

and that respondent secure from each such person and agency a signed statement acknowledging receipt of said order.

It is further ordered, That respondent notify the Commission at least thirty days prior to any proposed change in the corporate respondent such as dissolution, assignment or 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 respondent shall, within sixty days after service upon it of this order, file with the Commission a written report setting forth in detail the manner and form of its compliance with this order.

IN THE MATTER OF
TRAILER COACH ASSOCIATION, ET AL.

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

Docket C-2572. Complaint, Oct. 8, 1974—Decision, Oct. 8, 1974

Consent order requiring an Anaheim, Calif., trade association representing manufacturers, component suppliers, and dealers of mobile homes and recreational vehicles, among other things to cease making representations as to energy use or energy-saving characteristics of their recreational vehicles or as to the supply or availability of gasoline without having a reasonable basis for such claim.

Appearances

For the Commission: *Gregory L. Colvin.*

For the respondents: *James P. Watson, Voegelin & Barton,* Los Angeles, Calif.

COMPLAINT

The Federal Trade Commission, having reason to believe that Trailer Coach Association, a corporation, and Louis C. Bell, individually and as president of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the public interest, hereby issues this complaint:

PARAGRAPH 1. Trailer Coach Association is a trade association organized, existing and doing business as a nonprofit corporation under the laws of the State of California, with its office and principal place of business at 3855 East La Palma Avenue, Anaheim, Calif.

Louis C. Bell is the president of Trailer Coach Association. He formulates, directs and controls the policies, acts and practices of said corporation, including those hereinafter set forth. His business address is the same as that of Trailer Coach Association.

PAR. 2. The corporate respondent was organized and is maintained for the purpose of promoting, fostering and advancing the interests of its members, who consist of manufacturers, component suppliers, and dealers of mobile homes and recreational vehicles, including but not limited to travel trailers, motor homes, van conversions, truck campers and camping trailers. Respondents have been and are now engaged in a wide range of activities of mutual interest and pecuniary benefit to the members of the corporate respondent, including the dissemination of advertising material designed to promote the sale of recreational vehicles. Allegations stated below in the present tense include the past tense.

PAR. 3. The corporate respondent maintains offices in California and Oregon, and its members are located primarily in eleven western States of the United States. In the course of their business, respondents cause various documents, monies, communications and promotional materials to be transmitted to and from the corporate respondent's offices, its members' offices, retail sellers of recreational vehicles, and other business entities located in many different States of the United States. Furthermore, respondents advertise and cause the dissemination of advertisements in media of interstate circulation. Respondents maintain a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course of their business, respondents disseminate and cause to be disseminated numerous representations concerning energy saving and energy use characteristics of ownership and operation of recreational vehicles. Typical and illustrative of these representations, but not all inclusive thereof, are the representations which appear in the following newspaper advertisement disseminated by respondents beginning in July 1973: [See p. 715 herein.]

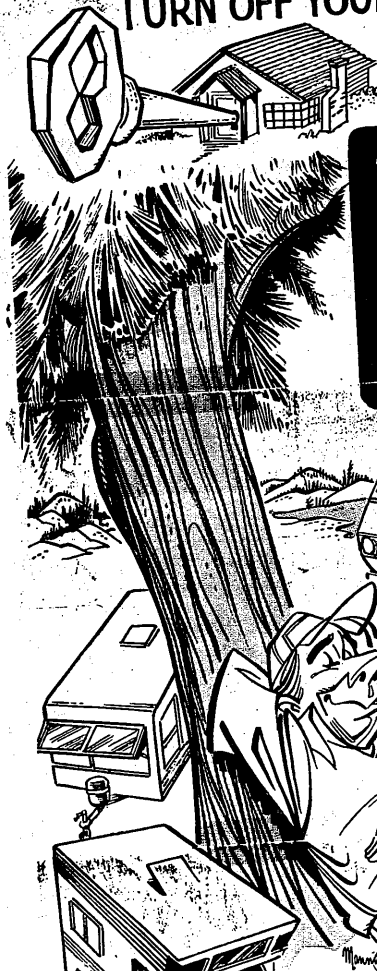
PAR. 5. Through the use of such advertisements, and others not specifically set out herein, respondents have represented, directly or by implication, that:

A. Any family on vacation in a recreational vehicle will save close to eighty percent of the energy the family would use while living at home during the same period of time:

1. Regardless whether the computation of energy consumption is made separately for electricity, natural gas, or for the aggregate total of all forms of energy consumed, including gasoline;

116 * E.C. 1167

TURN OFF YOUR HOUSE... TURN ON TO.. RVATIONING



Here's a way to solve the energy crisis: TAKE AN RVATIONING.

It's a fulfilled fact... when you're enjoying RVATIONING you're saving energy. That's right. If only half the families in the United States would take a motor home, van conversion, travel trailer, truck camper or camping trailer and go to a campground or camping resort for two weeks a year our wastes would be over.

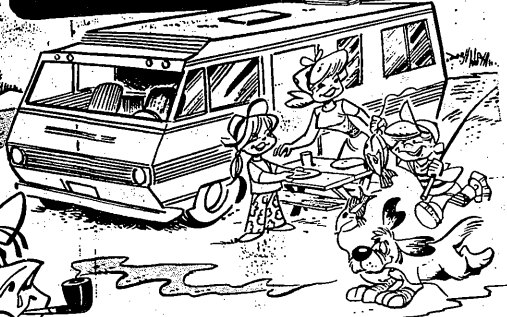
FACT: Most families have two or more cars. Leave them home and drive only one vehicle on your RVationing. The average American family drives 200 miles per week with its two cars. The average RVationing is spent only about 200 miles from home. And with the 1972 antipollution equipment, there is little difference in gasoline consumption between a '72 sedan and a small enclosed motor home or a car towing an average trailer.

FACT: The average daily use of electric power in a campground is only 5 kilowatt hours compared to 23 kilowatt hours for the average house.

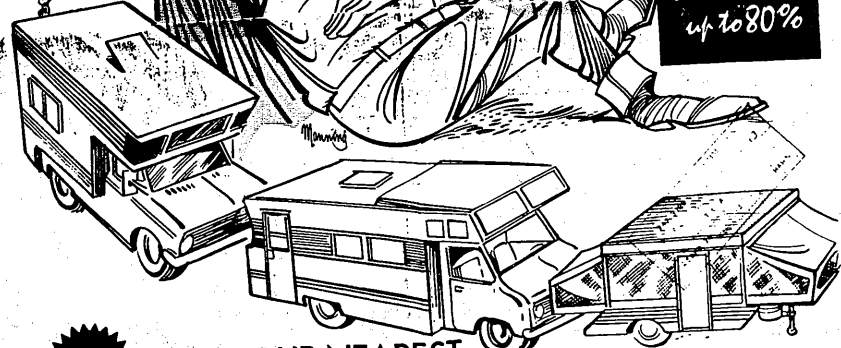
FACT: A recreation vehicle uses about half a therm of L.P. gas per day, against 3 therms of natural gas used by the average household.

