

days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of Sohio pursuant to Paragraphs II and III designating all other corporations of which they are directors.

IN THE MATTER OF

DIAMOND SHAMROCK CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE CLAYTON
ACT

Docket C-2685. Complaint, July 17, 1975-Decision, July 17, 1975

Consent order requiring a Cleveland, Ohio, energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of The Standard Oil Company, an Ohio Corporation.

Appearances

For the Commission: *Barry L. Malter.*

For the respondent: *John A. Wilson, Cleveland, Ohio.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, as amended, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent The Standard Oil Company (hereinafter referred to as Sohio) is a corporation organized and existing under and by virtue of the laws of the State of Ohio, maintaining its principal place of business at 101 W. Prospect Ave., Cleveland, Ohio. At all times relevant to this complaint, Sohio had capital, surplus, and undivided profits aggregating in excess of \$1 million. In 1972, Sohio had sales and operating revenues of \$1,446,636,000.

PAR. 2. Respondent Diamond Shamrock Corporation (hereinafter referred to as Diamond Shamrock) is a corporation organized and existing under and by virtue of the laws of the State of Delaware,

maintaining its principal place of business at 1100 Superior Ave., Cleveland, Ohio. At all times relevant to this complaint, Diamond Shamrock had capital, surplus and undivided profits aggregating in excess of \$1 million. In 1972 Diamond Shamrock had sales and operating revenues of \$617,337,000.

PAR. 3. In 1974, and previously thereto, Mr. Horace A. Shepard served simultaneously as a director of Sohio and Diamond Shamrock. Mr. Shepard resigned from the board of directors of Diamond Shamrock on July 26, 1974, after having been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. (a) The business of Sohio and Diamond Shamrock encompasses, but is not limited to, the exploration, production and sale of crude petroleum and natural gas.

(b) Respondents engage in the aforesaid activities in the same geographic areas of the United States including, but not limited to, Louisiana, Oklahoma, Texas and Wyoming.

PAR. 5. (a) Sohio and Diamond Shamrock have been and are, by virtue of their business and location of operations, competitors of each other.

(b) The elimination of competition by agreement or otherwise between Sohio and Diamond Shamrock would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, and sale of crude petroleum and natural gas.

(c) Sohio and Diamond Shamrock each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 6. The director interlock, as herein alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint,

and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, Diamond Shamrock Corporation (Diamond Shamrock), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1100 Superior Ave., Cleveland, Ohio.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Diamond Shamrock Corporation (Diamond Shamrock), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of The Standard Oil Company, an Ohio corporation (Sohio).

II

It is further ordered, That Diamond Shamrock shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which Diamond Shamrock controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration, production and sale of natural gas and crude petroleum; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, Diamond Shamrock shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, Diamond Shamrock shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of Diamond Shamrock by virtue of its business and location of operations in the exploration, production or sale of crude petroleum or natural gas. If compliance with Paragraphs I and IV requires any member of Diamond Shamrock's board of directors to resign or to be removed from the board of directors of either Diamond Shamrock or such other corporation, Diamond Shamrock shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That Diamond Shamrock notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent Diamond Shamrock shall, within thirty (30) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and

form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of Diamond Shamrock pursuant to Paragraphs II and III designating all other corporations of which they are directors.

IN THE MATTER OF
AMERADA HESS CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT

Docket C-2686. Complaint, July 17, 1975—Decision, July 17, 1975

Consent order requiring a New York City energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Newmont Mining Corp.

Appearances

For the Commission: *Robert B. Greenbaum.*

For the respondent: *Briscoe R. Smith, Milbank, Tweed, Hadley & McCloy, New York City.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Amerada Hess Corporation is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 1185 Avenue of the Americas, New York, N.Y. At all times relevant to this complaint, Amerada Hess had capital, surplus, and undivided profits aggregating in excess of \$26 million. In 1972, Amerada Hess had revenues of approximately \$1 billion.

PAR. 2. Respondent Newmont Mining Corporation is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 300 Park Ave., New York, N.Y. At all times relevant to this complaint, Newmont Mining Corporation had capital, surplus, and undivided profits aggre-

gating in excess of \$44 million. In 1972, it had revenues of approximately \$272 million.

PAR. 3. In 1968 William B. Moses, Jr., was elected to the board of directors of Amerada Hess and has served in that capacity from the time of his election to and including the date of this complaint. In 1966 he was elected to the board of directors of Newmont Mining, and he has been a director of Newmont Mining from that time to and including the date of this complaint. On Nov. 25, 1974, Mr. Moses tendered his resignation from the board of directors of Amerada Hess, said resignation to be effective on the date of the Commission's entry of a consent order.

PAR. 4. The business of respondents Amerada Hess and Newmont Mining encompasses, but is not limited to the exploration, production, and sale of crude petroleum and natural gas.

PAR. 5. (a) Amerada Hess and Newmont Mining Corporation by the nature of their business and location of operations are competitors of each other with respect to the exploration, production, and sale of crude petroleum and natural gas.

(b) The elimination of competition by agreement or otherwise between Amerada Hess and Newmont Mining would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, and sale of crude petroleum and natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by corporate respondents in various States of the United States and products of those services are sold and distributed in various States.

(b) Amerada Hess and Newmont Mining each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as herein above alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to

issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, Amerada Hess Corporation, (Amerada), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1185 Avenue of the Americas, New York, N.Y.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Amerada Hess Corporation (Amerada), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Newmont Mining Corporation.

II

It is further ordered, That Amerada shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which Amerada controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration, production and sale of natural gas and crude petroleum; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the

Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, Amerada shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, Amerada shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of Amerada by virtue of its business and location of operation in the exploration, production or sale of crude petroleum or natural gas. If compliance with Paragraphs I and IV requires any member of Amerada's board of directors to resign or to be removed from the board of directors of either Amerada or such other corporation, Amerada shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That Amerada notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent Amerada shall, within thirty (30) days after service upon it of this order, file with the Commission a

Complaint

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report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of Amerada pursuant to Paragraphs II and III designating all other corporations of which they are directors.

IN THE MATTER OF

NEWMONT MINING CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT, AND SEC. 8
OF THE CLAYTON ACT

Docket C-2687. Complaint, July 17, 1975—Decision, July 17, 1975

Consent order requiring a New York City energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Amerada Hess Corp.

Appearances

For the Commission: *Robert B. Greenbaum.*

For the respondent: *Edwin M. Zimmerman, Covington & Burling,*
New York City.

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Amerada Hess Corporation is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 1185 Avenue of the Americas, New York, N.Y. At all times relevant to this complaint, Amerada Hess had capital, surplus, and undivided profits aggregating in excess of \$26 million. In 1972, Amerada Hess had revenues of approximately \$1 billion.

PAR. 2. Respondent Newmont Mining Corporation is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 300 Park Ave., New York, N.Y. At all times relevant to this complaint, Newmont

Mining Corporation had capital, surplus, and undivided profits aggregating in excess of \$44 million. In 1972, it had revenues of approximately \$272 million.

PAR. 3. In 1968 William B. Moses, Jr., was elected to the board of directors of Amerada Hess and has served in that capacity from the time of his election to and including the date of this complaint. In 1966 he was elected to the board of directors of Newmont Mining, and he has been a director of Newmont Mining from that time to and including the date of this complaint. On Nov. 25, 1974, Mr. Moses tendered his resignation from the board of directors of Amerada Hess, said resignation to be effective on the date of the Commission's entry of a consent order.

PAR. 4. The business of respondents Amerada Hess and Newmont Mining encompasses, but is not limited to the exploration, production, and sale of crude petroleum and natural gas.

PAR. 5. (a) Amerada Hess and Newmont Mining Corporation by the nature of their business and location of operations are competitors of each other with respect to the exploration, production, and sale of crude petroleum and natural gas.

(b) The elimination of competition by agreement or otherwise between Amerada Hess and Newmont Mining would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, and sale of crude petroleum and natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by corporate respondents in various States of the United States and products of those services are sold and distributed in various States.

(b) Amerada Hess and Newmont Mining each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as herein above alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the

respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, Newmont Mining Corporation (Newmont), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 300 Park Ave., New York, N.Y.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Newmont Mining Corporation (Newmont) its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Amerada Hess Corporation.

II

It is further ordered, That Newmont shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which Newmont controls directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration, production and sale of natural gas and crude petroleum; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the

Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, Newmont at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, Newmont shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of Newmont by virtue of its business and location of operation in the exploration, production or sale of crude petroleum or natural gas. If compliance with Paragraphs I and IV requires any member of Newmont's board of directors to resign or to be removed from the board of directors of either Newmont or such other corporation, Newmont shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That Newmont notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent Newmont shall, within thirty (30) days after service upon it of this order, file with the Commission a

Complaint

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report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of Newmont pursuant to Paragraphs II and III designating all other corporations of which they are directors.

IN THE MATTER OF

EL PASO NATURAL GAS COMPANY

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT

Docket C-2688. Complaint, July 17, 1975-Decision, July 17, 1975

Consent order requiring a Houston, Texas, energy company among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Transcontinental Gas Pipe Line Corp.

Appearances

For the Commission: *Allee A. Ramadhan.*

For the respondent: *Arthur H. Dean and Roy H. Steyer, Sullivan & Cromwell, New York City.*

COMPLAINT

The Federal Trade Commission having reason to believe that the above-named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent El Paso Natural Gas Co. (El Paso) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 2727 Allen Pkwy., American General Bldg., Houston, Tex. At all times relevant to this complaint, El Paso Natural Gas Co. had capital, surplus, and undivided profits aggregating in excess of \$64 million. In 1972 El Paso Natural Gas Co. had revenues of approximately \$1.1 billion.

