S. Court

of Appeals for the D.C. Circuit dismissed Coca-Cola's petition to review the Commission's 1994 decision.

Hospital Board of Directors of Lee County d/b/a Lee Memorial Hospital

On November 30, 1994, the United States Court of Appeals for the Eleventh Circuit entered an opinion affirming the decision of the federal district court ruling that Lee Memorial Hospital's merger with Cape Coral Hospital was exempt from antitrust scrutiny under the "state action doctrine." On July 7, 1995, the Commission issued a statement announcing that it had dismissed the administrative complaints against Lee Memorial because the potential harm to consumers was resolved when Cape Coral terminated its agreement with Lee Memorial and agreed to be acquired by Health Management Associates, Inc.

ECONOMIC REPORTS AND WORKING PAPERS

ECONOMIC REPORTS

Economic Reports are major, published reports, usually containing original research and entailing a substantial commitment of resources, concerning an issue of current policy interest or of long-term impact on Federal Trade Commission antitrust or consumer protection missions.

Measurements of Market Power in Long Distance Telecommunications, Michael R. Ward, April 1995.

This study assesses empirically the competitiveness of the long distance telephone market. Firm-specific estimates of long-run demand elasticities are developed for AT&T and for its rivals in the market for long distance service for households and small businesses during 1988-91. The study concludes that the market was more competitive than many observers previously may have thought. Estimates suggest that the maximum potential welfare loss that would have resulted from complete deregulation of AT&T prices would have been about $199 million in 1991. Because competitive pressures have continued to mount since 1991, it is likely that the potential deadweight loss is currently even smaller.

ECONOMIC WORKING PAPERS

Economic Working Papers are preliminary, unpublished work products of the Bureau, resulting from original research by Bureau staff either in connection with ongoing agency activities or independent analyses, often entailing relatively minor allocations of official time.

Did Depreciation of the Dollar Render the Steel VRAs Nonbinding? (WP#208), Oliver Grawe, Dolly Howarth, and Morris Morkre, December 1994.

When Does New Entry Deter Collusion (WP#209), John Simpson, December 1994.

Federal Trade Commission

ADVOCACY FILINGS (SUMMARY)

Matter Number	Agency/State	Subject/Issue	Commission Authorization Date
V940013	Federal Aviation Administration	High-Density Airports Rule	11/23/94
V950011	Federal Communications Commission	AT&T Nondominant Status	06/30/95
V950003	Federal Communications Commission	Prime Time Access Rule	03/07/95
V950008	Federal Energy Regulatory Commission	Electric Power Competition	08/07/95
V950013	Patent and Trademark Office	Software Patenting	09/22/95
V940018	Alaska	Marine Pilot Regulation	01/05/95
V950010	California	Electric Power Deregulation	08/23/95
V950004	Kansas	Optometry Bill	02/10/95
V940001	Michigan	Funeral-Cemetery Regulation	03/27/95
V950007	Minnesota	Automobile Brokering Bill	03/31/95
V950009	Nevada	Automobile Brokering Bill	05/26/95
V950005	New York	Environmental Advertising Regulations	03/13/95
V950002	New York	Telemarketing Testimony	11/01/94
V950001	Vermont	Legislative Hearings on Health Care	10/19/94

ADVOCACY FILINGS (DETAIL)

FEDERAL AGENCIES *Federal Aviation Administration: High-Density Airports Rule*

The staff of the Bureau of Economics filed comments with the Federal Aviation Administration (FAA) on the effectiveness and viability of its High-Density Rule (HDR), which was adopted to help alleviate delays caused by congestion at certain high-density airports such as Kennedy and LaGuardia in New York, O'Hare in Chicago, and National in Washington, D.C. Staff supported the FAA's efforts to

encourage the use of market-based systems to allocate scarce airport resources, including the use of price-based and quality-based allocation schemes, but suggested that the FAA consider under what conditions the use of quantity-based regulation systems, such as the HDR, may be more efficient than price-based regulation systems. Staff recommended that the FAA consider rescinding the two-year prohibition on the sale of slots obtained through a lottery, expanding the HDR to include additional airports that might be prone to congestion and delays due to excess demand for limited capacity during peak time periods and expanding its slot usage database to include such information as the size and destination of the airplane using a particular slot, the prices at which carriers sell slots to each other, and the rates at which slots are leased. Staff suggested that the HDR promotes, rather than limits, new entry because it creates a market in which potential new entrants can obtain operating privileges.