The power consumed by an average family in daily living at home is substantial. Every hour spent in a recreation vehicle saves bundles of energy. RVATIONING means family fun, enjoying the great outdoors, seeing our beautiful country and saving valuable energy.

So for an exciting energy saving experience, turn off your house and turn on to RVATIONING.



SAVE ENERGY
up to 80%



TCA VISIT YOUR NEAREST TRAILER COACH ASSOCIATION MEMBER DEALER

2. Regardless of the size and type of recreational vehicle and the nature and extent of its accessory equipment;

3. Regardless of the season, duration, and number of miles traveled on the vacation;

4. Regardless of the region of the United States in which the family lives and/or vacations; and

5. Regardless whether or not the family operates its recreational vehicle, home, automobiles, and other energy-consuming possessions in the family's customary or usual manner.

B. With the anti-pollution equipment on 1973 cars, there is little difference in fuel economy between a 1973 sedan, a medium-sized motor home, and a car towing an average travel trailer.

C. For most families, there is not significant difference in the fuel economy of the vehicles they operate while living at home compared to the fuel economy of driving or towing an average recreational vehicle.

D. Most families on vacation in a recreational vehicle do not drive any more miles in such vehicle than the total number of miles they drive while living at home, following their customary or usual driving habits, for the same period of time.

E. Most families on vacation in a recreational vehicle use less gasoline, or no more gasoline, than they would use while living at home, following their customary or usual driving habits, for the same period of time.

F. At the time the representations were disseminated, gasoline was readily available throughout the country.

G. An increase in the proportion of families taking recreational vehicle vacations will actually conserve energy, including gasoline, and will assure the continued availability of gasoline and other forms of energy.

H. If only half the families in the United States would take a motor home, van conversion, travel trailer, truck camper or camping trailer and go to a campground or camping resort for two weeks each year, the nation's energy worries would be over.

PAR. 6. At the time the representations set forth in Paragraph Five were made, respondents had no reasonable basis from which to conclude that such representations were true.

Therefore, the advertisements and representations referred to in Paragraphs Four and Five were and are deceptive and unfair.

PAR. 7. Respondents' use of the aforesaid deceptive and unfair advertisements and representations has the capacity and tendency to induce members of the public to rely thereon and to purchase substantial quantities of recreational vehicles.

PAR. 8. Respondents' aforesaid acts and practices are all to the prejudice and injury of the public and 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 and 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 Seattle 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 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 Trailer Coach Association is a trade association organized, existing and doing business as a nonprofit corporation under the laws of the State of California with its office and principal place of business located at 3855 East La Palma Avenue, Anaheim, Calif.

Respondent Louis C. Bell is president of Trailer Coach Association. He formulates, directs and controls the policies, acts and practices of said corporation and his business address is the same as that of said corporation.

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 Trailer Coach Association, a corporation, its successors and assigns, and its officers, and Louis C. Bell, individually and as president of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of recreational vehicles, including but not limited to travel trailers, motor homes, van conversions, truck campers and camping trailers, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Making any representation, directly or by implication, as to energy use or energy saving characteristics or ownership or operation of any recreational vehicle or vehicles, or as to the supply or availability of gasoline or any other form of energy; unless, at the time the representation is made, respondents have a reasonable basis for such representation, consisting of tests or surveys
 - a. based on reliable data and adhering to generally accepted statistical principles,
 - b. which shall fully and completely substantiate the representation, and
 - c. the results and methodology of which, together with the original data collected, are available for public inspection and condensed in a report written in terms understandable to the average consumer, at each of respondents' offices.
2. Making any representation, directly or by implication, as to energy use or energy saving characteristics of ownership or operation of any recreational vehicle or vehicles; unless respondents clearly and conspicuously disclose, in immediate conjunction with the representation:
 - a. The specific forms of energy referred to, unless the representation applies to total consumption of all forms of energy by the consumer or family.
 - b. The particular type and size of recreational vehicle to which the representation applies, and the nature and extent of accessory equipment, unless it applies to all types and sizes of such vehicles regardless of accessory equipment installed.
 - c. The particular locations and conditions of use, including but not limited to the season, duration, and number of miles traveled, to which the representation applies, unless it applies

to all conditions of use and to all locations and regions in the United States.

d. The specific manner of operation of the recreational vehicle, home, automobiles, and other energy-consuming possessions to which the representation applies, unless it applies to the customary or usual manner of operation of all such possessions by the average consumer or family.

It is further ordered, That respondents forthwith deliver, to all persons and firms which respondents know or have reason to know may engage in dissemination of representations originated or distributed by respondents since June 1, 1973, as to energy use or energy saving characteristics of ownership or operation of recreational vehicles, or as to the supply or availability of gasoline or any other form of energy, a notice containing the following information, without mitigation:

1. The energy-related representations contained in the referenced advertising have been the subject of an investigation by the Federal Trade Commission, which has resulted in the entry of a consent order directing that distribution of the referenced advertisements be restricted.

2. At the time the energy-related representations were made, Trailer Coach Association did not have adequate substantiation to support such representations.

3. Trailer Coach Association has been ordered by the Federal Trade Commission to cease and desist from making energy claims related to recreational vehicles unless Trailer Coach Association can support such claims with reliable and statistically valid tests or surveys.

4. None of the energy-related representations originated or distributed by Trailer Coach Association since June 1, 1973, and no materials containing such representations, are to be further disseminated to the public or others until such time as respondents certify in writing to such person or firm that Trailer Coach Association is in possession of the substantiation required by this order.

5. Further dissemination by the person or firm of such representations without the certification required above may constitute a violation of the Federal Trade Commission Act by the person or firm itself.

It is further ordered, That respondents shall maintain complete records relative to the manner and form of their compliance with this order, and shall retain each record for three years after such record is made. Such records shall include all advertising, promotional material, the basis for all applicable advertising claims, correspondence with

Complaint

84 F.T.C.

persons who formulate or place advertising, and other pertinent documents.

It is further ordered, That respondents promptly distribute a copy of this order to each operating division, to all present and future personnel of respondents engaged in the preparation, creation or placing of advertising, and to all present and future agencies engaged in the preparation, creation or placing of advertising on behalf of respondents; and that respondents secure from each such person and agency a signed statement acknowledging receipt of said order.

It is further ordered, That respondents notify the Commission at least thirty 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 this order.