PAR. 2. Respondent Transcontinental Gas Pipe Line Corp. (Transcontinental) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal

place of business at 2700 S. Post Oak, Houston, Tex. At all times relevant to this complaint, Transcontinental Pipe Line Corp. had capital, surplus, and undivided profits aggregating in excess of \$53 million. In 1972, it had revenues of approximately \$482 million.

PAR. 3. In 1974 and for some years previously, Mr. Alfred C. Glassell, Jr. and Franz Schneider served simultaneously as directors of El Paso and Transcontinental. On or about Aug. 27, 1974 both individuals resigned from Transcontinental's Board of Directors having been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. El Paso's and Transcontinental's respective business each encompasses, but is not limited to the exploration, processing, transportation, and sale of natural gas.

PAR. 5. (a) El Paso and Transcontinental, by the nature of their business and location of operations are competitors of each other with respect to the exploration, production, processing, or sale of natural gas.

(b) The elimination of competition by agreement or otherwise between El Paso and Transcontinental would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, processing or sale of natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by El Paso and Transcontinental in various States of the United States and products of those services are sold and distributed in many other States of the United States.

(b) El Paso and Transcontinental each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for

settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, El Paso Natural Gas Company (El Paso), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 2727 Allen Pkwy., American General Bldg., Houston, Tex.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That El Paso Natural Gas Company (El Paso), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its Board of Directors if such individual is or would be at the same time a director of Transcontinental Gas Pipe Line Corporation.

II

It is further ordered, That El Paso shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which El Paso controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration, production and sale of natural gas; and exclusive of any corporation not engaged in

“commerce” as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, El Paso shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not been a member of its board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, El Paso shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of El Paso by virtue of its business and location of operation in the exploration, production or sale of natural gas. If compliance with Paragraphs I and IV requires any member of El Paso's board of directors to resign or to be removed from the board of directors of either El Paso or such other corporation, El Paso shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That El Paso notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent El Paso shall, within thirty (30) days after service upon it of this order, file with the Commission a

Complaint

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report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of El Paso pursuant to Paragraphs II and III designating all other corporations of which they are directors.

IN THE MATTER OF

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT

Docket C-2689. Complaint, July 17, 1975-Decision, July 17, 1975

Consent order requiring a Houston, Tex., energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of El Paso Natural Gas Company.

Appearances

For the Commission: *Allee A. Ramadhan.*

For the respondent: *William M. Sayre, Cahill, Gordon [Reindel,*
New York City.

COMPLAINT

The Federal Trade Commission having reason to believe that the above-named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent El Paso Natural Gas Co. (El Paso) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 2727 Allen Pkwy., American General Bldg., Houston, Tex. At all times relevant to this complaint, El Paso Natural Gas Co. had capital, surplus, and undivided profits aggregating in excess of \$64 million. In 1972 El Paso Natural Gas Co. had revenues of approximately \$1.1 billion.

PAR. 2. Respondent Transcontinental Gas Pipe Line Corp. (Transcontinental) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal

place of business at 2700 S. Post Oak, Houston, Tex. At all times relevant to this complaint, Transcontinental Pipe Line Corp. had capital, surplus, and undivided profits aggregating in excess of \$53 million. In 1972, it had revenues of approximately \$482 million.

PAR. 3. In 1974 and for some years previously, Mr. Alfred C. Glassell, Jr. and Franz Schneider served simultaneously as directors of El Paso and Transcontinental. On or about Aug. 27, 1974 both individuals resigned from Transcontinental's board of directors having been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. El Paso's and Transcontinental's respective business each encompasses, but is not limited to the exploration, processing, transportation, and sale of natural gas.

PAR. 5. (a) El Paso and Transcontinental, by the nature of their business and location of operations are competitors of each other with respect to the exploration, production, processing, or sale of natural gas.

(b) The elimination of competition by agreement or otherwise between El Paso and Transcontinental would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, processing or sale of natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by El Paso and Transcontinental in various States of the United States and products of those services are sold and distributed in many other States of the United States.

(b) El Paso and Transcontinental each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for

settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent Transcontinental Gas Pipe Line Corp. (Transcontinental) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 2700 S. Post Oak, Houston, Tex. At all times relevant to this complaint, Transcontinental Pipe Line Corp. had capital, surplus, and undivided profits aggregating in excess of \$53 million. In 1972, it had revenues of approximately \$482 million.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Transcontinental Gas Pipe Line Corporation (Transcontinental), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of El Paso Natural Gas Company.

II

It is further ordered, That Transcontinental shall, within thirty (30) days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which Transcontinental controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration,

production and sale of natural gas; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, Transcontinental shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is being considered as a member of its board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, Transcontinental shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III, or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of Transcontinental by virtue of its business and location of operations in the exploration, production or sale of natural gas. If compliance with Paragraphs I and IV requires any member of Transcontinental's board of directors to resign or to be removed from the board of directors of either Transcontinental or such other corporation, Transcontinental shall be allowed a reasonable time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That Transcontinental notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent Transcontinental shall, within

thirty (30) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of Transcontinental pursuant to Paragraphs II and III designating all other corporations of which they are directors.

IN THE MATTER OF
DIXILYN CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT

Docket C-2690. Complaint, July 17, 1975-Decision, July 17, 1975

Consent order requiring a Houston, Tex., energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Austral Oil Company, Inc.

Appearances

For the Commission: *Kenneth A. Rutherford.*

For the respondent: *William T. Lifland, Cahill, Gordon, & Reindel,*
New York City.

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Dixilyn Corporation (Dixilyn) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 1012 First City National Bank Bldg., Houston, Tex. At all times relevant to this complaint, Dixilyn had capital, surplus, and undivided profits aggregating in excess of \$1 million. In 1973 Dixilyn had revenues of approximately \$12 million.

PAR. 2. Respondent Austral Oil Company, Inc. (Austral) is a corporation organized and existing under and by virtue of the laws of

the State of Delaware, maintaining its principal place of business at 2700 Exxon Bldg., Houston, Tex. At all times relevant to this complaint, Austral had capital, surplus, and undivided profits aggregating in excess of \$2 million. In 1972 it had revenues of approximately \$12 million.

PAR. 3. In 1974 and for some years previously, Mr. Willard M. Johnson served simultaneously as a director of Austral and Dixilyn. On or about Aug. 26, 1974, he resigned from Austral's board of directors having been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. The business of respondents Dixilyn and Austral encompasses, but is not limited to, exploration, production, and sale of crude petroleum and natural gas.

PAR. 5. (a) Dixilyn and Austral by the nature of their business and location of operation are competitors of each other with respect to the exploration, production, or sale of crude petroleum and natural gas.

(b) The elimination of competition by agreement or otherwise between Dixilyn and Austral would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, or sale of crude petroleum and natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by corporate respondents in various States of the United States and products of those services are sold and distributed in many other States of the United States.

(b) Dixilyn Corporation and Austral Oil Company each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by

respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, Dixilyn Corporation, (Dixilyn), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1012 First City National Bank Bldg., Houston, Tex.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Dixilyn Corporation (Dixilyn), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Austral Oil Company.

II

It is further ordered, That Dixilyn shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which Dixilyn controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration, production and sale of natural gas and crude petroleum; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, Dixilyn shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, Dixilyn shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of Dixilyn by virtue of its business and location of operation in the exploration, production or sale of crude petroleum or natural gas. If compliance with Paragraphs I and IV requires any member of Dixilyn's board of directors to resign or to be removed from the board of directors of either Dixilyn or such other corporation, Dixilyn shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That Dixilyn notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent Dixilyn shall, within thirty (30) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit

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copies of those lists provided by all current directors of Dixilyn pursuant to Paragraphs II and III designating all other corporations of which they are directors.

IN THE MATTER OF
AUSTRAL OIL COMPANY, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT

Docket C-2691. Complaint, July 17, 1975-Decision, July 17, 1975

Consent order requiring a Houston, Tex., energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Dixilyn Corporation.

Appearances

For the Commission: *Kenneth A. Rutherford.*
For the respondent: *Richard P. Keeton, Vinson, Elkins, Searls, Connally & Smith, Houston, Tex.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Dixilyn Corporation (Dixilyn) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 1012 First City National Bank Bldg., Houston, Tex. At all times relevant to this complaint, Dixilyn had capital, surplus, and undivided profits aggregating in excess of \$1 million. In 1973 Dixilyn had revenues of approximately \$12 million.

PAR. 2. Respondent Austral Oil Company, Inc. (Austral) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 2700 Exxon Bldg., Houston, Tex. At all times relevant to this complaint, Austral had capital, surplus, and undivided profits aggregating in

excess of \$2 million. In 1972 it had revenues of approximately \$12 million.

PAR. 3. In 1974 and for some years previously, Mr. Willard M. Johnson served simultaneously as a director of Austral and Dixilyn. On or about Aug. 26, 1974, he resigned from Austral's board of directors having been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. The business of respondents Dixilyn and Austral encompasses, but is not limited to, exploration, production, and sale of crude petroleum and natural gas.

PAR. 5. (a) Dixilyn and Austral by the nature of their business and location of operation are competitors of each other with respect to the exploration, production, or sale of crude petroleum and natural gas.

(b) The elimination of competition by agreement or otherwise between Dixilyn and Austral would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, or sale of crude petroleum and natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by corporate respondents in various States of the United States and products of those services are sold and distributed in many other States of the United States.

(b) Dixilyn Corporation and Austral Oil Company each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, Austral Oil Company, Inc. (Austral), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 2700 Exxon Bldg., Houston, Tex.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Austral Oil Company, Inc. (Austral), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Dixilyn Corporation.

