

1. *HPK Financial Corporation*, Chicago, Illinois; to acquire Mortgage Service America, Inc., Lombard, Illinois, and thereby engage in making and servicing loans, pursuant to § 225.25(b)(1) of the Board's Regulation Y.

Board of Governors of the Federal Reserve System, February 13, 1997.

Jennifer J. Johnson,

*Deputy Secretary of the Board.*

[FR Doc. 97-4155 Filed 2-19-97; 8:45 am]

BILLING CODE 6210-01-F

## FEDERAL TRADE COMMISSION

[File No. 952-3029]

### Splitfire, Inc.; Analysis to Aid Public Comment

**AGENCY:** Federal Trade Commission.

**ACTION:** Proposal Consent Agreement.

**SUMMARY:** In settlement of alleged violations of federal law prohibiting unfair or deceptive acts or practices and unfair methods of competition, this consent agreement, accepted subject to final Commission approval, would prohibit, among other things, the Northbrook, Illinois-based spark-plug marketer from making deceptive claims about the fuel economy, emissions, horsepower, or cost savings gained from using its "split electrode" spark plugs and from misrepresenting the results of tests, studies, or research and of testimonials. The complaint accompanying the consent agreement alleges that Splitfire made false or unsubstantiated economy, efficiency, and improved performance claims for its spark plugs.

**DATES:** Comments must be received on or before April 21, 1997.

**ADDRESSES:** Comments should be directed to: FTC/Office of the Secretary, Room 159, 6th St. and Pa. Ave., N.W., Washington, D.C. 20580.

**FOR FURTHER INFORMATION CONTACT:** Laura Fremont, Federal Trade Commission, San Francisco Regional Office, 901 Market Street, Suite 570, San Francisco, CA 94103 (415) 356-5270.

**SUPPLEMENTARY INFORMATION:** Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46, and Section 2.34 of the Commission's Rules of Practice (16 CFR 2.34), notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. The following Analysis to Aid

Public comment describes the terms of the consent agreement, and the allegations in the accompanying complaint. An electronic copy of the full text of the consent agreement package can be obtained from the Commission Actions section of the FTC Home Page (for February 11, 1997), on the World Wide Web, at "http://www.ftc.gov/os/actions/htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, Sixth Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580, either in person or by calling (202) 326-3627. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with Section 4.9(b)(6)(ii) of the Commission's Rules of Practice (16 CFR 4.9(b)(6)(ii)).

### Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission has provisionally accepted an agreement to a proposed consent order from respondent SplitFire, Inc., an Illinois corporation that markets automotive products.

The proposed consent order has been placed on the public record for sixty (60) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should make final the agreement's proposed order, or withdraw from the agreement and take other appropriate action.

This matter concerns the advertising of SplitFire's "SplitFire" spark plug, which has one v-shaped, or "split" electrode. The Commission's complaint charges that SplitFire's advertising represented, without a reasonable basis, that use of SplitFire Spark Plugs results in significantly better fuel economy, significantly greater horsepower, and significantly lower emissions than use of either conventional (non split-electrode) spark plugs of platinum-tipped spark plugs. The Commission's complaint also charges that respondent represented, without a reasonable basis, that use of SplitFire Spark Plugs will result in significant cost savings over use of either conventional or platinum-tipped spark plugs.

In addition, the complaint alleges that the company lacked a reasonable basis for its claim that 70% of SplitFire Spark Plugs users achieve a gas mileage increase of from 1 to 6 more miles per gallon. Further, the complaint alleges as false SplitFire's claim that these figures

were based on competent and reliable studies or surveys.

Lastly, the Commission's complaint charges that respondent represented, without a reasonable basis, that the testimonials or endorsements from consumers appearing in advertisements and promotional materials for its spark plugs reflect the typical or ordinary experience of members of the public who use SplitFire Spark Plugs.

The proposed consent order contains provisions designed to remedy the violations charged and to prevent the respondent from engaging in similar acts and practices in the future.

Part I of the proposed order prohibits SplitFire, Inc., from representing, without competent and reliable scientific evidence, the effect of any motor vehicle product on a vehicle's fuel economy, emissions, or horsepower. Part I also prohibits the company from representing, without competent and reliable scientific evidence, the comparative or absolute cost savings that any motor vehicle product will contribute to or achieve. Part II of the proposed order prohibits respondent, when advertising any motor vehicle product, from misrepresenting the existence, contents, validity, results, conclusions or interpretations of any test, study, or research.

Part III of the proposed order addresses claims made through endorsements or testimonials. Under Part III, respondent may make such representations if respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representations; or respondent must disclose either what the generally expected results would be for users of the advertised product, or the limited applicability of the endorser's experience to what consumers may generally expect to achieve. The proposed order's treatment of testimonial claims is in accordance with the Commission's "Guides Concerning Use of Endorsements and Testimonials in Advertising," 16 C.F.R. 255.2(a).

Part IV of the proposed order requires respondent to possess adequate substantiation for any representation regarding the performance, benefits, or efficacy of any motor vehicle product.

The proposed order also requires respondent to maintain advertising materials and materials relied upon to substantiate claims covered by the order; to provide a copy of the consent agreement to certain personnel in the company; to notify the Commission of any change in the corporate structure that might affect compliance with the order; and to file one or more reports detailing compliance with the order.