It is further ordered, That the individual respondent named herein promptly notify the Commission if he discontinues his present business or employment and if he affiliates with another business or employment related to the promotion, sale or distribution of recreational vehicles. Such notice shall include his 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 shall, within sixty days after service upon them of this order, file with the Commission a written report setting forth in detail the manner and form of their compliance with this order.

IN THE MATTER OF
RECREATIONAL VEHICLE INSTITUTE, INC., ET AL.
CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-2573. Complaint, Oct. 8, 1974 — Decision, Oct. 8, 1974

Consent order requiring a Des Plaines, Ill., trade association representing manufacturers, component suppliers, and dealers of mobile homes and recreational vehicles, among other things to cease making representations as to energy use or energy-saving characteristics of their recreational vehicles or as to the supply or availability of gasoline without having a reasonable basis for such claim.

Appearances

For the Commission: *Gregory L. Colvin.*

For the respondents: *David J. Humphreys, Paulson & Humphreys,*
Wash., D. C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Recreational Vehicle Institute, Inc., a corporation, and F. Michael Radigan, individually and as national director of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the public interest, hereby issues this complaint:

PARAGRAPH 1. Recreational Vehicle Institute, Inc. is a trade association organized, existing and doing business as a not-for-profit corporation under the laws of the State of Indiana, with its office and principal place of business at 2720 Des Plaines Avenue, Des Plaines, Ill.

F. Michael Radigan is the national director of Recreational Vehicle Institute, Inc. He formulates, directs and controls the policies, acts and practices of said corporation, including those hereinafter set forth. His business address is the same as that of Recreational Vehicle Institute, Inc.

PAR. 2. The corporate respondent was organized and is maintained for the purpose of promoting, fostering and advancing the interests of its members, who consist of component suppliers and manufacturers of recreational vehicles, including but not limited to travel trailers, motor homes, truck campers and camping trailers. Respondents have been and are now engaged in a wide range of activities of mutual interest and pecuniary benefit to the members of the corporate respondent, including the dissemination of advertising materials designed to promote the sale of recreational vehicles. Allegations stated below in the present tense include the past tense.

PAR. 3. The corporate respondent maintains offices in Illinois, California, and the District of Columbia, and its members are located in many different States of the United States. In the course of their business, respondents cause various documents, monies, communications and promotional materials to be transmitted to and from the corporate respondent's offices, its members' offices, retail sellers of recreational vehicles, and other business entities located in virtually all States of the United States. Furthermore, respondents advertise and cause the dissemination of advertisements in media of interstate circulation and broadcast. Respondents maintain a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course of their business, respondents disseminate and cause to be disseminated numerous representations concerning energy

Complaint

84 F.T.C.

saving and energy use characteristics of ownership and operation of recreational vehicles. Typical and illustrative of these representations, but not all inclusive thereof, are the following:

A. In advertisements broadcast over CBS and NBC radio networks beginning in June 1973:

Save electricity, gas and oil. Take a fun-filled family *RVcation* in a travel trailer, motor home, truck camper or camping trailer. Your recreational vehicle can be your comfortable, convenient home-on-wheels. And you use less than one fourth the energy you normally use at home.* * *

B. In an advertisement published in one regional and five national magazines in February and March 1974:

While enjoying an *RVcation*, you're helping conserve energy! It's a fact* * * RV users consume less electricity, less natural gas, less everything than they do at home.

C. In an advertising kit distributed beginning in June 1973 to over 15,000 recreational vehicle dealers and others for local use, containing the radio script quoted above and other materials:

1. A suggested "Short Talk for Use at Service Clubs, Chamber of Commerce Meetings, Business Clubs, etc." which includes the following representations:

If only 50% of the families in the U.S.A. would do this one thing this year, the entire natural energy crisis would be over. There would be no shortage of electricity, no shortage of natural gas. There would be no need to worry about whether or not you will have fuel oil for your home's heating system this winter. Every gasoline station would have plenty of gas.* * *

Now here's a way to solve the energy crisis. Take an *RVcation*! That's right, if only half the families in the United States would take a motor home, travel trailer, truck camper or camping trailer and go to a campground or camping resort for two weeks our worries would be over.

2. A leaflet for distribution to consumers, portions of which are shown below: [See pp. 723-724 herein.]

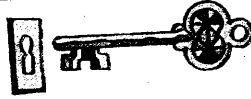
PAR. 5. Through the use of such advertisements, and others not specifically set out herein, respondents have represented, directly or by implication, that:

A. Any family on vacation in a recreational vehicle will use less than one-fourth of the energy the family would use while living at home during the same period of time:

1. Regardless whether the computation of energy consumption is made separately for electricity, natural gas, or for the aggregate total of all forms of energy consumed, including gasoline;

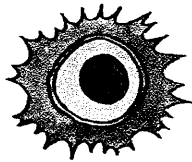
SAVE ENERGY up to 80%!

TURN OFF



YOUR HOUSE

TURN ON



TO RVcationing

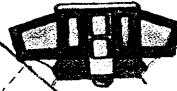
IN A

TRAVEL TRAILER



TRUCK CAMPER

CAMPING TRAILER



OR MOTOR HOME

FEDERAL TRADE COMMISSION
742-3189
File No. INVESTIGATIONAL
RECREATIONAL VEHICLE INSTITUTE
24
Reporter JAH

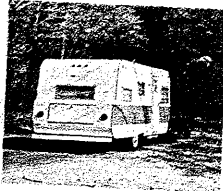


RECREATIONAL VEHICLE INSTITUTE
O'Hare Office Center North / 2720 Des Plaines Ave. / Des Plaines, Ill. 60018

Complaint

84 F.T.C.

QUESTION
If my family takes a two-week vacation in a motor home, travel trailer, truck camper, or camping trailer, we will be saving energy? How can that be?



ANSWER Here's how: the average American household uses around 23 kilowatt-hours of electricity and 47 therms of natural gas each day. When your family goes on a R/V vacation to a campground or camping resort, your recreational vehicle uses only about 5 kilowatt-hours of electric power and less than half a therm of L-P gas per day. So you see, you can help your country through the energy crisis and enjoy family fun at the same time. 3.57

QUESTION But it's gasoline we're really short of, isn't it?

ANSWER There is a shortage of about one to three percent of refined gasoline, but the shortage is ten to fifteen percent in all types of energy — electric power, natural gas, oil products and coal.

QUESTION But what has caused these shortages all of a sudden?