II

It is further ordered, That Austral shall, within thirty (30) days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which Austral controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1,000,000 from the exploration, production and sale of natural gas and crude petroleum; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after

service of this order, Austral shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, Austral shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of Austral by virtue of its business and location of operation in the exploration, production or sale of crude petroleum or natural gas. If compliance with Paragraphs I and IV requires any member of Austral's board of directors to resign or to be removed from the board of directors of either Austral or such other corporation, Austral shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That Austral notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent Austral shall, within thirty (30) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of Austral pursuant to Paragraphs II and III designating all other corporations of which they are directors.

Complaint

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IN THE MATTER OF

GENERAL AMERICAN OIL COMPANY OF TEXAS

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT*Docket C-2692. Complaint, July 17, 1975-Decision, July 17, 1975*

Consent order requiring a Dallas, Tex., energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Pauley Petroleum, Inc.

Appearances

For the Commission: *Roger B. Pool.*

For the respondent: *Jerry L. Buchmeyer, Thompson, Knight, Simmons & Bullion, Dallas, Tex.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent General American Oil Company of Texas (General American) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 5646 Milton St., Dallas, Tex. At all times relevant to this complaint, General had capital, surplus, and undivided profits aggregating in excess of \$12 million. In 1972 General had revenues of approximately \$58 million.

PAR. 2. Respondent Pauley Petroleum, Inc. (Pauley) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 10000 Santa Monica Blvd., Los Angeles, Calif. At all times relevant to this complaint, Pauley had capital, surplus, and undivided profits aggregated in excess of \$1 million. In 1972 it had revenues of approximately \$28 million.

PAR. 3. In 1974 and for some years previously, Mr. Paul A. Conley served simultaneously as director of Pauley and General American. On or about Oct. 31, 1974 Mr. Conley resigned from Pauley's board of

directors having been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. The business of respondents General American and Pauley encompasses, but is not limited to, exploration, production, and sale of crude petroleum and natural gas.

PAR. 5. (a) General American and Pauley by the nature of their business and location of operation are competitors of each other with respect to the exploration, production, and sale of crude petroleum and natural gas.

(b) The elimination of competition by agreement or otherwise between General American and Pauley would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, and sale of crude petroleum and natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by corporate respondents in various States of the United States and products of those services are sold and distributed in many other States of the United States.

(b) General American and Pauley each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed

thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, General American Oil Company of Texas, (General American), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 646 Milton St., Dallas, Tex.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That General American Oil Company of Texas, (General American), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Pauley Petroleum, Inc.

II

It is further ordered, That General American shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which General American controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration, production and sale of natural gas and crude petroleum; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, General American shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting

at which one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, General American shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of General American by virtue of its business and location of operations in the exploration, production or sale of crude petroleum or natural gas. If compliance with Paragraphs I and IV requires any member of General American's board of directors to resign or to be removed from the board of directors of either General American or such other corporation, General American shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That General American notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent General American shall, within thirty (30) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of General American pursuant to Paragraphs II and III designating all other corporations of which they are directors.

Complaint

86 F.T.C.

IN THE MATTER OF

PAULEY PETROLEUM, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT

Docket C-2693. Complaint, July 17, 1975—Decision, July 17, 1975

Consent order requiring a Los Angeles, Calif., energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of General American Oil Company of Texas.

Appearances

For the Commission: *Roger B. Pool.*

For the respondent: *Donald M. Wessling, O'Melveny & Myers, Los Angeles, Calif.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent General American Oil Company of Texas (General American) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 5646 Milton St., Dallas, Tex. At all times relevant to this complaint, General had capital, surplus, and undivided profits aggregating in excess of \$12 million. In 1972 General had revenues of approximately \$58 million.

PAR. 2. Respondent Pauley Petroleum, Inc. (Pauley) is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 10000 Santa Monica Blvd., Los Angeles, Calif. At all times relevant to this complaint, Pauley had capital, surplus, and undivided profits aggregated in excess of \$1 million. In 1972 it had revenues of approximately \$28 million.

PAR. 3. In 1974 and for some years previously, Mr. Paul A. Conley served simultaneously as director of Pauley and General American. On or about Oct. 31, 1974 Mr. Conley resigned from Pauley's board of

directors having been notified of the Commission's intention to issue a complaint in this matter.

PAR. 4. The business of respondents General American and Pauley encompasses, but is not limited to, exploration, production, and sale of crude petroleum and natural gas.

PAR. 5. (a) General American and Pauley by the nature of their business and location of operation are competitors of each other with respect to the exploration, production, and sale of crude petroleum and natural gas.

(b) The elimination of competition by agreement or otherwise between General American and Pauley would hinder, foreclose, and restrain competition or tend to create a monopoly in the exploration, production, and sale of crude petroleum and natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by corporate respondents in various States of the United States and products of those services are sold and distributed in many other States of the United States.

(b) General American and Pauley each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed

thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, Pauley Petroleum Inc. (Pauley), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 10000 Santa Monica Blvd., Los Angeles, Calif.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Pauley Petroleum Inc. (Pauley), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of General American Oil Company of Texas.

II

It is further ordered, That Pauley shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which Pauley controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration, production and sale of natural gas and crude petroleum; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, Pauley shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is

being considered as a member of the board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, Pauley shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of Pauley by virtue of its business and location of operation in the exploration, production or sale of crude petroleum or natural gas. If compliance with Paragraphs I and IV requires any member of Pauley's board of directors to resign or to be removed from the board of directors of either Pauley or such other corporation, Pauley shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That Pauley notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent Pauley shall, within thirty (30) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of Pauley pursuant to Paragraphs II and III designating all other corporations of which they are directors.

Complaint

86 F.T.C.

IN THE MATTER OF

KERR-McGEE CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT

Docket C-2694. Complaint, July 17, 1975—Decision, July 17, 1975

Consent order requiring an Oklahoma City, Okla., energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Oklahoma Natural Gas Company.

Appearances

For the Commission: *William A. Horne.*

For the respondent: *J. Randolph Wilson, Covington & Burling, Wash., D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above-named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Kerr-McGee Corporation is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at Kerr-McGee Center, Oklahoma City, Oklahoma. At all times relevant to this complaint, Kerr-McGee Corporation had capital, surplus, and undivided profits aggregating in excess of \$1 million. In 1972, Kerr-McGee Corporation had revenues in excess of \$679 million.

PAR. 2. Respondent Oklahoma Natural Gas Company is a corporation existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 624 S. Boston Ave., Tulsa, Okla. At all times relevant to this complaint, Oklahoma Natural Gas Company had capital, surplus, and undivided profits aggregating in excess of \$1 million. In 1973, it had revenues in excess of \$133 million.

PAR. 3. Until or about July 10, 1974, and for some years previously, Dean A. McGee served simultaneously as a director of Kerr-McGee Corporation and Oklahoma Natural Gas Company. On or about July 10, 1974, Dean A. McGee resigned from the board of directors of Oklahoma

Natural Gas after having been notified of the Commission's intent to issue a complaint in this matter.

PAR. 4. The business of respondents Kerr-McGee Corporation and Oklahoma Natural Gas Company encompasses, but is not limited to, the exploration for and the production and sale of natural gas.

PAR. 5. (a) Kerr-McGee Corporation and Oklahoma Natural Gas Company, by the nature of their business and location of operations, are competitors of each other with respect to the exploration for and the production and sale of natural gas.

(b) The elimination of competition by agreement or otherwise between Kerr-McGee Corporation and Oklahoma Natural Gas Company would hinder, foreclose, and restrain competition, or tend to create a monopoly in the exploration for and production and sale of natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by corporate respondents in various States of the United States, and products of said respondents are sold and distributed in many other States of the United States.

(b) Kerr-McGee Corporation and Oklahoma Natural Gas Company each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed

thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, Kerr-McGee Corporation, (Kerr-McGee), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at Kerr-McGee Center, Oklahoma City, Okla.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Kerr-McGee Corporation (Kerr-McGee), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Oklahoma Natural Gas Company.

II

It is further ordered, That Kerr-McGee shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which Kerr-McGee controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1,000,000 from the exploration, production and sale of natural gas, the purchase and refining of crude oil, and the sale of refined petroleum products; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, Kerr-McGee shall, at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which

one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, Kerr-McGee shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of Kerr-McGee by virtue of its business and location of operation in the exploration for, production or sale of natural gas or in the purchase or refining of crude oil, or in the sale of refined petroleum products. If compliance with Paragraphs I and IV requires any member of Kerr-McGee's board of directors to resign or to be removed from the board of directors of either Kerr-McGee or such other corporation, Kerr-McGee shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That Kerr-McGee notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent Kerr-McGee shall, within thirty (30) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of Kerr-McGee pursuant to Paragraphs II and III designating all other corporations of which they are directors.

Complaint

86 F.T.C.

IN THE MATTER OF
OKLAHOMA NATURAL GAS COMPANY

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 8 OF THE
CLAYTON ACT

Docket C-2695. Complaint, July 17, 1975—Decision, July 17, 1975

Consent order requiring a Tulsa, Okla., energy company, among other things to cease permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Kerr-McGee Corporation.

Appearances

For the Commission: *William A. Horne.*

For the respondent: *John L. Arrington, Jr., Huffman, Arrington, Scheurich & Kihle, Tulsa, Okla.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above-named respondents have violated the provisions of Section 8 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the interest of the public, issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Kerr-McGee Corporation is a corporation organized and existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at Kerr-McGee Center, Oklahoma City, Oklahoma. At all times relevant to this complaint, Kerr-McGee Corporation had capital, surplus, and undivided profits aggregating in excess of \$1 million. In 1972, Kerr-McGee Corporation had revenues in excess of \$679 million.

