

ANNUAL
REPORT
OF
FEDERAL
TRADE
COMMISSION

For the Fiscal Year Ended

September 30, 1979

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Federal Trade Commission

MICHAEL PERTSCHUK, Chairman
PAUL RAND DIXON, Commissioner
DAVID A. CLANTON, Commissioner
ROBERT PITOFSKY, Commissioner
PATRICIA P. BAILEY, Commissioner

CAROL M. THOMAS, Secretary

EXECUTIVE OFFICES OF THE FEDERAL TRADE COMMISSION

Pennsylvania Avenue at Sixth Street, N.W.

Washington, D.C. 20580

Regional Offices

Atlanta, Georgia
Room 1000
1718 Peachtree Street, N.W.
Zip Code: 30309

Los Angeles, California
13209 Federal Building
11000 Wilshire Boulevard
Zip Code: 90024

Boston, Massachusetts
1301 Analex Building
150 Causeway Street
Zip Code: 02114

New York, N.Y.
Room 2243-EB
Federal Building
26 Federal Plaza
Zip Code: 10007

Chicago, Illinois
Suite 1437
55 East Monroe Street
Zip Code: 60603

San Francisco, California
Box 36005
450 Golden Gate Avenue
Zip Code: 94102

Cleveland, Ohio
Mall Building, Suite 500
118 Saint Clair Avenue
Zip Code: 44114

Seattle, Washington
28th Floor
Federal Building
915 Second Avenue
Zip Code: 98174

Dallas, Texas
Suite 2665
2001 Bryan Street
Zip Code: 75201

Denver, Colorado
Suite 2900
1405 Curtis Street
Zip Code: 80202

Field Station

Honolulu, Hawaii
Room 6324
300 Ala Moana
Zip Code: 96850

Letter of Transmittal

FEDERAL TRADE COMMISSION

Washington, D.C.

To the Congress of the United States:

It is a pleasure to transmit the sixty-fifth Annual Report of the Federal Trade Commission covering its accomplishments during the fiscal year ended September 30, 1979.

By direction of the Commission.

MICHAEL PERTSCHUK,

Chairman.

THE PRESIDENT OF THE SENATE
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

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I. THE GOAL: ENSURING A VIGOROUS AND HONEST FREE MARKET

In 1979 the Federal Trade Commission continued to police the market against dishonest and anticompetitive trade practices. The Commission regards vigorous and truthful competition as the touchstone of its mandate, the most efficient means of ensuring that consumers obtain what they want at the lowest possible price. This mandate takes on particular importance in the present period of economic stress, when more and more consumers must stretch their dollars ever further.

II. THE STRATEGY: FIGHTING INFLATION

The Commission's strategies have been integrated to focus on the sectors of the economy most critical to consumers: health care, food, housing, transportation, energy, and clothing. The activities described below are examples of recent FTC actions; they were all initiated or carried on in Fiscal Year 1979 unless otherwise noted. (The Appendix provides a more detailed description of each FTC action taken in 1979.)

A. HEALTH CARE.

- acceptance of a consent agreement requiring Eli Lilly (which sells most of the insulin needed by diabetics in this country) to license its present and future insulin technology to other firms (Lilly had been charged with illegal monopolization of the insulin market).
- issuance of an administrative law judge's initial decision, subsequently affirmed in pertinent part by the full Commission, holding that the American Medical Association has unlawfully limited consumer access to information about the price and availability of medical services, and imposed unlawful restrictions on the ability of hospitals, health maintenance organizations, and other "lay" institutions seeking to contain health care costs to employ physicians on a salaried basis.
- issuance of a consent order which, for the present, prohibits the American Dental Association from restricting truthful advertising, and which will ultimately be conformed to the final order in the AMA case.
- issuance of a consent order barring the publication of relative value

scales (which can decrease competition and facilitate price fixing) by the California Medical Association.