ANSWER The shortages are not as sudden as you may think. Warning signs appeared some time ago, but were largely ignored. The shortage of all energy-producing elements is a result of many different causes. A few are: the ecology movement (which has retarded progress in the generation of electricity by atomic means), bans on the use of coal (which is in plentiful supply), governmental price controls which have made it unprofitable to explore and produce energy (as in the case of natural gas), and above all, the tremendous increase in the use of all forms of energy necessary to produce the standard of living expected by the American public.

QUESTION But how has the government allowed this situation to develop?

ANSWER Bureaucracy has a lot to do with it. In the Federal Government there are 64 separate departments and agencies with power to regulate energy production, distribution and use. Most of these have regulated the particular products that are their special responsibility with little or no regard for the effects of their actions on the entire energy picture. The result? A hodgepodge of rules and regulations that have slowed down the production of coal, gas, oil, petroleum and electric power to the point where we now have severe problems to correct before the balance between needs and production can be fully restored.

QUESTION How long will this take?

ANSWER Experts from industry and government met recently in Washington to consider this and decided it would take until about 1985 at the present rate to completely restore this balance.

QUESTION But how do shortages of electricity and natural gas affect gasoline?

ANSWER All power sources are inter-related. For years we looked to atomic energy to meet the ever-growing demand for electricity. But fear of ecological pollution has retarded the development of atomic generation. Without atomic energy as a source of heat to produce electricity, other heat sources had to be tapped — natural gas, which is clean-burning and provides high heat production. But government price controls have made it so unprofitable to explore, find, produce and sell that no company that expects to stay in business can do so. Coal, once used extensively and still capable of answering the need, is almost a dirty word today. That leaves fuel oil, and the more oil used to generate electric power, the less will be available for refining into gasoline.

QUESTION Then my family really could help the total energy situation by taking an R/V vacation at a campground or camping resort. But isn't it true that driving a motor home or towing a travel trailer uses up a great deal more gasoline than a car?



ANSWER With the anti-pollution equipment on 1973 cars, there is little difference in fuel use between a 73 sedan and a medium-sized motor home or car towing an average-sized trailer. But don't forget, when you take your family away in your recreational vehicle you are using only one auto. Most home-owning families have two or more cars that total around 300 miles per week. On the other hand, most R/V vacations are spent no farther than 300 miles from home, so the difference in gasoline consumption is slight.

QUESTION Then all the time we are camping in our RV we are saving on total energy consumption?

ANSWER Exactly. You are saving close to 80% over the amount of energy your family normally consumes at home. You also save a great deal of water — another important resource.

2. Regardless of the size and type of recreational vehicle and the nature and extent of its accessory equipment;

3. Regardless of the season, duration, and number of miles traveled on the vacation;

4. Regardless of the region of the United States in which the family lives and/or vacations; and

5. Regardless whether or not the family operates its recreational vehicle, home, automobiles, and other energy-consuming possessions in the family's customary or usual manner.

B. Any family on vacation in a recreational vehicle will save close to eighty percent of the energy the family would use while living at home during the same period of time, regardless of the factors enumerated in Subparagraph A, above.

C. With the anti-pollution equipment on 1973 cars, there is little difference in fuel economy between a 1973 sedan, a medium-sized motor home, and a car towing an average travel trailer.

D. For most families, there is no significant difference in the fuel economy of the vehicles they operate while living at home compared to the fuel economy of driving or towing an average recreational vehicle.

E. Most families on vacation in a recreational vehicle do not drive any more miles in such vehicle than the total number of miles they drive while living at home, following their customary or usual driving habits, for the same period of time.

F. Most families on vacation in a recreational vehicle use less gasoline, or no more gasoline, than they would use while living at home, following their customary or usual driving habits, for the same period of time.

G. At the time the representations were disseminated, there was a shortage of only one to three percent of refined gasoline.

H. An increase in the proportion of families taking recreational vehicle vacations will alleviate shortages of energy, including gasoline.

I. If only half the families in the United States would take a motor home, travel trailer, truck camper or camping trailer and go to a campground or camping resort for two weeks each year, there would be no shortage of electricity, natural gas, home heating oil or gasoline, and the entire natural energy crisis would be over.

PAR. 6. At the time the representations set forth in Paragraph Five were made, respondents had no reasonable basis from which to conclude that such representations were true.

Therefore, the advertisements and representations referred to in Paragraphs Four and Five were and are deceptive and unfair.

PAR. 7. Respondents' use of the aforesaid deceptive and unfair advertisements and representations has the capacity and tendency to induce members of the public to rely thereon and to purchase substantial quantities of recreational vehicles.

PAR. 8. Respondents' aforesaid acts and practices are all to the prejudice and injury of the public and 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 Seattle 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 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 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 Recreational Vehicle Institute, Inc. is a trade association organized, existing and doing business as a not-for-profit corporation under the laws of the State of Indiana, with its office and principal place of business located at 2720 Des Plaines Avenue, Des Plaines, Ill.

Respondent F. Michael Radigan is the national director of Recreational Vehicle Institute, Inc. He formulates, directs and controls the policies, acts and practices of said corporation and his business address is the same as that of said corporation.

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 Recreational Vehicle Institute, Inc., a corporation, its successors and assigns, and its officers, and F. Michael Radigan, individually and as national director of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, promotion, offering for sale, sale or distribution of recreational vehicles, including but not limited to travel trailers, motor homes, truck campers and camping trailers, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Making any representation, directly or by implication, as to energy use or energy saving characteristics of ownership or operation of any recreational vehicle or vehicles, or as to the supply or availability of gasoline or any other form of energy; unless, at the time the representation is made, respondents have a reasonable basis for such representation, consisting of tests or surveys

a. based on reliable data and adhering to generally accepted statistical principles,

b. which shall fully and completely substantiate the representation, and

c. the results and methodology of which, together with the original data collected, are available for public inspection in comprehensive written form, in terms understandable to the average consumer, at each of respondents' offices.

2. Making any representation, directly or by implication, as to energy use or energy saving characteristics or ownership or operation of any recreational vehicle or vehicles; unless respondents clearly and conspicuously disclose, in immediate conjunction with the representation:

a. The specific forms of energy referred to, unless the representation applies to total consumption of all forms of energy by the consumer or family.

b. The particular type and size of recreational vehicle to which the representation applies, and the nature and extent of accessory equipment, unless it applies to all types and sizes of such vehicles regardless of accessory equipment installed.

c. The particular locations and conditions of use, including but not limited to the season, duration, and number of miles traveled, to which the representation applies, unless it applies to all conditions of use and to all locations and regions in the United States.

d. The specific manner of operation of the recreational vehicle, home, automobiles, and other energy-consuming possessions to which the representation applies, unless it applies to the customary or usual manner of operation of all such possessions by the average consumer or family.