PAR. 2. Respondent Oklahoma Natural Gas Company is a corporation existing under and by virtue of the laws of the State of Delaware, maintaining its principal place of business at 624 S. Boston Ave., Tulsa, Okla. At all times relevant to this complaint, Oklahoma Natural Gas Company had capital, surplus, and undivided profits aggregating in excess of \$1 million. In 1973, it had revenues in excess of \$133 million.

PAR. 3. Until or about July 10, 1974, and for some years previously, Dean A. McGee served simultaneously as a director of Kerr-McGee Corporation and Oklahoma Natural Gas Company. On or about July 10, 1974, Dean A. McGee resigned from the board of directors of Oklahoma

Natural Gas after having been notified of the Commission's intent to issue a complaint in this matter.

PAR. 4. The business of respondents Kerr-McGee Corporation and Oklahoma Natural Gas Company encompasses, but is not limited to, the exploration for and the production and sale of natural gas.

PAR. 5. (a) Kerr-McGee Corporation and Oklahoma Natural Gas Company, by the nature of their business and location of operations, are competitors of each other with respect to the exploration for and the production and sale of natural gas.

(b) The elimination of competition by agreement or otherwise between Kerr-McGee Corporation and Oklahoma Natural Gas Company would hinder, foreclose, and restrain competition, or tend to create a monopoly in the exploration for and production and sale of natural gas.

PAR. 6. (a) The activities referred to in Paragraph Four are performed by corporate respondents in various States of the United States, and products of said respondents are sold and distributed in many other States of the United States.

(b) Kerr-McGee Corporation and Oklahoma Natural Gas Company each engages in commerce as that term is defined in the Clayton Act and the Federal Trade Commission Act.

PAR. 7. The director interlock, as hereinabove alleged, constitutes a violation of Section 8 of the Clayton Act and Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, and having duly considered the comment filed

thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, in the form contemplated by said agreement, makes the following jurisdictional finding, and enters the following order:

1. Respondent, Oklahoma Natural Gas Company (ONG), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 624 S. Boston Ave., Tulsa, Okla.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That Oklahoma Natural Gas Company (ONG), its successors and assigns, do forthwith cease and desist from permitting any individual to serve on its board of directors if such individual is or would be at the same time a director of Kerr-McGee Corporation.

II

It is further ordered, That ONG shall, within thirty days after service of this order, and annually for a period ending five (5) years thereafter, request from each member of its board of directors a written statement which discloses the name, business, and location of operations of each other corporation of which such member is also a director, exclusive of any corporation in which ONG controls, directly or indirectly through subsidiaries, more than 50 percent of the voting stock; exclusive of any corporation which derives annual gross revenues of less than \$1 million from the exploration for, production and sale of natural gas; and exclusive of any corporation not engaged in "commerce" as defined in Section 1 of the Clayton Act as amended or Section 4 of the Federal Trade Commission Act.

III

It is further ordered, That for a period ending five (5) years after service of this order, ONG at least thirty (30) days prior to any directors' meeting at which one or more directors will be elected or the mailing of proxy statements for any shareholder meeting at which one or more directors will be elected, request from each person who is being considered as a member of the board of directors, but has not

been a member of the board of directors during the previous year, a written statement which discloses the information described in Paragraph II.

IV

It is further ordered, That for a period ending five (5) years after service of this order, ONG shall not permit on its board of directors any person who fails to submit a written statement pursuant to Paragraphs II and III or any person who is a director of another corporation named in response to the statements required pursuant to Paragraphs II and III when said statement reveals or when a reasonably diligent investigation would reveal to respondent that such other corporation is a competitor of ONG by virtue of its business and location of operation in the exploration for, production or sale of natural gas. If compliance with Paragraphs I and IV requires any member of ONG's board of directors to resign or to be removed from the board of directors of either ONG or such other corporation, ONG shall be allowed a reasonable period of time within which to take any legal or other steps which are necessary to secure compliance with this order.

V

It is further ordered, That ONG notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such changes to include, but not be limited to, dissolution, assignment or sale resulting in the emergence of a successor corporation.

VI

It is further ordered, That respondent ONG shall, within thirty (30) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order, and shall within sixty (60) days submit copies of those lists provided by all current directors of ONG pursuant to Paragraphs II and III designating all other corporations of which they are directors.

Complaint

86 F.T.C.

IN THE MATTER OF
RIDGEWOOD REALTY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2696. Complaint, July 21, 1975 - Decision, July 21, 1975.

Consent order requiring a Golden, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Peter A. Robinson, Denver, Colo.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Ridgewood Realty, Inc., a corporation, and Mike A. Leprino, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Ridgewood Realty, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 14618 W. 6th Ave., Golden, Colo.

Respondent Mike A. Leprino is an officer of corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as

"arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating the amount of downpayment (in dollars and as a percentage of the sale price) or that no downpayment is required, or the amount of an instalment payment without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in certain of these advertisements, have stated, and are stating, the rate of a finance charge, as "finance charge" is defined in Section 226.2 of Regulation Z, and have not expressed said rate as an "annual percentage rate," using the term "annual percentage rate," as "annual percentage rate" is defined in Section 226.2 of Regulation Z, in violation of Section 226.10(d)(1) of Regulation Z.

PAR. 7. Respondents, in certain other of these advertisements, have stated and are stating the rate of interest as a simple annual rate in conjunction with the "annual percentage rate," but have printed and are printing the simple annual rate more conspicuously than the "annual percentage rate" in violation of Section 226.10(d)(1)(i) of Regulation Z.

PAR. 8. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of

certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Ridgewood Realty, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 14618 W. 6th Ave., city of Golden, State of Colorado.

Respondent Mike A. Leprino is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Ridgewood Realty, Inc., a corporation, its successors and assigns, its officers, and Mike A. Leprino, individually and as an officer of said corporation, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any

arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the rate of a finance charge unless said rate is expressed as an annual percentage rate, using the term "annual percentage rate," as "finance charge" and "annual percentage rate" are defined in Section 226.2 and as required by Section 226.10(d)(1) of Regulation Z.

3. Stating in any advertisement the simple annual rate of interest in conjunction with the "annual percentage rate" unless the "annual percentage rate" is printed as conspicuously as the simple annual rate as required by Section 226.10(d)(1)(i) of Regulation Z.

4. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or

Complaint

86 F.T.C.

employment in which he is engaged as well as a description of his duties and responsibilities.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

ALPERT CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2697. Complaint, July 21, 1975 - Decision, July 21, 1975

Consent order requiring an Aurora, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Russ W. Bond*, Denver, Colo.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Alpert Corporation, a corporation, and Harvey B. Alpert, Leland J. Alpert and Theodore J. Alpert, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Alpert Corporation is a corporation organized, existing and doing business under and by virtue of the laws

of the State of Colorado, with its principal office and place of business located at 15052 E. Hampden Circle, Aurora, Colo.

Respondents Harvey B. Alpert, Leland J. Alpert and Theodore J. Alpert are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating the amount of downpayment (in dollars or as a percentage of the sale price), the amount of an instalment payment or the period of repayment without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in certain of these advertisements, have stated, and are stating, the rate of a finance charge, as "finance charge" is defined in Section 226.2 of Regulation Z, and have not expressed said rate as an "annual percentage rate," using the term "annual percentage rate," as "annual percentage rate" is defined in Section 226.2 of Regulation Z, in violation of Section 226.10(d)(1) of Regulation Z.

PAR. 7. Pursuant to Section 103(q) of the Truth in Lending Act,

respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Alpert Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 15052 E. Hampden Circle, city of Aurora, State of Colorado.

Respondents Harvey B. Alpert, Leland J. Alpert and Theodore J. Alpert are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Alpert Corporation, a corporation, its successors and assigns, its officers, and Harvey B. Alpert, Leland J. Alpert and Theodore J. Alpert, individually and as officers of said corporation, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the rate of a finance charge unless said rate is expressed as an annual percentage rate, using the term "annual percentage rate," as "finance charge" and "annual percentage rate" are defined in Section 226.2 and as required by Section 226.10(d)(1) of Regulation Z.

3. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present

business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

WALDEN REALTY COMPANY, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2698. Complaint, July 21, 1975 - Decision, July 21, 1975

Consent order requiring a Lakewood, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Victor L. Wallace, II, Calkins, Kramer, Grimshaw and Haring, Denver, Colo.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Walden Realty Company, a corporation, and Paul S. Walden, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect

thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Walden Realty Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 10155 W. Kentucky Dr., Lakewood, Colo.

Respondent Paul S. Walden is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating the amount of the downpayment (in dollars or as a percentage of the sale price) and the period of repayment without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Walden Realty Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 10155 W. Kentucky Drive, city of Lakewood, State of Colorado.

Respondent Paul S. Walden is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Walden Realty Company, a corporation, its successors and assigns, its officers, and Paul S. Walden, individually and as an officer of said corporation, and respondents'

agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the

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Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

GOLDEN KEY HOMES BLDG. CORP., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2699. Complaint, July 21, 1975 - Decision July 21, 1975

Consent order requiring an Englewood, Colo., mortgage loan company broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Jon M. Zall, Adler, Zall & Haligman, Denver, Colo.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Golden Key Homes Bldg. Corp., a corporation, and Michael K. Cooper, Richard M. Cooper and Gary Cooper, individually and as officers of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Golden Key Homes Bldg. Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 10521 E. Dorado Ave., Englewood, Colo.

Respondents Michael K. Cooper, Richard M. Cooper and Gary Cooper are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent including

the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating the amount of the downpayment (in dollars or as a percentage of the sale price) without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in certain of these advertisements, have stated, and are stating, the rate of a finance charge, as "finance charge" is defined in Section 226.2 of Regulation Z, and have not expressed said rate as an "annual percentage rate," using the term "annual percentage rate," as "annual percentage rate" is defined in Section 226.2 of Regulation Z, in violation of Section 226.10(d)(1) of Regulation Z.