These health care matters are still in progress:

- issuance of a complaint against another group, the Indiana Federation of Dentists, alleging that it unlawfully conspired to obstruct cost containment programs developed by dental insurers.
- issuance of a complaint against the Michigan State Medical Society alleging that the society engaged in a conspiracy to fix prices and to boycott cost-containment procedures instituted by insurers.
- publication of a staff report analyzing the extent, import, and legality of medical participation in the control of Blue Shield and certain other health care plans.
- a rulemaking involving prevention of alleged deceptive advertising of over-the counter drugs; staff proposes conforming terms used in advertising to those required by the Food and Drug Administration to be used on labels.
- a rulemaking to consider proposals to require sellers of hearing aids to give dissatisfied purchasers a refund of most of their purchase price up to 30 days after purchase.
- issuance of an administrative law judge's initial decision in Bristol-Myers litigation, involving advertisements for Bufferin, Excedrin and Excedrin P.M.
- a rulemaking to determine whether and how FDA-mandated warnings for labeling of antacids should be disclosed in advertising.
- examination of the effect of restrictions on advertising and commercial practices on the price and quality of professional services, focusing on the profession of optometry.

B. FOOD.

- issuance of a consent order requiring ITT-Continental, which makes Fresh Horizons bread, to disclose in advertising that its fiber content is derived from wood.
- issuance of a consent order requiring divestiture resulting from an alleged anticompetitive acquisition involving frozen foods (Nestle/Stouffers).
- issuance of an opinion and order requiring Borden, Inc. to cease and desist from monopolizing the processed lemon juice market with its ReaLemon product.
- issuance of a final order prohibiting interlocking directorates between Kraftco Corp. and SCM, two major producers of margarine and edible oils (recently affirmed by the Court of Appeals).

- issuance of a consent order prohibiting Howard Johnson Company from requiring its restaurant franchisees to purchase certain food products and supplies from Howard Johnson.

These food matters are still in progress:

- litigation involving the acquisition by Southland Corp., one of the nation's largest dairy processors, of Knowlton's, the largest independent dairy processor in the San Antonio area, on the grounds that the merger will reduce competition in an already highly concentrated industry (case recently resolved by consent agreement barring dairy acquisitions by Southland without Commission approval).
- litigation of two complaints challenging the mergers of major supermarket chains, Grand Union and Colonial Stores on the east coast, and National Tea and Applebaum's Food Markets in the midwest, which allegedly decrease competition among grocery stores and supermarkets in those areas (consent agreement accepted recently barring grocery store acquisitions by National Tea without Commission approval).
- a suit filed in District Court to seek civil penalties and enjoin a seller of bulk freezer meats from "bait and switch" practices.
- a rulemaking involving alleged false or deceptive food advertising claims for energy, fat and cholesterol attributes of food products.
- litigation involving ITT--Continental Baking Company, alleging attempts to monopolize the wholesale baking industry.
- litigation involving Sunkist Growers, Inc. for alleged exclusive dealing, contracts in restraint of trade, stabilization of prices, and monopolization of the Western United States citrus fruit industry.
- litigation involving Beatrice Foods Co. for the allegedly anticompetitive acquisition of Tropicana, a major producer of ready-to-serve orange juice.
- litigation against Kellogg and other major breakfast cereal manufacturers, involving alleged monopolization.
- litigation involving General Foods (maker of Maxwell House coffee) alleging predatory pricing and other abuses of market power to prevent the entry of new competitors into the Eastern U.S. coffee market.
- examination of the effect of state-imposed retail price controls on the prices consumers pay for milk.

C. HOUSING.

- issuance of consent orders involving two allegedly anticompetitive mergers in the cement industry (Lone Star Industries/Keystone Portland Cement, Crane Co./Medusa Corp.).