It is further ordered, That respondents forthwith deliver, to all persons and firms which respondents know or have reason to know may engage in dissemination of representations originated or distributed by respondents since May 1, 1973, as to energy use or energy saving characteristics of ownership or operation of recreational vehicles, or as to the supply or availability of gasoline or any other form of energy, a notice containing the following information, without mitigation:

1. At the time these energy-related representations were made, Recreational Vehicle Institute, Inc. did not have adequate substantiation to support such representations.

2. Recreational Vehicle Institute, Inc. has been ordered by the Federal Trade Commission to cease and desist from making energy claims related to recreational vehicles unless Recreational Vehicle Institute, Inc. can support such claims with reliable and statistically valid tests or surveys.

3. None of the energy-related representations originated or distributed by Recreational Vehicle Institute, Inc. since May 1, 1973, and no materials containing such representations, are to be further disseminated to the public or others until such time as respondents certify in writing to such person or firm that Recreational Vehicle Institute, Inc. is in possession of the substantiation required by this order.

4. Further dissemination by the person or firm of such representations without the certification required above may constitute a violation of the Federal Trade Commission Act by the person or firm itself.

It is further ordered, That respondents shall maintain complete records relative to the manner and form of their compliance with this order, and shall retain each record for three years after such record is made. Such records shall include all advertising, promotional material, the basis for all applicable advertising claims, correspondence with

persons who formulate or place advertising, and other pertinent documents.

It is further ordered, That respondents promptly distribute a copy of this order to each operating division, to all present and future personnel of respondents engaged in the preparation, creation or placing of advertising, and to all present and future agencies engaged in the preparation, creation or placing of advertising on behalf of respondents; and that respondents secure from each such person and agency a signed statement acknowledging receipt of said order.

It is further ordered, That respondents notify the Commission at least thirty 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 corporation which may affect compliance obligations arising out of this 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, in the event of such discontinuance or affiliation. Such notice shall include his 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 shall, within sixty days after service upon them of this order, file with the Commission a written report setting forth in detail the manner and form of their compliance with this order.

IN THE MATTER OF
FORD MOTOR COMPANY

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

*Docket C-2582. Complaint, Oct. 8, 1974 - Decision, Oct. 8, 1974 **

Consent order requiring a Dearborn, Mich., manufacturer of automobiles, among other things to cease using deceptive demonstrations and making unsubstantiated claims concerning structural strength, quietness or performance of motor vehicles.

Appearances

For the Commission: *William S. Busker and Thomas J. Donegan.*

*Petition for review filed January 15, 1975, C. A. 6th.

Complaint

84 F.T.C.

For the respondent: *Robert L. Wald, Wald, Harkrader & Ross*, Wash., D. C.

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 Ford Motor Company, a corporation, hereinafter referred to as respondent, has 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 the charges in that respect as follows:

PARAGRAPH 1. For purposes of this complaint, "commerce" means commerce as defined in the Federal Trade Commission Act.

PAR. 2. Respondent Ford Motor Company is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its executive office and principal place of business located at The American Road, Dearborn, Mich.

PAR. 3. Respondent Ford Motor Company is now and for some time last past has been engaged in the manufacture, advertising, offering for sale, sale and distribution of certain motor vehicles, including but not limited to those models of automobiles designated by said respondent as the "Ford LTD" and the "Ford Galaxie."

PAR. 4. In the course and conduct of its aforesaid business, respondent Ford Motor Company causes the said motor vehicles, when sold, to be transported from its places of business located in various States of the United States to purchasers thereof located in various other States of the United States and in the District of Columbia. Respondent Ford Motor Company maintains, and at all times mentioned herein has maintained, a substantial course of trade in said products in commerce. The volume of business in such commerce has been and is substantial.

PAR. 5. In the course and conduct of its said business, respondent Ford Motor Company has disseminated and caused the dissemination of advertisements concerning the aforementioned Ford LTD and Ford Galaxie automobiles in commerce by means of advertisements printed in magazines and newspapers and advertisements transmitted by television stations located in various States of the United States and in the District of Columbia, 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 Ford LTD and Ford Galaxie automobiles.

PAR. 6. Among the statements and representations in said advertisements, disseminated as aforesaid, but not all inclusive thereof, are those contained within the following sixty-second television advertisement entitled "Ford Lift," identified by the symbol FMFD 1036:

The commercial opens with a beauty shot of the 1971 Ford LTD. The announcer states, "The 1971 Ford LTD. One of the quietest Fords we've ever built. But to build a quiet car, you've got to build it strong." Four workmen apply blowtorches to the front doors of the car and rip off the doors, revealing the steel guard rails. The announcer explains, "For example, we put strong steel Guard Rails behind the doors. Like highway guard rails. Just how strong are they. Watch. We're going to lift the entire car* * *more than two tons* * *by the Guard Rails alone. Let's go." The camera pulls back showing a Ford guard rail framed by a highway guard rail. The workmen then attach steel chains to either end of the Ford guard rails, and the car is lifted vertically by a crane. The workmen watch with awe and admiration. The announcer continues, "Steel Guard Rails. They're strong and durable* * * Like the rest of the car. Like our new body frame design. And our rugged suspension system. Take a quiet break in the '71 LTD or the new Galaxie. They're built strong to last longer." While the announcer is speaking, the LTD is pictured in the background suspended in the air by the crane, with a beauty shot of a 1971 Galaxie in the foreground. The commercial ends with the statement that "Ford gives you better ideas."

PAR. 7. Through the use of the advertisement set forth in Paragraph Six, and others similar thereto not specifically set out herein, respondent has represented, directly or by implication, without qualification, that the steel guard rails in the side doors of the Ford LTD and Ford Galaxie automobiles are as strong as a typical highway guard rail.

PAR. 8. In truth and in fact, the steel guard rails in the side doors of the Ford LTD and Ford Galaxie automobiles are not as strong as a typical highway guard rail in that, among other reasons, they do not have the same lateral strength as a typical highway guard rail.

Therefore, the aforesaid statements and representations and demonstrations used in conjunction therewith, as set forth in Paragraphs Six and Seven above were, and are, false, misleading and deceptive.

PAR. 9. Through the use of the demonstration in the advertisement set forth in Paragraph Six and others similar thereto not specifically set out herein, and the statements and representations used in connection therewith, respondent has represented directly or by implication that such demonstration is competent and reliable evidence which proves the

lateral strength of the steel guard rails in the side doors of the Ford LTD and Ford Galaxie automobiles.

PAR. 10. In truth and in fact, the aforesaid demonstration, including the statements and representations used in connection therewith, is not competent and reliable evidence which proves the lateral strength of the steel guard rail in the side doors of the Ford LTD and Ford Galaxie automobiles.