PAR. 7. Respondents, in certain other of these advertisements, have stated and are stating the rate of interest as a simple annual rate in conjunction with the "annual percentage rate," but have printed and are printing the simple annual rate more conspicuously than the "annual percentage rate" in violation of Section 226.10(d)(1)(i) of Regulation Z.

PAR. 8. Pursuant to Section 103(q) of the Truth in Lending Act,

respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Golden Key Homes Bldg. Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 10521 E. Dorado Ave., city of Englewood, State of Colorado.

Respondents Michael K. Cooper, Richard M. Cooper and Gary Cooper are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Golden Key Homes Bldg. Corp., a corporation, its successors and assigns, its officers, and Michael K. Cooper, Richard M. Cooper and Gary Cooper, individually and as officers of said corporation, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the rate of a finance charge unless said rate is expressed as an annual percentage rate, using the term "annual percentage rate," as "finance charge" and "annual percentage rate" are defined in Section 226.2 and as required by Section 226.10(d)(1) of Regulation Z.

3. Stating in any advertisement the simple annual rate of interest in conjunction with the "annual percentage rate" unless the "annual percentage rate" is printed as conspicuously as the simple annual rate as required by Section 226.10(d)(1)(i) of Regulation Z.

4. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent such as dissolution, assignment or sale resulting in the

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emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

MOORE REALTY CO., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2700. Complaint, July 21, 1975 - Decision, July 21, 1975

Consent order requiring a Denver, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Donald L. Giacomini, Rothberger, Appel and Powers, Denver, Colo.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Moore Realty Co., a corporation, and William M. Moore, individually

and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Moore Realty Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 300 Speer Blvd., Denver, Colo.

Respondent William M. Moore is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, mortgaging, offering for sale and sale of new and used housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of these advertisements have stated, and are stating, the amount of the downpayment (in dollars or as a percentage of the sales price) or that no downpayment is required, the amount of an instalment payment, or the period of repayment without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2):

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in other advertisements, have stated, and are stating, the rate of a finance charge, as "finance charge" is defined in Section 226.2 of Regulation Z, and have not expressed said rate as an annual percentage rate, using the term "annual percentage rate," as "annual percentage rate" is defined in Section 226.2 of Regulation Z, in violation of Section 226.10(d)(1) of Regulation Z.

PAR. 7. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Section 226.2 of Regulation Z, have and are regularly extending consumer credit, as "consumer credit" is defined in Section 226.2 of Regulation Z.

PAR. 8. Respondents, in certain disclosure statements involving second mortgage loans to natural persons for personal, family or household purposes in which a finance charge is imposed or in which payment is to be made in more than four instalments, have and are violating the Truth in Lending Act disclosure requirements as follows:

(1) In some instances, the terms, "finance charge" and "annual percentage rate," are not printed more conspicuously in the disclosure statements than other required terminology as required by Section 226.6(a) of Regulation Z.

(2) In some instances, the disclosure statements, in violation of Section 226.8(d)(1) of Regulation Z, incorrectly use the term "amount financed" as a total figure computed by adding the finance charges to the amount of the loan.

(3) In some instances, the disclosure statements, in violation of Sections 226.5(b) and 226.8(b)(2) of Regulation Z, fail to accurately disclose the "annual percentage rate," to the nearest quarter of one percent.

(4) In some instances, the disclosure statements fail to disclose the number, amount and due dates or periods of payments scheduled to repay the indebtedness as required by Section 226.8(b)(3) of Regulation Z.

(5) In some instances, the disclosure statements fail to identify the amount of a "balloon payment" and state the conditions, if any, under which that payment may be refinanced if not paid when due as required in Section 226.8(b)(3) of Regulation Z.

(6) In some instances, the disclosure statements fail to state whether a rebate of the unearned finance charges upon prepayment in full is available, and, if available, the method of computing said rebate as required by Section 226.8(b)(7) of Regulation Z.

(7) In some instances, the disclosure statements fail to describe any

penalty charge for prepayment of the obligation, if any exists, as required by Section 226.8(b)(6) of Regulation Z.

(8) In some instances, the disclosure statements, in violation of Section 226.6(c) of Regulation Z, include the term, "interest per annum," as additional information in a way which obscures and detracts attention from the "annual percentage rate."

(9) In some instances, the disclosure statements fail to make required disclosures clearly, conspicuously and in meaningful sequence as required by Section 226.6(a) of Regulation Z.

PAR. 9. Subsequent to July 1, 1969, and in connection with the credit sales referred to in Paragraph Seven above, respondents have entered into consumer credit transactions in which they have retained or acquired a security interest in real property which was used or expected to be used as the principal residence of the customer. The customer thereby had the right to rescind the transaction as provided in Section 226.9 of Regulation Z. Respondents, while giving rescission notices, have failed and are failing to accurately disclose the date of the last day on which a customer may cancel the transaction and thereby exercise his right of rescission, as required by Section 226.9 of Regulation Z.

PAR. 10. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Moore Realty Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 300 Speer Blvd., city of Denver, State of Colorado.

Respondent William M. Moore is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Moore Realty Co., a corporation, its successors and assigns, and its officers, and William M. Moore, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement for the extension of consumer credit, or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "advertisement" and "consumer credit" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the rate of a finance charge unless said rate is expressed as an annual percentage rate, using the term "annual percentage rate," as "finance charge" and "annual percentage rate" are defined in Section 226.2 and as required by Section 226.10(d)(1) of Regulation Z.

3. Failing, in any consumer credit transaction, to print in the disclosures the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology as required by Section 226.6(a) of Regulation Z.

4. Failing, in any consumer credit transaction, to accurately disclose the amount financed as required by Section 226.8 of Regulation Z.

5. Failing, in any consumer credit transaction, to compute and disclose accurately the annual percentage rate to the nearest quarter of one percent as prescribed by Sections 226.5(b) and 226.8(b)(2) of Regulation Z.

6. Failing, in any consumer credit transaction, to accurately disclose the number, amount and due dates or periods of payments scheduled to repay the indebtedness as required by Section 226.8(b)(3) of Regulation Z.

7. Failing, in any consumer credit transaction, to accurately disclose the amount of a balloon payment and state the conditions, if any, under which that payment may be refinanced if not paid when due as required in Section 226.8(b)(3) of Regulation Z.

8. Failing, in any consumer credit transaction, to disclose whether a rebate of the unearned finance charges upon prepayment in full is available, and, if available, the method of computation as required by Section 226.8(b)(7) of Regulation Z.

9. Failing, in any consumer credit transaction, to disclose penalty charges for prepayment of the obligation, if any exist, as required by Section 226.8(b)(6) of Regulation Z.

10. Failing, in any consumer credit transaction, to provide information in addition to disclosures required by Regulation Z without contradicting, obscuring or detracting attention from the required disclosures or misleading or confusing the customer, as prescribed by Section 226.6(c) of Regulation Z.

11. Failing, in any consumer credit transaction, to make all required

disclosures clearly, conspicuously and in meaningful sequence as required by Section 226.6(a) of Regulation Z.

12. Failing, in any consumer credit transaction subject to Section 226.9 of Regulation Z, to accurately state the date by which the customer must give notice of his desire to exercise his right of rescission, as prescribed by Section 226.9(b) of Regulation Z.

13. Failing, in any advertisement or consumer credit transaction, to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the form, manner and amount prescribed by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

PERL-MACK ENTERPRISES, CO., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2701. Complaint, July 21, 1975 - Decision, July 21, 1975

Consent order requiring a Denver, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Alexander J. Makkai, Jr., Denver, Colo.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Perl-Mack Enterprises, Co., a corporation, and Samuel Primack and Jordon Perlmutter, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Perl-Mack Enterprises, Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 1701 W. 72nd Ave., Denver, Colo.

Respondents Samuel Primack and Jordon Perlmutter are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating the amount of the downpayment (in dollars or as a percentage of the sale price), the amount of the instalment payment or the period of repayment without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in certain of these advertisements, have stated, and are stating, the rate of a finance charge, as "finance charge" is defined in Section 226.2 of Regulation Z, and have not expressed said rate as an "annual percentage rate," using the term "annual percentage rate," as "annual percentage rate" is defined in Section 226.2 of Regulation Z, in violation of Section 226.10(d)(1) of Regulation Z.

PAR. 7. Respondents, in certain other of these advertisements, have stated and are stating the rate of interest as a simple annual rate in conjunction with the "annual percentage rate," but have printed and are printing the simple annual rate more conspicuously than the "annual percentage rate" in violation of Section 226.10(d)(1)(i) of Regulation Z.

PAR. 8. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid

draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Perl-Mack Enterprises, Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 1701 W. 72nd Ave., city of Denver, State of Colorado.

Respondents Samuel Primack and Jordon Perlmutter are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Perl-Mack Enterprises, Co., a corporation, its successors and assigns, its officers, and Samuel Primack and Jordon Perlmutter, individually and as officers of said corporation, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously

stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the rate of a finance charge unless said rate is expressed as an annual percentage rate, using the term "annual percentage rate," as "finance charge" and "annual percentage rate" are defined in Section 226.2 and as required by Section 226.10(d)(1) of Regulation Z.

3. Stating in any advertisement the simple annual rate of interest in conjunction with the "annual percentage rate" unless the "annual percentage rate" is printed as conspicuously as the simple annual rate as required by Section 226.10(d)(1)(i) of Regulation Z.

4. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF
MEDEMA HOMES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2702. Complaint, July 21, 1975—Decision, July 21, 1975

Consent order requiring a Littleton, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Medema Homes, Inc., a corporation, and C. J. Medema and Richard D. Jones, individually and as officers of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Medema Homes, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 4901 East Dry Creek Rd., Littleton, Colo.

Respondents C. J. Medema and Richard D. Jones are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as

aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating the amount of the downpayment (in dollars or as a percentage of the sale price) without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Respondents, in certain of these advertisements, have stated, and are stating, the rate of a finance charge, as "finance charge" is defined in Section 226.2 of Regulation Z, and have not expressed said rate as an "annual percentage rate," using the term "annual percentage rate," as "annual percentage rate" is defined in Section 226.2 of Regulation Z, in violation of Section 226.10(d)(1) of Regulation Z.

PAR. 7. Respondents, in certain other of these advertisements, have stated and are stating the rate of interest as a simple annual rate in conjunction with the "annual percentage rate," but have printed and are printing the simple annual rate more conspicuously than the "annual percentage rate" in violation of Section 226.10(d)(1)(i) of Regulation Z.

PAR. 8. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Medema Homes, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its office and principal place of business located at 4901 E. Dry Creek Rd., city of Littleton, State of Colorado.

Respondents C. J. Medema and Richard D. Jones are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Medema Homes, Inc., a corporation, its successors and assigns, its officers, and C. J. Medema and Richard D. Jones, individually and as officers of said corporation, and respondents'

agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

2. Stating in any advertisement the rate of a finance charge unless said rate is expressed as an annual percentage rate, using the term "annual percentage rate," as "finance charge" and "annual percentage rate" are defined in Section 226.2 and as required by Section 226.10(d)(1) of Regulation Z.

3. Stating in any advertisement the simple annual rate of interest in conjunction with the "annual percentage rate" unless the "annual percentage rate" is printed as conspicuously as the simple annual rate as required by Section 226.10(d)(1)(i) of Regulation Z.

4. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or

employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

CARLILE-AGEE & ASSOCIATES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2703. Complaint, July 21, 1975-Decision, July 21, 1975

Consent order requiring a Denver, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Gary C. Davenport, Arkin & Hanlon, Denver, Colo.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Carlile-Agee & Associates, Inc., a corporation, Concept 80 Development Corporation, a corporation, and Joseph B. Agee, Sidney H. Sweet and Charles T. Leverett, Jr., individually and as officers of said corporations, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the

public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Carlile-Agee & Associates, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 1660 S. Albion, Suite 1100, Denver, Colo.

Respondent Concept 80 Development Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 1660 S. Albion, Suite 1100, Denver, Colo.

Respondents Joseph B. Agee, Sidney H. Sweet and Charles T. Leverett, Jr., are officers of the corporate respondents. They formulate, direct and control the acts and practices of the corporate respondents including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondents.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating the amount of the downpayment (in dollars or as a percentage of the sale price) without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Carlile-Agee & Associates, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 1660 S. Albion, Suite 1100, city of Denver, State of Colorado.

Respondent Concept 80 Development Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 1660 S. Albion, Suite 1100, city of Denver, State of Colorado.

Respondents Joseph B. Agee, Sidney H. Sweet and Charles T. Leverett, Jr., are officers of the corporate respondents. They formulate, direct and control the acts and practices of the corporate

respondents including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondents.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

IT IS ORDERED, That respondents Carlile-Agee & Associates, Inc., a corporation, its successors and assigns, its officers, Concept 80 Development Corporation, a corporation, its successors and assigns, its officers, and Joseph B. Agee, Sidney H. Sweet and Charles T. Leverett, Jr., individually and as officers of said corporations, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(a) the cash price; [the amount of the loan;]

(b) the amount of the downpayment required or that no downpayment is required, as applicable;

(c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and

(d) the amount of the finance charge expressed as an annual percentage rate.

2. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

IT IS FURTHER ORDERED, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

IT IS FURTHER ORDERED, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

IT IS FURTHER ORDERED, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

WITKIN HOMES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2704. Complaint, July 21, 1975-Decision, July 21, 1975

Consent order requiring a Denver, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Daniel C. Smith, Arent, Fox, Kintner, Plotkin and Kahn, Wash., D.C.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Witkin Homes, Inc., a corporation, and Jack A. Witkin and Philip D. Winn, individually and as officers of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of

said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Witkin Homes, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal office and place of business located at 9725 E. Hampden Ave., Denver, Colo.

Respondents Jack A. Witkin and Philip D. Winn are officers and directors of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of housing to the general public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit or offer to extend or arrange for the extension of such credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid and in connection with credit sales, have caused, and are causing, to be published, advertisements, as "credit sale" and "advertisement" are defined in Section 226.2 of Regulation Z, which advertisements aid, promote or assist, directly or indirectly, the extension of other than open end credit.

PAR. 5. Respondents, in certain of the above-mentioned advertisements, have stated and are stating that no downpayment is required or the amount of the downpayment (in dollars or as a percentage of the sale price) without also stating, as required by Section 226.10(d)(2) of Regulation Z, all the following terms:

- (a) the cash price; [the amount of the loan;]
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act,

respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Kansas City Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Witkin Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 9725 E. Hampden Ave., city of Denver, State of Colorado.

Respondents Jack A. Witkin and Philip D. Winn are officers and directors of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Witkin Homes, Inc., a corporation, its successors and assigns, its officers, and Jack A. Witkin and Philip D. Winn, individually and as officers of said corporation, and respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist, directly or indirectly, any arrangement or extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. §1601, *et seq.*), do forthwith cease and desist from:

1. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any instalment payment, either in dollars or as a percentage, the dollar amount of any finance charge, the number of instalments or the period of repayment, or that there is no charge for credit, unless all of the following items are clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

- (a) the cash price or the amount of the loan, as applicable;
- (b) the amount of the downpayment required or that no downpayment is required, as applicable;
- (c) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended; and
- (d) the amount of the finance charge expressed as an annual percentage rate.

2. Failing, in any advertisement, to make all disclosures as required by Section 226.10 in the manner prescribed by Sections 226.6, 226.8 and 226.10 of Regulation Z.

IT IS FURTHER ORDERED, That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

IT IS FURTHER ORDERED, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

IT IS FURTHER ORDERED, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF
ALLORA, LTD., ET AL.

CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND WOOL PRODUCTS
LABELING ACTS

Docket C-2705. Complaint, July 21, 1975-Decision, July 21, 1975

Consent order requiring a New York City importer of wool fabrics, among other things to discontinue false and deceptive labeling; to notify those who purchased the misbranded wool products of the fact that they were misbranded; and prohibiting the importation of wool products into the United States except upon filing bond with the Secretary of the Treasury in a sum double the value of the wool products and any duty thereon conditioned upon compliance with the Wool Products Labeling Act.

Appearances

For the Commission: *Judith K. Braun.*

For the respondents: *Ellsworth F. Qualey, New York City.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Allora Ltd., a corporation, trading under its own name or as Allora-Tex, and Oscar Bobis, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Allora Ltd. is a corporation organized, existing and doing business under and by virtue of the laws of the State

of New York, with its office and principal place of business located at 450 Seventh Ave., New York, N.Y.

Individual respondent Oscar Bobis is an officer of Allora Ltd. He formulates, directs, and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is the same as that of the corporate respondent.

Respondents are engaged in the importation and sale of fabrics including but not limited to wool products.

PAR. 2. Respondents, now and for some time past, have imported for introduction into commerce, introduced into commerce, transported, distributed, delivered for shipment, shipped, offered for sale, and sold in commerce as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded by the respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were certain wool fabrics stamped, tagged, labeled, or otherwise identified by respondents as "30% acrylic, 25% wool, 23% cotton, 22% man made fibers," whereas, in truth and in fact, said products contained substantially different fibers and amounts of fibers than represented.

PAR. 4. Certain of said wool products were further misbranded by respondents in that they were not stamped, tagged, labeled or otherwise identified as required under the provisions of Section 4 (a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the rules and regulations promulgated under said Act.

Among such misbranded wool products, but not limited thereto, were wool products, namely wool fabrics, with labels on or affixed thereto, which failed to disclose the percentage of the total fiber weight of the said wool products, exclusive of ornamentation not exceeding 5 per centum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool, when said percentage by weight of such fiber was 5 per centum or more, and (5) the aggregate of all other fibers.

PAR. 5. Respondents' wool products described in "Paragraph Four" above were imported by the respondents into the United States and, as particularized in said paragraph, were not stamped, tagged, labeled or otherwise identified in accordance with the provisions of the Wool Products Labeling Act of 1939. The invoices of said imported wool products required by the Tariff Act of 1930 failed to set forth the

information with respect to said wool products required under the provisions of the Wool Products Labeling Act of 1939, to wit, the percentage of the total fiber weight of the said wool products, exclusive of ornamentation not exceeding 5 per centum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool, when said percentage by weight of such fiber was 5 per centum or more, and (5) the aggregate of all other fibers. The respondents did falsify the consignee's declaration provided for in said Tariff Act of 1930 insofar as it related to the above items of information enumerated in this paragraph in violation of Section 8 of the Wool Products Labeling Act of 1939 and Section 5 of the Federal Trade Commission Act.

PAR. 6. The acts and practices of respondents as set forth above were, and are, in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce, under the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of the Federal Trade Commission Act and the Wool Products Labeling Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Allora Ltd., trading under its own name or as Allora-Tex, is a corporation organized, existing and doing business under and

by virtue of the laws of the State of New York, with its office and principal place of business located at 450 Seventh Ave., New York, N.Y.

Respondent Oscar Bobis is an officer of said corporation. He formulates, directs and controls the acts, practices and policies of said corporation and his address is the same as that of said corporation.