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- issuance of consent orders barring allegedly anticompetitive pricing practices in the roofing industry (Inland Empire Roofing Contractors Association), in pest control (New Jersey Pest Control Association), and in the home appliances market (Appliance Dealers Cooperative).
- issuance of three consent orders prohibiting MacLeod Mobile Homes, Inc., Harper Sales, Inc. and Mobile Home Multiplex Corp. from renting or selling lots in their mobile home parks only to those who purchase mobile homes from specified dealers.
- the filing of an injunction suit resulted in the parties abandoning plans for two allegedly anticompetitive mergers of construction equipment manufacturers (Harnischfeger Corp., Mannesmann A.G.).
- a consent order with Bankers Life and Casualty Company requiring the refund of up to \$14 million (in payments and contract cancellations) to buyers of land who were allegedly victims of deceptive marketing.
- a consent order with Montgomery Ward and Company requiring the installation of protective heat shields or the removal of up to 200,000 woodburning stoves allegedly sold with improper fire protection instructions.
- consent orders with two mobile homes dealers requiring the extension of warranties because of alleged deception. Both companies must notify their customers that their warranties contained errors and that the owners are entitled to broader warranty coverage.

These housing matters are still in progress:

- an administrative law judge decision (on appeal) barring IMREP Corp., one of the nation's largest land sellers, from using deception in the marketing of land.
- examination of the functioning of the real estate brokerage industry. Two of the key issues being examined are: 1) Why do real estate commission rates appear not to vary with changes in the supply of and demand for the services of real estate agents? 2) Are there activities by brokers and agents which pose consumer protection problems?
- a rulemaking proceeding to determine whether warranty obligations on mobile homes are fairly honored.

D. TRANSPORTATION.

- issuance of Commission opinion holding illegal a conspiracy to divide markets between two firms selling roller bearings to the automotive aftermarket. (SKF Industries and Federal-Mogul Corp.).
- issuance of an order requiring Reuben H. Donnelly Corp. to refrain from alleged abuses of monopoly power and to list connections for commuter

flights in its Official Airline Guide, which is the only source of its kind for information on regularly scheduled flights.

- consent order requiring General Motors Corp. to stop selling cars with engines manufactured by GM divisions other than the one whose name appears on the car, unless it discloses that fact.
- consent order requiring manufacturers of heavy-duty trucks in the United States to list model years on identification papers to prevent deceptive marketing.
- consent order barring Ford Motor Company from misrepresenting fuel economy, structural strength, or quietness of Lincoln and Mercury cars.

These transportation matters are still in progress:

- an administrative law judge decision (on appeal) requiring General Motors to end allegedly anticompetitive discrimination among its dealers and between its dealers and independent body shops in the pricing of bumpers, fenders, grilles, moldings, and other crash parts.
- a rulemaking involving optional disclosures on the condition of the major components of used cars.
- litigation involving charges that an automobile dealer allegedly advertised credit terms on television in a deceptive manner.
- litigation involving Hertz Corp. for allegedly violating the Holder-in-Due-Course rule in the sale of used cars.
- investigation of competition in the automobile industry.
- litigation involving Tenneco, Inc., for allegedly anticompetitive acquisition of a competing manufacturer of shock absorbers and a potential competitor in the manufacture of automotive exhaust systems (administrative trial completed).
- litigation involving Ford and General Motors for allegedly granting anticompetitive advertising allowances to major automobile rental firms.

E. ENERGY.

- issued rule requiring the disclosure of octane ratings on gasoline pumps.
- issued rule requiring refrigerators, freezers, water heaters, washing machines, dishwashers, room air conditioners, and furnaces to be sold with a label disclosing relative energy costs.
- issued consent orders stopping alleged deception in the advertising and marketing of several "energy-saving" devices, including a water heater timer, a "gasoline-saving" valve that attaches to a car's carburetor, and aluminum siding.