Therefore, the aforesaid demonstration, including the statements and representations used in connection therewith, as set forth in Paragraphs Six and Nine above, is false, misleading and deceptive.

PAR. 11. Typical also of the statements and representations in said advertisements disseminated as aforesaid, but not all inclusive thereof, are those contained within the following advertisements:

A. A full page print advertisement which is divided into two sections. The upper half begins with a banner headline proclaiming "At 60 mph a 1973 Ford rode quieter than an airborne glider." Below the headline are two photographs, side-by-side, one of the outside of a glider in flight, the other of a sound level meter registering 82 decibels. Beneath these photographs runs the caption: "July 27, 1972, Lake Elsinore, California: At 60 mph, the sound level inside the glider registers a quiet 82 decibels, in tests supervised by General Radio Company."

Below this caption are two more photographs placed side-by-side, one of a Ford LTD traveling at 60 mph, the other of a sound level meter registering 65 decibels. The caption under these photographs reads, "In the same test, the sound level meter inside the Ford LTD traveling at 60 mph registers an even quieter 65 decibels."

The lower half of the advertisement contains a large illustration of the Ford LTD as well as the following text: "Independently supervised tests proved it. The 1973 Ford LTD actually rode quieter than an engineless glider. You'd expect a car that runs that quiet to be well-made in every sense of the word. And so it is* * * Quiet is the sound of a well-made car."

B. A television commercial entitled Ford LTD "Glider." The advertisement opens with various shots of a Ford LTD automobile and a glider on a runway. The announcer states, "The new '73 Ford LTD. Can an LTD be as quiet as a glider? Nobody has to convince you how quiet a glider is. Airborne! With no engine at all! Can an LTD be as quiet as a glider? (At this point the picture shows a sound level meter in the LTD.) "To find out we put a sound level meter in a new LTD to measure its quiet. Quiet is the sound of a well-made car." (The glider is depicted in flight.) "We also put a meter in the glider. And let General Radio

Company* * *real sticklers for accuracy* * *monitor. (The picture shows the sound meter in the glider.) "Let's test the noise level in the glider first. 82 decibels." (The words "82 decibels and 60 mph. Sound reading certified by General Radio Company" are superimposed on the picture. Then the picture shifts to a running shot of the LTD.) "Now the Ford LTD - Look at that meter at 60 mph - only 65 decibels." (The picture shows the interior of the car and the noise level meter. A split screen then shows both meters simultaneously. Then it returns to a running shot of the LTD.) The announcer concludes "Believe it or not this Ford LTD is quieter than the glider! Quiet is the sound of a well-made car. The new '73 Ford LTD. See it at your Ford Dealer's now." (The LTD is shown with the glider being pulled by an airplane.)

PAR. 12. Through the use of the advertisements set forth in Paragraph Eleven, and others similar thereto not specifically set out herein, respondent has represented, directly or by implication, that the sound level inside an airborne glider is "quiet," and that a sound level meter reading of 82 decibels is "quiet."

PAR. 13. In truth and in fact, the sound level inside an airborne glider is not "quiet" and a sound level meter reading of 82 decibels is not "quiet." Respondent has thereby established a misleading standard of quietness to which it compared the quietness of the 1973 Ford LTD and which it offered as competent and reliable evidence to prove that the Ford LTD is a quiet car and a well-made car.

Therefore, the aforesaid statements and representations and demonstrations used in conjunction therewith, as set forth in Paragraphs Eleven and Twelve above were and are false, misleading and deceptive.

PAR. 14. Moreover, at the time the respondent made the representations as alleged in Paragraph Twelve, there existed no reasonable basis for making those representations.

PAR. 15. The making of representations as alleged in Paragraph Fourteen constituted, and now constitutes, unfair or deceptive acts or practices in commerce.

PAR. 16. Through the use of the demonstration set forth in Paragraph Eleven and others similar thereto not specifically set out herein, and the statements and representations used in connection therewith, respondent has represented, directly or by implication, that such demonstration is competent and reliable evidence which proves that a Ford LTD is a quiet car and a well-made car.

PAR. 17. In truth and in fact, the aforesaid demonstration, including the statements and representations used in connection therewith, is not competent and reliable evidence which proves that a Ford LTD is a quiet car and a well-made car.

Therefore, the aforesaid demonstration, including the statements and representations used in connection therewith, as set forth in Paragraphs Eleven, Twelve, and Sixteen above, is false, misleading and deceptive.

PAR. 18. The use by respondent of the aforesaid false, misleading, and deceptive statements, representations and demonstrations, including the misleading statements and representations made in connection with said demonstrations, has had, and now has, the capacity and tendency to mislead members of the consuming public into the erroneous and mistaken belief that said representations were and are true and into the purchase of substantial quantities of said Ford LTD and Ford Galaxie automobiles manufactured by respondent Ford Motor Company, by reason of said erroneous and mistaken belief.

PAR. 19. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent has been, and now is, in substantial competition in commerce with corporations, firms and individuals in the sale of motor vehicles of the same general kind and nature as those sold by respondent.

PAR. 20. The aforesaid acts and practices of respondent, as herein alleged as aforesaid, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

Commissioner Thompson dissenting.

DECISION AND ORDER.

The Federal Trade Commission having issued its proposed complaint on February 6, 1973 charging the respondent named in the caption with violation of the Federal Trade Commission Act, and the respondent having further been furnished with a draft of a revised 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 the respondent with the same and additional violations of the Federal Trade Commission Act; 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 aforesaid draft of complaint, 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 set forth in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the aforesaid agreement and

having determined that it provides an adequate basis for appropriate disposition of this proceeding, and having accepted same, and the agreement containing consent order having 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 makes the following jurisdictional findings and enters the following order:

1. Ford Motor Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its executive office and principal place of business located at the American Road, Dearborn, Mich.

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

It is ordered, That respondent, Ford Motor Company, its successors and assigns, its 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 commerce as "commerce" is defined in the Federal Trade Commission Act, of the Ford LTD automobile, the Ford Galaxie automobile or any other motor vehicle marketed by the Ford Division, do forthwith cease and desist from:

(a) Unfairly or deceptively advertising any such product by presenting evidence, including tests, experiments, or demonstrations, or the results thereof, that appears or purports to be evidence of the structural strength, quietness or performance of such product, that is material to inducing the sale of such product, but which is not competent or reliable evidence to prove such fact or product feature.

(b) Making any statements or representations directly or by implication, concerning the structural strength, quietness or performance of the said products or any part thereof, unless there exists a reasonable basis for such statements or representations; *Provided*, That such a reasonable basis shall consist of competent and reliable scientific tests or other competent and reliable objective materials, including competent and reliable opinions of scientific, engineering or other experts who are qualified by professional training and experience to render competent judgments in such matters.