Respondents are engaged in the importation and sale of wool products including but not limited to wool fabrics.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

IT IS ORDERED, That respondents Allora Ltd., a corporation, trading under its own name or as Allora-Tex, its successors and assigns, and its officers, and Oscar Bobis, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or any other device, in connection with the introduction, or importing for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.

2. Failing to securely affix to or place on, each such product a stamp, tag, label, or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by Section 4(a)(2) of the Wool Products Labeling Act of 1939.

IT IS FURTHER ORDERED, That respondents Allora Ltd., a corporation, trading under its own name or as Allora-Tex, its successors and assigns, and its officers, and Oscar Bobis, individually and as an officer of Allora Ltd., and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from importing or participating in the importation of wool products into the United States except upon filing bond with the Secretary of the Treasury in a sum double the value of said wool products and any duty thereon, conditioned upon compliance with the provisions of the Wool Products Labeling Act of 1939.

IT IS FURTHER ORDERED, That respondents notify, by delivery of a copy of this order by registered mail, each of their customers that

purchased the products which gave rise to this complaint of the fact that such products were misbranded.

IT IS FURTHER ORDERED, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged, as well as a description of his duties and responsibilities.

IT IS FURTHER ORDERED, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

IT IS FURTHER ORDERED, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

LUMBERJACK MEATS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-2706. Complaint, July 21, 1975-Decision, July 21, 1975

Consent order requiring a Birmingham, Ala., manufacturer of packaged meat and meat soy protein concentrate products, among other things to cease misrepresenting that its product Bun Pals is all-meat or solely a meat product; exaggerating the products' protein content in comparison with other food products; understating the products' fat content in comparison with other food products; and making price comparisons between its products and other products only in equivalent units of quantity.

Appearances

For the Commission: *Truett M. Honeycutt.*

For the respondents: *Harold Delbaum, Tarrytown, N.Y.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission having reason to believe that Lumberjack Meats, Inc., a corporation; and Harold Abroms, individually and as an officer of said corporation, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereto would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Lumberjack Meats, Inc. is a corporation organized existing and doing business by virtue of the laws of the State of Alabama, with its office and principal place of business located at 210-26th Ave., West, Birmingham, Ala.

Respondent Harold Abroms is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as the corporate respondent.

PAR. 2. Respondent Lumberjack Meats, Inc., is now and for some time last past has been engaged in the sale and distribution of a chicken, meat byproduct, meat, and soy protein concentrate product known as Bun Pals.

PAR. 3. Respondent Lumberjack Meats, Inc., causes the said product, when sold, to be transported from its place of business in Alabama to purchasers located in various other States of the United States. Respondent Lumberjack Meats, Inc., maintains, and at all times mentioned herein has maintained a course of trade in said product in commerce as "commerce" is defined in the Federal Trade Commission Act. The volume of business in such commerce has been and is substantial.

PAR. 4. In the course and conduct of their business, respondents have disseminated and caused the dissemination of certain advertisements concerning the said product by the United States mails and by various means in commerce as "commerce" is defined in the Federal Trade Commission Act, including but not limited to advertisements inserted in newspapers located in various States of the United States and having interstate circulation among readers located outside the respective states of their publication, for the purpose of inducing and which were likely to induce, the purchase of said product in commerce, as "commerce" is used in Sections 5 and 12 of the Federal Trade Commission Act, and as a result of such newspaper advertising and the mailing of advertising copy to newspapers for publication, and the mailing of newspapers containing such advertising to out of state

readers, respondents have disseminated and caused to be disseminated false advertising by United States mails within the meaning of Section 12(a)(1) of the Federal Trade Commission Act.

PAR. 5. Typical of the statements and representations in such advertisements, disseminated as aforesaid, but not all inclusive thereof, are the following: [see pp. 293-298]

PAR. 6. Through the use of the above advertisements, and others of similar import and meaning but not expressly set out herein, respondents have represented directly or by implication that:

1. Bun Pals is an all meat product in the same sense as pork chops, boneless round, chuck roast, steak, and roast beef.

2. The price of Bun Pals is approximately one half (1/2) or less than the price of the comparative meat product.

3. Bun Pals contain more protein than boneless round, canned ham, and roast beef and as much protein as pork chops, chuck roast and steak.

4. Bun Pals contain less fat than boneless round, boneless chuck roast and steak.

PAR. 7. In truth and in fact:

1. Bun Pals is not an all meat in the same sense as pork chops, boneless round, chuck roast and steak but instead the product is a combination of meat, meat byproducts, and soy protein concentrate which contains substantial quantities of non-meat ingredients.

2. The price of Bun Pals is substantially more expensive in relation to the comparative meat products than the ads depict. For example, Bun Pals are more than one half (1/2) the price of equal quantities of all comparative meat products shown in the aforementioned advertisements except steak. For the latter, the price is one third (1/3) as expensive rather than one fourth (1/4) as the ad depicts.

3. Bun Pals contain less protein than boneless round, canned ham, roast beef, pork chops, chuck roast and steak. In the instance of boneless round, the protein content of Bun Pals is less than one half (1/2) that of such product.

4. Bun Pals contain more fat than boneless round, boneless chuck roast and steak.

Therefore, the statements and representations as set forth in Paragraph Six hereof, were and are false, misleading and deceptive.

PAR. 8. Respondent, Lumberjack Meats, Inc., at all times mentioned herein, has been and is now in substantial competition with individuals, firms, and corporations engaged in the sale and distribution of meat, meat food products and soy concentrate products which are purchased by consumers to supply meat or a meat substitute in their diets.

PAR. 9. The use by corporate respondents of the aforesaid deceptive

statements, representations and practices has had, and now has the capacity and tendency to mislead members of the purchasing public into the mistaken belief that such statements and representations are true and complete, and into the purchase of substantial quantities of corporate respondents' product by reason of such erroneous and mistaken belief. As a result thereof, substantial trade has been and is being diverted to corporate respondents from its competitors.

PAR. 10. The aforesaid acts and practices of respondents as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted and now constitute, unfair methods of competition in commerce and unfair and deceptive acts or practices in commerce in violation of Sections 5 and 12 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint making the following jurisdictional findings, and enters the following order:

1. Respondent Lumberjack Meats, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Alabama, with its office and principal place of business located at 210-26th Ave., West, Birmingham, Ala.

Respondent Harold Abroms is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation. His principal office and place of business is located at the above-stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

IT IS ORDERED, That respondents Lumberjack Meats, Inc., a corporation, its successors and assigns, and its officers, and Harold Abroms, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division or other device in connection with the advertising, offering for sale or sale of the product "Bun Pals" or any other product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing directly or indirectly that the product "Bun Pals" or any other soy protein concentrate product is all meat or solely a meat product.

2. Representing directly or indirectly, that the protein content of the product "Bun Pals" is equal to or higher than that of boneless round, canned ham, roast beef, pork chops, chuck roast and steak, or misrepresenting in any manner the protein content of respondents' products.

3. Representing directly or indirectly that the fat content of the product "Bun Pals" is equal to or less than that of boneless round, boneless chuck roast, and steak, or misrepresenting in any manner the fat content of respondents' products.

4. Comparing the price of any given quantity of the product "Bun Pals" or any other product with that of another product unless such price comparison is expressed in equal quantities using equivalent units whether the compared product be described in generic terms or as a particular brand.

IT IS FURTHER ORDERED, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

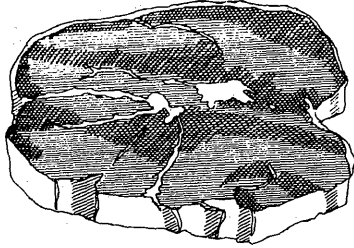
IT IS FURTHER ORDERED, That the individual respondent named herein shall promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or

employment in which he is engaged as well as a description of his duties and responsibilities.

IT IS FURTHER ORDERED, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, partnership or other business entity, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

BONELESS ROUND
\$1.69 lb.



BUN PALS 59¢
12 oz. pkg.



BUN PALS ARE ROUND & BONELESS
AND THEY FEEL GOOD
WHEN YOU PAY FOR THEM.

Bun Pals give your family the meat they crave, plus extra protein and less fat. What more could a mother ask for? Try Bun Pals!



BUN PALS

All the Protein Money Used to Buy.

BRESSLER Exhibit 3
File DA 40001 Date 8/2/73
T. D. Attorney
Federal Trade Commission

Also try Flavor Pals Bacon, Smoked Sausage, Red Hots, and Lunch Pals.

PORK CHOPS
\$1.29 lb.



BUN PALS 59¢
12 oz. pkg.



HOW TO PUT MEAT ON THE TABLE AND KEEP SOME MONEY IN YOUR POCKET.

We don't claim Bun Pals taste like pork chops. They taste like Bun Pals! And they give your family plenty of protein and less fat. Plus a break for your budget. Serve 'em up!



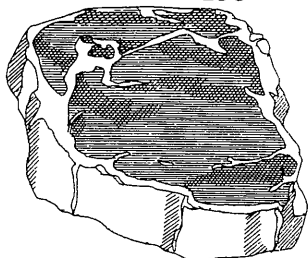
BUN PALS

All the Protein Money Used to Buy.

BRESSLER Exhibit 2
File DA40001 Date 8/2/73
T.H. Attorney
Federal Trade Commission

Also try Flavor Pals Bacon, Smoked Sausage, Red Hots, and Lunch Pals.

**BONELESS
CHUCK ROAST
\$1.59 lb.**

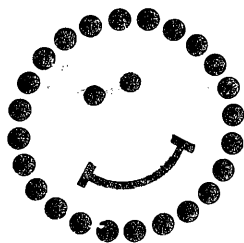


BUN PALS 59¢
12 oz. pkg.