These energy matters are still in progress:

- Obtained a District Court injunction requiring that Reliance Electric Corporation's Drives Group be completely insulated from Exxon Corporation until the Commission can rule on allegedly anticompetitive effects of the acquisition by the nation's largest energy firm of the nation's leading producer of electronic variable speed drives.
- issuance of complaint against Ethyl Corp. and three other manufacturers of gasoline additives for allegedly engaging in practices which facilitate the reduction or elimination of competition.
- litigation against the 8 major oil companies for alleged illegal monopolization of the production and distribution of petroleum products in the Gulf Coast and eastern U.S. markets.
- in response to a Congressional request, public comments are being solicited and an investigation is being conducted on the need for rulemaking regarding whether the major integrated oil companies should be required to divest their ownership interests in major crude oil pipelines in the U.S.
- a rulemaking that would require manufacturers of home insulation to test and label their products with a standard measure of performance, or "R value."
- examination of the effects of federal regulation of petroleum product prices and product allocation on the structure and performance of the domestic petroleum industry.

F. CLOTHING.

- issuance of consent orders against Jonathan Logan and other manufacturers of well-known clothing brands (Pendleton, Gant, Jaymar-Ruby, Huk-A-Poo, Pranx, Motherhood Maternity) banning interference with competitive retail pricing.
- issuance of a consent order prohibiting Federated Department Stores from entering into agreements with shopping center developers which would exclude discount or other price-competitive stores.

This clothing matter is still in progress:

- examination of proposals to amend the care labeling rule to require laundering and cleaning instructions in labels.

G. CREDIT.

- issuance of a consent order requiring Hertz Corp. to refund approximately \$1.25 million in cash to customers with credit balances. The complaint

alleges that Hertz did not notify its credit customers that their accounts reflected a credit balance and that Hertz did not refund the credit balances without a specific request from the customer.

- issuance of a consent order requiring Montgomery Ward to pay \$175,000 in civil penalties to settle charges that it violated the Equal Credit Opportunity Act. Wards allegedly failed to provide reasons for denial of credit to those customers who requested an explanation, in violation of the Act.
- Federated Department Stores agreed to pay \$50,000 to settle charges that it violated the Equal Credit Opportunity Act by failing to include alimony and other forms of income in assessing credit worthiness of applicants.
- consent order requiring Ford and Ford Motor Credit Co. to establish an accounting system for its dealers to refund promptly any excess credit balance funds realized from the sale of repossessed cars.

These credit matters are still in progress:

- a rulemaking to amend the "Holder-in-Due-Course" rule to provide broader protection for consumers who purchase a product or service on credit.
- a rulemaking that is examining terms and conditions contained in consumer credit contracts.
- an administrative law judge decision (on appeal) ordering Household Finance Corp. to stop allegedly miscalculating finance charges on loans in violation of the Truth in Lending Act.

III. REMEDIES

With direction and encouragement from Congress (as exemplified by the Magnuson-Moss Act), the FTC has evolved a range of strategies within each critical consumer sector. While the traditional administrative complaint remains an important weapon in the Commission's arsenal, it is augmented by other techniques.

A. REPORTS AND COUNSEL.

In Section 6 of the FTC Act, Congress authorized the agency to compile information about business structure and practices, make the information public, and advise Congress. In 1979 the Commission issued several key Commission and staff reports and provided independent counsel to Congress, the states and sister agencies:

1. Independent Counsel to Congress.
 - International Energy Program. On the basis of monitoring by FTC staff, which is required by the Energy Conservation Policy Act of 1975, two reports were submitted to Congress on the competitive impact of IEP ac-

tivities, involving planning by international oil companies for the allocation of oil supplies among member nations in the event of an emergency disruption in middle eastern oil supplies.