Complaint

84 F.T.C.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to its operating divisions involved in the advertising, promotion, distribution, or sale of the Ford LTD automobile, the Ford Galaxie automobile or any other motor vehicle marketed by the Ford Division.

It is further ordered, That respondent shall 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 respondent shall, within sixty (60) days after the effective date of this order, file with the Commission a report, in writing, signed by respondent, setting forth in detail the manner and form of its compliance with this order.

Commissioner Thompson dissenting.

IN THE MATTER OF

J. WALTER THOMPSON COMPANY

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

*Docket C-2595. Complaint, Oct. 8, 1974 - Decision, Oct. 8, 1974. **

Consent order requiring a New York City advertising agency, among other things to cease using deceptive demonstrations and making unsubstantiated claims concerning structural strength, quietness or performance of motor vehicles.

Appearances

For the Commission: *William S. Busker* and *Thomas J. Donegan*.

For the respondent: *Hugh P. Connell*, N.Y., 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 J. Walter Thompson Company, a corporation, hereinafter referred to as respondent, has violated

*Petition for review was filed January 15, 1975, C.A. 6th.

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 the charges in that respect as follows:

PARAGRAPH 1. For purposes of this complaint, "commerce" means commerce as defined in the Federal Trade Commission Act.

PAR. 2. Respondent J. Walter Thompson Company is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its executive offices and place of business located at 420 Lexington Avenue, New York, N. Y.

PAR. 3. Respondent J. Walter Thompson Company is now and for some time last past has been engaged in the advertising and promotion of certain motor vehicles, including but not limited to those models of automobiles designated by Ford Division, Ford Motor Company as the "Ford LTD" and the "Ford Galaxie."

PAR. 4. In the course and conduct of its aforesaid business, respondent J. Walter Thompson Company causes the said advertising materials to be transported from its places of business located in various States of the United States to various media located in various other States of the United States and in the District of Columbia. Respondent J. Walter Thompson Company maintains, and at all times mentioned herein has maintained, a substantial course of trade in said advertising in commerce. The volume of business in such commerce has been and is substantial.

PAR. 5. In the course and conduct of its said business, respondent J. Walter Thompson Company has disseminated and caused the dissemination of advertisements concerning the aforementioned Ford LTD and Ford Galaxie automobiles in commerce by means of advertisements printed in magazines and newspapers and advertisements transmitted by television stations located in various States of the United States and in the District of Columbia, 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 Ford LTD and Ford Galaxie automobiles.

PAR. 6. Among the statements and representations in said advertisements, disseminated as aforesaid, but not all inclusive thereof, are those contained within the following sixty-second television advertisement entitled "Ford Lift," identified by the symbol FMFD 1036:

The commercial opens with a beauty shot of the 1971 Ford LTD. The announcer states, "The 1971 Ford LTD. One of the quietest Fords we've ever built. But to build a quiet car, you've got to build it strong." Four workmen apply blowtorches to the front doors of the car and rip off the

doors, revealing the steel guard rails. The announcer explains, "For example, we put strong steel Guard Rails behind the doors. Like highway guard rails. Just how strong are they? Watch. We're going to lift the entire car* * *more than two tons* * *by the Guard Rails alone. Let's go." The camera pulls back showing a Ford guard rail framed by a highway guard rail. The workmen then attach steel chains to either end of the Ford guard rails, and the car is lifted vertically by a crane. The workmen watch with awe and admiration. The announcer continues, "Steel Guard Rails. They're strong and durable* * *Like the rest of the car. Like our new body frame design. And our rugged suspension system. Take a quiet break in the '71 LTD or the new Galaxie. They're built strong to last longer." While the announcer is speaking, the LTD is pictured in the background suspended in the air by the crane, with a beauty shot of a 1971 Galaxie in the foreground. The commercial ends with the statement that "Ford gives you better ideas."

PAR. 7. Through the use of the advertisement set forth in Paragraph Six, and others similar thereto not specifically set out herein, respondent has represented, directly or by implication, without qualification, that the steel guard rails in the side doors of the Ford LTD and Ford Galaxie automobiles are as strong as a typical highway guard rail.

PAR. 8. In truth and in fact, the steel guard rails in the side doors of the Ford LTD and Ford Galaxie automobiles are not as strong as a typical highway guard rail in that, among other reasons, they do not have the same lateral strength as a typical highway guard rail.

Therefore, the aforesaid statements and representations and demonstrations used in conjunction therewith, as set forth in Paragraphs Six and Seven above were, and are, false, misleading and deceptive.

PAR. 9. Through the use of the demonstration in the advertisement set forth in Paragraph Six and others similar thereto not specifically set out herein, and the statements and representations used in connection therewith, respondent has represented directly or by implication that such demonstration is competent and reliable evidence which proves the lateral strength of the steel guard rails in the side doors of the Ford LTD and Ford Galaxie automobiles.

Therefore, the aforesaid demonstration, including the statements and representations used in connection therewith, as set forth in Paragraphs Six and Nine above, is false, misleading and deceptive.

PAR. 11. Typical also of the statements and representations in said advertisements disseminated as aforesaid, but not all inclusive thereof, are those contained within the following advertisements:

A. A full page print advertisement which is divided into two sections. The upper half begins with a banner headline proclaiming "At 60 mph a

1973 Ford rode quieter than an airborne glider." Below the headline are two photographs, side-by-side, one of the outside of a glider in flight, the other of a sound level meter registering 82 decibels. Beneath these photographs runs the caption: "July 27, 1972, Lake Elsinore, California: At 60 mph, the sound level inside the glider registers a quiet 82 decibels, in tests supervised by General Radio Company."

Below this caption are two more photographs placed side-by-side, one of a Ford LTD traveling at 60 mph, the other of a sound level meter registering 65 decibels. The caption under these photographs reads, "In the same test, the sound level meter inside the Ford LTD traveling at 60 mph registers an even quieter 65 decibels."

The lower half of the advertisement contains a large illustration of the Ford LTD as well as the following text: "Independently supervised tests proved it. The 1973 Ford LTD actually rode quieter than an engineless glider. You'd expect a car that runs that quiet to be well-made in every sense of the word. And so it is * * * Quiet is the sound of a well-made car."