Federal Communications Commission: AT&T Nondominant Status

The staff of the Bureau of Economics submitted comments to the Federal Communications Commission (FCC) in response to an FCC public notice concerning AT&T's request to be reclassified as a nondominant carrier. A comment submitted to the FCC by the National Economic Research Associates (NERA) rejected a key assumption of a Bureau of Economics study, filed earlier in the proceeding. The staff suggested that NERA may have inappropriately generated its data using estimates from the Bureau of Economics study, and that had appropriate data been used, the results in the NERA study might have been consistent with those of the Bureau's study.

Federal Communications Commission: Prime Time Access Rule

The staff of the Bureau of Economics recommended to the Federal Communications Commission (FCC) that continuation of the Prime Time Access Rule (PTAR) cannot be justified on the basis of competition-based public interest goals. The PTAR was promulgated in 1970 in response to the concern that the three major television networks, ABC, CBS, and NBC, dominated the program production market, controlled much of the video fare presented to the public, and inhibited the development of competing program sources. The FCC has stated its intent to evaluate the PTAR according to a public interest standard that seeks to maximize consumer welfare, as opposed to

merely protecting individual competitors. When assessed by this standard, the FCC has stated that justification for the continuation of the rule is questionable.

Federal Energy Regulatory Commission: Electric Power Competition

The staff of the Bureau of Economics submitted comments in response to a notice of proposed rulemaking by the Federal Energy Regulatory Commission (FERC). FERC proposed regulations to promote open access to transmission services and to permit utilities to recover certain stranded costs. The Commission staff supported FERC's intentions but offered comments on how the regulations might accomplish their goals more effectively. The comments concentrated on the regulations' open access proposals.

Patent and Trademark Office: Software Patenting

The Commission staff offered its comments to the Patent and Trademark Office (PTO) in response to a notice detailing its Proposed Examination Guidelines for Computer-Related Inventions. The guidelines would ease the subject matter test, one of the three tests used to weed out inappropriate patents, by broadening the scope of statutory subject matter for software. Commission staff urged PTO to proceed cautiously in developing new guidelines for its handling of applications for software patents to avoid inadvertently granting overly broad patent protection, noting that inappropriate or overbroad grants of intellectual property rights may interfere with the competition that often drives innovation.

STATES *Alaska: Marine Pilot Regulation*

Alaska law requires ships to use licensed pilots who offer their services through associations. Increasing demand for pilot services, to accommodate increased cruise ship traffic in the southeast and fishing vessels in the Aleutian Islands, has led to competition between associations. Representative Fran Ulmer requested Commission comments on proposed legislation to limit the number of licensed pilots in a region and fix their fees, essentially creating regional cartels. The Commission staff cautioned the Alaska State Legislature that replacing competition among marine pilots in Alaska with a regulated monopoly may result in higher prices or poorer service without

assuring increased safety. The comments stated that fixing prices reinforces the effects of restricting output, inhibiting responses to changes in supply and demand and leading to inefficient allocation of resources and that as long as entry and rates are not artificially constrained by law or by other means, pilots in Alaska should have the usual market-based incentives to compete for customers through lower prices, innovation, and increased efficiency.

California: Electric Power Deregulation

The staff of the Bureau of Economics filed comments with the California Public Utilities Commission (CPUC) on a proposal that would promote competition in the electric utility industry. The staff supported a proposal to uncouple power generation capability from transmission services using functional unbundling, but pointed out that it would leave utilities with both the incentive and the opportunity to exercise market power and that preventing them from doing so would be problematic. Thus, staff suggested operational unbundling could prevent discrimination and achieve the competitive benefits of open access more effectively and efficiently than would an attempt to mandate, regulate, and monitor access. Staff warned that competition problems in concentrated generation markets still must be addressed under open access and that further review is needed. Staff urged CPUC to reform its transmission policy at the same time it implements changes in transmission access, noting that pro-competitive reforms will not achieve their objectives and might even prove counter-productive, unless prices and terms for transmission services also become economically efficient signals about investment and output. Staff recommended that if CPUC adopts a program to recover stranded costs, that is, uneconomic costs that a utility already has incurred, it should adopt a method that would minimize price distortions and maintain incentives to innovate.

Kansas: Optometry Bill

Kansas State Representative Gary A. Merritt requested Commission comments regarding a proposed law that would clarify the conditions under which optometrists and non-optometrists could enter into lease agreements. The bill would permit optometrists to lease space from an optical company, as long as rent paid did not depend on the number of patients, prescriptions, or referrals. Lease

agreements could cover the hours of operation, insurance, equipment and furnishings, and utilities. The optometrist would have to place a sign at the entrance of the office indicating that the optometrist is an independent practitioner. Commission staff said that allowing optometrists to lease space from optical goods stores could benefit consumers through greater competition and efficiencies in operation.