**BEFORE YOU CHUCK MEAT
ALTOGETHER, TRY BUN PALS.**

O.K., not many people roast
Bun Pals. But they sure taste
good fried, broiled, or barbecued.
And they give you plenty of
protein and less fat. Especially
in the budget. Try 'em!



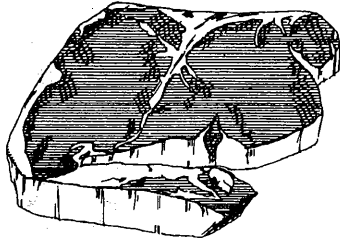
BUN PALS

All the Protein Money Used to Buy.

DRESSLER Exhibit 4
File DAWCOI Date 8/2/77
T. H. Attorney
Federal Trade Commission

Also try Flavor Pals Bacon, Smoked Sausage, Red Hots, and Lunch Pals.

STEAK \$2.39 lb.

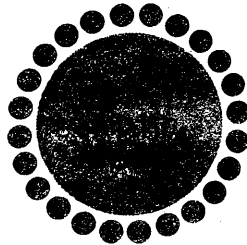


BUN PALS 59¢
12oz. pkg.



**THE HIGHER STEAK GOES
THE MORE YOU'LL LIKE
BUN PALS.**

We don't claim Bun Pals taste like steak. But we do know that ounce for ounce, Bun Pals give your family as much protein and less fat. So serve 'em up! Your budget will taste the difference.

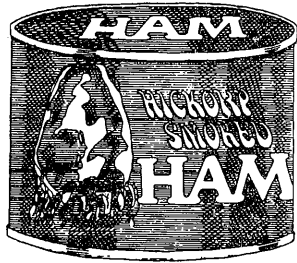


BUN PALS
All the Protein Money Used to Buy.

BRESSLER 5
DA40001 8/2/73
T.A. ...

Also try Flavor Pals Bacon, Smoked Sausage, Red Hots, and Lunch Pals.

CANNED HAM
\$1.29 lb.



BUN PALS 59¢
12 oz. pkg.



**THREE KIDS,
A HUSBAND AND A BUDGET.
AND BUN PALS.**

We have nothing against
canned ham. Except the price.
And so we offer Bun Pals as a
mighty tasty substitute. Plus
more protein and less fat. Try
Bun Pals and see!



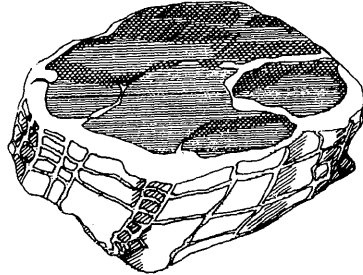
BUN PALS

All the Protein Money Used to Buy.

BAESSLER Exhibit 6
File DA4001 Date 8/2/73
The Attorney
Federal Trade Commission

Also try Flavor Pals Bacon, Smoked Sausage, Redi Hots, and Lunch Pals.

ROAST BEEF
\$1.59 lb.

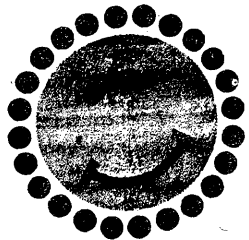


BUN PALS 59¢
12oz. pkg.



**DON'T BEEF ABOUT
THE HIGH PRICE OF MEAT.
EAT BUN PALS!**

We don't think Bun Pals taste like roast beef. They taste like Bun Pals! And that's good! So is the extra protein and lower fat content. See if you don't like Bun Pals!



BUN PALS
All the Protein Money Used to Buy.

BAESSLER Exhibit 7
File DA 40001 Date 8/2/73
T. W. Attorney
Federal Trade Commission

Also try Flavor Pals Bacon, Smoked Sausage, Red Hots, and Lunch Pals.

IN THE MATTER OF
MORTON-NORWICH PRODUCTS, INC., ET AL.
CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-2707. Complaint, July 21, 1975—Decision, July 21, 1975

Consent order requiring a Chicago, Ill., salt manufacturer and its advertising agency, among other things to cease failing to disclose in all advertisements for Morton Lite Salt that the product is not to be used by persons on sodium or potassium restricted diets, and misrepresenting that there is a connection between sodium intake and water retention or high blood pressure or that a reduction in sodium intake will promote or maintain good health.

Appearances

For the Commission: *Walter B. Fisherow.*

For the respondents: *McBride, Baker, Wienke & Schlosser, Chicago, Ill. Pepper, Hamilton & Scheetz, Wash., D.C., and Davis, Gilbert, Levine & Schwartz, New York City.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Morton-Norwich Products, Inc., a corporation, and Needham, Harper & Steers Advertising, Inc., a corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Morton-Norwich Products, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 110 N. Wacker Drive, Chicago, Ill.

PAR. 2. Respondent Needham, Harper & Steers Advertising, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal office and place of business located at 401 N. Michigan Ave., Chicago, Ill.

PAR. 3. Respondent Morton-Norwich Products, Inc. is now, and for some time last past has been, engaged in the manufacture, advertising, offering for sale, sale and distribution of Morton Lite Salt, a food product consisting of equal parts of sodium chloride and potassium chloride.

PAR. 4. Respondent Needham, Harper & Steers Advertising, Inc. is now, and for some time last past has been an advertising agency for respondent Morton-Norwich Products, Inc. and has prepared and caused to be disseminated advertising material relating to Morton Lite Salt, including but not limited to the advertisements referred to herein.

PAR. 5. Respondent Morton-Norwich Products, Inc. causes Morton Lite Salt, when sold, to be transported from the place of its manufacture to purchasers located in various States of the United States. Respondent Morton-Norwich Products, Inc. maintains, and at all times mentioned herein has maintained, a course of trade in said product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 6. In the course and conduct of their said businesses, respondents have disseminated, and caused the dissemination of, certain advertisements concerning Morton Lite Salt by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including but not limited to advertisements inserted in magazines and newspapers and by means of television broadcasts transmitted by television stations located in various States of the United States having sufficient power to carry such broadcasts across State lines, for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of said product; and respondents have disseminated, and caused the dissemination of, advertisements concerning said product by various means, including but not limited to the aforesaid media, for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of said product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 7. Typically, such advertisements included the statement that Morton Lite Salt contains one half the amount of sodium of regular salt, and certain of such advertisements included the statement that said product was for use by persons who desire to or should reduce their intake of sodium. Such advertisements did not contain a warning that Morton Lite Salt should not be used by persons who are on a sodium or potassium restricted diet without the approval of a physician.

PAR. 8. Because Morton Lite Salt does contain a substantial amount of sodium (one half the amount of sodium that is contained in regular table salt), the product should not be used by persons on a sodium restricted diet unless such use is approved by a physician. Similarly, since Morton Lite Salt contains a substantial amount of potassium chloride, said product should not be used by persons on a potassium restricted diet unless approved by a physician. Therefore, a warning statement, to the effect that said product should not be used by persons

on sodium or potassium restricted diets unless approved by a physician, should have been included in all such advertisements. Such a warning statement constituted a material statement, the omission of which made such advertisements false and misleading.

PAR. 9. At least one of such advertisements contained a representation to the effect that doctors and medical researchers have established a connection between sodium intake and high blood pressure or water retention and have established that, in effect, a reduction of the level of sodium intake will promote or maintain good health.

PAR. 10. In truth and in fact, while some medical authorities have suggested that there is data which apparently supports such a representation, it has not been established that there is a causal connection between sodium intake and high blood pressure or water retention, or that a reduction in the level of sodium intake will promote or maintain good health. Therefore, the representations set forth in Paragraph Nine are and were false and misleading.

PAR. 11. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury to the public and constituted, and now constitute, unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for

a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 (b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Morton-Norwich Products, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 110 N. Wacker Drive, Chicago, Ill.

Respondent Needham, Harper & Steers Advertising, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 401 N. Michigan Ave., Chicago, Ill.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

IT IS ORDERED, That respondent Morton-Norwich Products, Inc., a corporation, and respondent Needham, Harper & Steers Advertising, Inc., a corporation, their successors and assigns, either jointly or individually, and respondents' officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution in or affecting commerce as "commerce" is defined in the Federal Trade Commission Act, of Morton Lite Salt, or any product of similar composition, do forthwith cease and desist from disseminating any advertisement which:

1. Fails to clearly and conspicuously disclose, in the following words or in words of similar import, that such product is "Not To Be Used By Persons On Sodium Or Potassium Restricted Diets Unless Approved By A Physician;" or

2. makes any representation, directly or indirectly, that medical researchers or doctors have established (a) a connection between sodium intake and high blood pressure or water retention, or (b) that a reduction in the level of sodium intake will promote or maintain good health.

Nothing in this order shall be construed to prohibit respondents from disseminating any advertisement of Morton Lite Salt which:

A. Indicates that Morton Lite Salt contains one-half the sodium of regular salt; or

B. indicates that Morton Lite Salt is intended for persons (not including those on sodium or potassium restricted diets) who desire to reduce their intake of salt or sodium.

IT IS FURTHER ORDERED, That respondents shall forthwith distribute a copy of this order to each officer or employee having direct responsibility for either the marketing or advertising of Morton Lite Salt.

IT IS FURTHER ORDERED, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

IT IS FURTHER ORDERED, That each respondent shall, within sixty (60) days after the effective date of the order served upon it, file with the Commission a report, in writing, signed by respondents, setting forth in detail the manner and form of their compliance with the order to cease and desist contained herein.

IN THE MATTER OF
GUTHRIE CONSTRUCTION COMPANY, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS

Docket C-2708. Complaint, July 21, 1975-Decision, July 21, 1975

Consent order requiring an Englewood, Colo., mortgage loan broker, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Tommie W. Wakefield.*

For the respondents: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Guthrie Construction Company, a corporation, and Malcolm E. Guthrie, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said