B. A television commercial entitled Ford LTD "Glider." The advertisement opens with various shots of a Ford LTD automobile and a glider on a runway. The announcer states, "The new '73 Ford LTD. Can an LTD be as quiet as a glider? Nobody has to convince you how quiet a glider is. Airborne! With no engine at all! Can an LTD be as quiet as a glider? (At this point the picture shows a sound level meter in the LTD.) "To find out we put a sound level meter in a new LTD to measure its quiet. Quiet is the sound of a well-made car." (The glider is depicted in flight.) "We also put a meter in the glider. And let General Radio Company* * *real sticklers for accuracy* * *monitor." (The picture shows the sound meter in the glider.) "Let's test the noise level in the glider first. 82 decibels." (The words "82 decibels and 60 mph. Sound reading certified by General Radio Company" are superimposed on the picture. Then the picture shifts to a running shot of the LTD.) "Now the Ford LTD - Look at that meter at 60 mph - only 65 decibels." (The picture shows the interior of the car and the noise level meter. A split screen then shows both meters simultaneously. Then it returns to a running shot of the LTD.) The announcer concludes "Believe it or not this Ford LTD is quieter than the glider! Quiet is the sound of a well-made car. The new '73 Ford LTD. See it at your Ford Dealer's now." (The LTD is shown with the glider being pulled by an airplane.

PAR. 12. Through the use of the advertisements set forth in Paragraph Eleven, and others similar thereto not specifically set out herein, respondent has represented, directly or by implication, that the sound

level inside an airborne glider is "quiet," and that a sound level meter reading of 82 decibels is "quiet."

PAR. 13. In truth and in fact, the sound level inside an airborne glider is not "quiet" and a sound level meter reading of 82 decibels is not "quiet." Respondent has thereby established a misleading standard of quietness to which it compared the quietness of the 1973 Ford LTD and which it offered as competent and reliable evidence to prove that the Ford LTD is a quiet car and a well-made car.

Therefore, the aforesaid statements and representations and demonstrations used in conjunction therewith, as set forth in Paragraphs Eleven and Twelve above were and are false, misleading and deceptive.

PAR. 14. Moreover, at the time the respondent made the representations as alleged in Paragraph Twelve, there existed no reasonable basis for making those representations.

PAR. 15. The making of representations as alleged in Paragraph Fourteen constituted, and now constitutes, unfair or deceptive acts or practices in commerce.

PAR. 16. Through the use of the demonstration set forth in Paragraph Eleven and others similar thereto not specifically set out herein, and the statements and representations used in connection therewith, respondent has represented, directly or by implication, that such demonstration is competent and reliable evidence which proves the a Ford LTD is a quiet car and a well-made car.

PAR. 17. In truth and in fact, the aforesaid demonstration, including the statements and representations used in connection therewith, is not competent and reliable evidence which proves that a Ford LTD is a quiet car and a well-made car.

Therefore, the aforesaid demonstration, including the statements and representations used in connection therewith, as set forth in Paragraphs Eleven, Twelve, and Sixteen above, is false, misleading and deceptive.

PAR. 18. The use by respondent of the aforesaid false, misleading, and deceptive statements, representations and demonstrations, including the misleading statements and representations made in connection with said demonstrations, has had, and now has, the capacity and tendency to mislead members of the consuming public into the erroneous and mistaken belief that said representations were and are true and into the purchase of substantial quantities of said Ford LTD and Ford Galaxie automobiles advertised by respondent J. Walter Thompson Company, by reason of said erroneous and mistaken belief.

PAR. 19. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent has been, and now is, in substantial competition in commerce with corporations, firms, and individuals in the

advertising of motor vehicles of the same general kind and nature as those sold by Ford Motor Company.

PAR. 20. The aforesaid acts and practices of respondent, as herein alleged as aforesaid, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having issued its proposed complaint on February 6, 1973 charging the respondent named in the caption with violation of the Federal Trade Commission Act, and the respondent having further been furnished with a draft of a revised 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 the respondent with the same and additional violations of the Federal Trade Commission Act; 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 aforesaid draft of complaint, 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 set forth in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the aforesaid agreement and having determined that it provides an adequate basis for appropriate disposition of this proceeding, and having accepted same, and the agreement containing consent order having 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 makes the following jurisdictional findings and enters the following order:

1. J. Walter Thompson Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its executive office and principal place of business located at 420 Lexington Avenue, 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

It is ordered, That respondent, J. Walter Thompson Company, its successors and assigns, its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising or offering for sale or distribution, in commerce as "commerce" is defined in the Federal Trade Commission Act, of the Ford LTD automobile, the Ford Galaxie automobile or any other motor vehicle, do forthwith cease and desist from:

(a) Unfairly or deceptively advertising any such product by presenting evidence, including tests, experiments, or demonstrations, or the results thereof, that appears or purports to be evidence of the structural strength, quietness or performance of such product, that is material to inducing the sale of such product, but which is not competent or reliable evidence to prove such fact or product feature.

(b) Making any statements or representations, directly or by implication, concerning the structural strength, quietness or performance of the said product or any part thereof, unless there exists a reasonable basis for such statements or representations, *Provided,* That such reasonable basis shall consist of competent and reliable scientific tests or other competent and reliable objective materials, including competent and reliable opinions of scientific, engineering or other experts who are qualified by professional training and experience to render competent judgments in such matters.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to its operating divisions involved in the advertising or promotion of the Ford LTD automobile, the Ford Galaxie automobile or any other motor vehicle marketed by the Ford Division, Ford Motor Company.

It is further ordered, That respondent shall 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 respondent shall, within sixty (60) days after the effective date of this order, file with the Commission a report, in writing, signed by respondent, setting forth in detail the manner and form of its compliance with this order.

Commissioner Thompson dissenting.

Complaint

IN THE MATTER OF

SHARP ELECTRONICS CORPORATION

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

Docket C-2574. Complaint, Oct. 9, 1974 — Decision, Oct. 9, 1974

Consent order requiring a Paramus, N.J., distributor of consumer and business electronic products, among other things to cease imposing territorial, customer and other anticompetitive restrictions on its dealers.

Appearances

For the Commission: *Gordon Youngwood.*

For the respondent: *Peter A. Dankin, Wonder, Murase, White & Briger, New York, 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 Sharp Electronics Corporation, a corporation, hereinafter sometimes referred to as respondent, has violated the provisions of Section 5 of the Federal Trade Commission Act, as amended, 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 Sharp Electronics Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Respondent maintains its home office and principal place of business at Paramus, N. J.

PAR. 2. Respondent is a distributor of consumer and business electronic products. In the past three years Sharp has sold various consumer electronic products such as black and white, and color television receivers, radios, tape recorders, microwave ovens, and the like. Business electronic products sold by Sharp during this time have consisted exclusively of Sharp brand electronic desk calculators.

Respondent's electronic calculators and other electronic equipment are manufactured by its parent corporation, Sharp Corporation of Aben-Ku, Asaka, Japan.

Sales of electronic calculators by respondent are substantial. Respondent is one of the largest sellers of electronic calculators in the United States.