Under Part IX, the order terminates 20 years from the date of issuance, except under certain specified conditions.

The purpose of this analysis is to facilitate public comment on the proposed order. It is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

Donald S. Clark,  
Secretary.

[FR Doc. 97-4145 Filed 2-19-97; 8:45 am]

BILLING CODE 6750-01-M

[File No. 962-3118]

### Zale Corporation; Analysis to Aid Public Comment

**AGENCY:** Federal Trade Commission.

**ACTION:** Proposed consent agreement.

**SUMMARY:** In settlement of alleged violation of federal law prohibiting unfair or deceptive acts or practices and unfair methods of competition, this consent agreement, accepted subject to final Commission approval, would require, among other things, the Irving, Texas-based jewelry retailer to disclose, clearly and prominently, the nature of the pearl jewelry it sells and would mandate that company stores display consumer information about the definition of natural, cultured, imitation pearls. The complaint accompanying the consent agreement alleges that Zale deceptively advertised its "Ocean Treasures" line of imitation pearl jewelry as composed of cultured pearls.

**DATES:** Comments must be received on or before April 21, 1997.

**ADDRESSES:** Comments should be directed to: FTC/Office of the Secretary, Room 159, 6th St. and Pa. Ave., N.W., Washington, D.C. 20580.

**FOR FURTHER INFORMATION CONTACT:** Jeffrey Klurfeld, Federal Trade Commission, San Francisco Regional Office, 901 Market Street, Suite 570, San Francisco, CA 94103. (415) 356-5275.

**SUPPLEMENTARY INFORMATION:** Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46, and Section 2.34 of the Commission's Rules of Practice (16 CFR 2.34), notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the accompanying complaint. An electronic copy of the

full text of the consent agreement package can be obtained from the Commission Actions section of the FTC Home Page (for February 10, 1997), on the world Wide Web, at "http://www.ftc.gov/os/actions/htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, Sixth Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580, either in person or by calling (202) 326-3627. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with Section 4.9(b)(6)(ii) of the Commission's Rules of Practice (16 CFR 4.9(b)(6)(ii)).

### Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission has accepted an agreement, subject to final approval, to a proposed consent order from Zale Corporation, (hereinafter "Zale"). Zale is the largest retailer of fine jewelry products in the United States.

The proposed consent order has been placed on the public record for sixty (60) days for the reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and any comments received and will decide whether it should withdraw from the agreement and take other appropriate action or make final the agreement's proposed order.

The proposed complaint alleges violations of Section 5 of the Federal Trade Commission Act. This matter focused on Zale's advertisements for the "Ocean Treasures" line of imitation pearl jewelry. The advertisements depicted Ocean Treasures earrings, necklaces, rings and pendants, and described them as follows: "Ocean Treasures Fine Jewelry. Created by nature, enhanced by man." The advertisements also included the following statement: "Zales. The Diamond, semi-precious and pearl store." The proposed complaint alleges that, through these depictions and statements, Zale violated Section 5 of the Federal Trade Commission Act by falsely claiming that the Ocean Treasures line of jewelry is composed of cultured pearls.

The Federal Trade Commission recently revised its Guides for the Jewelry, Precious Metals, and Pewter Industries, 16 C.F.R. Part 23, 61 F.R. 27212 (May 30, 1996) (the "Jewelry Guides"). The previous version of the Guides as well as the revised Guides

address various advertising practices in the jewelry industry, including those employed by Zale. See, e.g., § 23.2 (*Misleading Illustrations*); § 23.20 (*Misuse of terms such as "cultured pearl," "seed pearl," "Oriental pearl," "natura," "kultured," "real," "gem," "synthetic," and regional designations*); § 23.19 (*Misuse of the word "pearl"*); and § 23.18 (*Definitions of various pearls*). These industry guides are administrative interpretations of laws administered by the Commission for the guidance of the public in conducting its affairs in conformity with legal requirements. While the Guides are referenced in the complaint, they do not create a separate cause of action.

Part I of the proposed order would require that Zale not represent that imitation pearls are cultured pearls. Part II would prevent Zale from representing that imitation pearl jewelry is or contains one or more pearls unless Zale designates the jewelry as "artificial," "imitation," "simulated," or by some other word or phrase of like meaning. Part III would prevent Zale from representing that cultured pearl jewelry is or contains one or more pearls unless Zale designates the jewelry as "cultured" or "cultivated," or by some other word or phrase of like meaning. Part IV would prohibit the company from misrepresenting the composition or origin of any jewelry product composed partially or entirely of natural pearls, cultured pearls, or imitation pearls.

Part V of the proposed order would require Zale, for a period of three years, to make available, at each of its stores that sells natural, cultured or imitation pearls, a brief fact sheet entitled "Your Guide to Pearls." This fact sheet briefly defines the differences among the three general categories of pearls.

The proposed order also would require Zale to maintain materials related to its advertising of pearl, cultured pearl, and imitation pearl jewelry. The proposed order would also require Zale to provide a copy of the consent agreement to all employees or representatives with duties affecting compliance with the terms of the order; to notify the Commission of any changes in corporate structure that might affect compliance with the order; and to file one or more reports detailing compliance with the order.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of