- **Oil Industry.** The Commission staff testified before Congress several times regarding a number of competition concerns in the oil industry (for example, acquisition of non-petroleum energy firms by large oil companies and the leasing of oil drilling rights on the outer continental shelf).
- **Conglomerate Mergers.** The FTC forwarded a statement favoring consideration of new legislation limiting conglomerate mergers. The Chairman testified before the Senate on the need for conglomerate merger legislation and endorsed the approach taken in a staff proposal for legislation which was also submitted to the Senate.
- **Media Concentration.** A symposium was held, and Congressional testimony was presented by Commission staff about the issues raised by mergers and acquisitions in the media sector, such as impact on diversity of information sources.
- **Medigap Insurance.** A report was issued and testimony presented questioning the value some consumers receive from health insurance designed to supplement their Medicare or Medicaid insurance.
- **Land Sales.** FTC staff testified in favor of strengthening legislation that would prevent deception in land sales.
- **Credit Insurance.** FTC staff testified on the growing credit insurance industry and the sales practice of tying that insurance in with the granting of credit.
- **Automobile Warranties.** FTC staff testified in favor of a stronger warranty protection bill for the automobile industry.

2. Support to the States.

- The Commission staff, in response to requests from state antitrust officials, continued to provide informal advice on a large range of issues. Staff also provided specific factual information where appropriate (e.g., for state Attorneys General who have followed up the Commission's Levi Strauss order with treble damage actions on behalf of their citizens), and participated in various antitrust training programs sharing experience and knowledge with state officials who have an increasing role in antitrust enforcement.
- **Automotive Pollution.** The Commission staff filed written documents with the California Air Resources Board supporting revision of state regulations to preserve competition in the servicing of automotive pollution control devices without sacrificing environmental goals.
- **Life Insurance Cost Disclosure.** The Commission proposed model legisla-

tion on life insurance cost disclosure which, if adopted by the states, would permit consumers to make price comparisons among life insurance policies.

- Generic Drug Substitution. The FTC staff is providing support to requesting states on its model act designed to save consumers money by allowing pharmacists to substitute lower-priced generic drugs.

3. Support and Advice to Other Agencies.

- Railroads and Trucking. The Commission and its staff continue to participate in Interstate Commerce Commission proceedings, urging an end to antitrust immunities for rate bureaus and greater rate and entry flexibility, in order to lower prices and improve service.
- Deepwater Ports. A competition impact report was filed with the Department of Transportation concerning the proposed deepwater crude' oil port in Texas.
- Residential Conservation. The Commission filed with the Department of Energy comments on consumer and competitive effects of a DOE program aimed at making the nation's dwellings more efficient.
- Oil, Natural Gas, and Gasoline. Also before DOE, the staff filed comments analyzing the effects of price decontrol on the supplies of leaded and unleaded gasoline, analyzing a DOE proposal for the phased decontrol of crude oil, and supporting a newly proposed accounting system for oil and gas producers.
- Auto Emission Warranties. The Commission filed comments with the Environmental Protection Agency urging it to consider the potentially anticompetitive effects of its proposed warranty regulations for automobile emission control systems as well as the effects of California's emission control warranty regulations. Of particular concern to the Commission was the possible adverse impact on small independent automobile repair shops and the independent auto parts manufacturing sector.
- Public Service Announcements. The FTC filed comments at the Federal Communications Commission urging that more time be freed on commercial television and radio stations for messages from government and nonprofit organizations.
- Government Advertising. The FTC offered its staff assistance to nine government agencies that disseminate national advertising so that the agencies could guard against deception in their ads.

B. INJUNCTIONS.

In Section 13(b) of the FTC Act, Congress authorized the Commission to seek injunctions in Federal court when it has reason to believe that such a remedy

for a law violation would be in the public interest. During FY 1979 the Commission used this important tool in support of both its competition and consumer protection missions. For example:

- the Commission sought a preliminary injunction to block the acquisition by Exxon Corp. of Reliance Electric, and obtained an order permitting the stock acquisition but requiring Exxon Corp. to hold Reliance's Drive Group as a wholly separate entity until the case can be decided on its merits. This decision was the first time in the sixty-year history of the Clayton Act that interim equitable relief had been entered solely on the basis of the actual potential competition doctrine.
- the Commission sought an injunction against the acquisition of Harnischfeger Corporation by Mannesmann A.G. After oral argument, the merger was abandoned and no decision was ever rendered.
- in the first try for a permanent injunction without having obtained a cease and desist order or without the respondent's stipulating to the injunction, the FTC is seeking an order requiring a mobile homes seller to notify past customers of additional warranty rights that may save them substantial repair expenses.