Kansas law presently prohibits someone who is not a licensed optometrist from maintaining an office for the practice of optometry, from controlling or attempting to control an optometrist's professional judgment or practice, and from bearing any expenses or having any interest in an optometrist's practice, books, records, or materials. The law does permit optometrists to enter into leases and debt instruments not otherwise in violation of the law.

Michigan: Funeral-Cemetery Regulation

The Cleveland Regional Office testified before the Michigan State House of Representatives on proposed legislation that would amend the Michigan statutes regulating the licensing and operation of funeral establishments and cemeteries in Michigan. Staff supported the legislation, concluding that joint ownership or operation of a funeral establishment and a cemetery could create new business formats and improvements in efficiency and could encourage entry of new competitors, leading, in turn, to lower prices and improved service to customers.

Minnesota: Automobile Brokering Bill

Minnesota State Senator Leonard R. Price requested Commission comments on a bill which would require those who offer brokering services for new vehicle sales or leases, and who are paid for those services by auto dealers, to obtain licenses from the state. The bill also would regulate how these brokers conduct business. Commission staff commented that the bill could encourage these brokering services to the extent it would clarify the legal status of operating such a business paid for by dealers. On the other hand, if the bill were applied to discourage or prohibit brokering services paid for directly by consumers, the result would be unfortunate. The Commission suggested instead that the legislature consider permitting all kinds of broker services to compete effectively, which could benefit Minnesota consumers by saving them money and inconvenience.

Nevada: Automobile Brokering Bill

Joan Lambert, a member of the Nevada State Assembly, requested Commission comments on a bill that would amend the definition of a "new vehicle" by adding the criterion of having less than 2500 miles on the odometer and would prevent used vehicle dealers from doing anything except acquiring and selling used vehicles. Commission staff commented that the bill could reduce competition and increase prices for Nevada consumers buying or leasing new vehicles. It also stated that curtailing brokering functions could eliminate services that benefit Nevada consumers by saving them money and inconvenience.

New York: Environmental Advertising Regulations

Staff of the Bureau of Consumer Protection submitted comments to the New York State Department of Environmental Conservation in response to a notice on proposed standards governing the use of official New York State recycling emblems and the use of such terms as "recycled" and "recyclable." Staff recommended that the Board consider conducting consumer research to determine what message is being conveyed by the proposed revised recycled emblem; revising the proposed regulation to clarify that approval will not be granted to a product that falls within an approved material category if the product is not accepted in recycling programs because of its shape, size, or some other attribute; and replacing the word "material" with the phrase "package or product" to avoid ambiguity with the authorization requirement. Staff also pointed out that the phrasing used to describe the regulations' application, outside the context of specific, clear, accurate, and not misleading statements, may raise questions about the intended coverage and that perhaps some other term would better define the coverage and promote the intended consistency between the New York regulation and the FTC's Environmental Marketing Guides.

New York: Telemarketing Testimony

The staff of the New York Regional Office testified before the Erie County New York Consumer Protection Committee. Staff testified that the "promotional sweepstakes" category receives the most complaints concerning telemarketing fraud and targets mostly the elderly. The testimony warned that fraudulent telemarketers, who traditionally preyed on consumers nationwide from bases such as

Florida and southern California, are beginning to go global and may be physically located in other countries yet target U.S. consumers. These fraudulent telemarketers may use 800 numbers that connect U.S. consumers to boiler rooms located in Canada. However, consumers are not likely to expect that calling an 800 number would connect them to a foreign country, and even consumers who understand that they are talking with someone in a foreign country may not understand the implications this may have on their rights or on the ability of the U.S. government to investigate and redress fraudulent practices. Staff advised that despite the barriers to investigating foreign telemarketers who victimize consumers in the U.S., cooperation with foreign law enforcement authorities does sometimes yield success, and that in the domestic context the Commission has had significant success against fraudulent telemarketers and has been working actively to alert consumers in the United States to the dangers of dealing with foreign telemarketers.

Vermont: Legislative Hearings on Health Care

The staff of the Bureau of Economics testified before the Joint Committee on the Public Interest in Competitive Practices in Health Care of the Vermont legislature on a proposal to exempt certain cooperative agreements among providers from antitrust oversight. The proposal would authorize the issuing of a certificate of public advantage to applicants who demonstrate that the likely benefits of their agreements outweigh disadvantages attributable to reduction in competition. The testimony suggested that such a proposal runs a risk of encouraging or permitting agreements that could reduce choices of and raise prices for health care services. If the proposal is approved, however, staff recommended adopting effective procedures for reviewing how the agreements are working and for terminating those that are working to consumers' detriment. Specifically, staff suggested modifying the proposal so that certificates are issued only for defined, limited terms.

INDEX OF CASES LISTED IN THE APPENDIX