C. INNOVATIVE REMEDIES.

A traditional order to "cease and desist" may not always be the most effective way to ensure protection of the public interest. In 1979 the Commission applied several new and frequently innovative remedies:

- three aircraft manufacturers signed consent orders agreeing not to make payments to foreign officials for the purpose of eliminating competitors' products and to keep documented records of other payments to foreign officials.
- by obtaining a consent order providing for repairs on allegedly defective heat pumps manufactured by the Fedders Corporation, the FTC effected a "recall" for the first time in its history and perhaps the first time in government for a nonsafety-related defect.
- the Commission is seeking \$2.64 million in civil penalties from Hertz Corporation for alleged violations of the Holder-in-Due-Course rule in used car contracts.
- in an effort to save consumer redress won in a 1974 consent order, the Commission modified the order against GAC Corporation to protect customers' rights over those of creditors.
- for the first time, the FTC attempted to transfer part of the responsibility of ad substantiation to the creators of the advertisements. In a consent order with the nation's largest advertising agency, J. Walter Thompson,

the FTC provided an incentive for the agency to indicate to the advertiser in advance of any ad campaign all claims the agency thought the prospective advertising suggested, so that the advertiser could substantiate them

- as part of a consent settlement, AMF, Inc., which had run advertisements for bicycles depicting children using the bicycles in an allegedly unsafe manner, agreed to produce a public service television message on bicycle safety and to disseminate the message as widely as possible.
- the Commission is exploring whether effective consumer education can discourage potential law violations as much as or more than traditional litigation or rulemaking remedies. Radio and television public service announcements have been aired as an adjunct to law enforcement.

IV. EFFECTIVENESS

The FTC's effectiveness is demonstrated by both the direct dollar benefits its actions have brought consumers and by reported indirect effects on the marketplace.

A. DIRECT BENEFITS.

While precise savings are difficult to determine, some examples of the amounts returned to consumers as a result of FTC actions are available. For example:

- the Commission accepted a consent order with Bankers Life and Casualty Company in which Bankers agreed to refund up to \$8 million to dissatisfied purchasers of land and to cancel \$6 million worth of remaining obligations.
- Universal Training Service agreed to make up to \$750,000 available as refunds to more than 4,000 students who were allegedly misled on its heavy-construction, motel and insurance-adjustor courses.
- in a case settled with Ford Motor Company and its credit subsidiary, involving consumers whose cars were repossessed because of debt-but who were not reimbursed when the sale price exceeded the debt-over \$100,000 will be returned to consumers.
- a major heat pump manufacturer is notifying consumers of its offer to repair allegedly defective parts in some 40,000 of its products and to reimburse owners who have already paid for repairs.

B. INDIRECT EFFECTS.

Often times preliminary actions taken by the Commission, such as the initiation of investigations, the issuance of policy statements, and the commencement of rulemaking and adjudicative proceedings, prompt voluntary responses by concerned parties. Such voluntary action, taken without the compulsion of a final order or rule, may have far-ranging therapeutic effects in the marketplace.

Following are some examples that observers have cited, although it should be cautioned that in the underlying Commission action mentioned, no final determinations have been made by the Commission as to what the proper disposition should be:

- Business Week reports that FTC intervention has intensified competition and helped lower prices in the soft contact lens market. Bausch & Lomb, Inc., whose market share dropped from almost 100% in the early 1970's to about 50% in 1979, responded in April of 1979 by cutting its prices 28%.
- the Interstate Commerce Commission has issued a notice of proposed rulemaking seeking public comments on, among other things, the FTC petition to establish a zone within which motor carriers may raise or lower their rates without risk of rate suspension. If adopted, this rule would permit greater price competition in the industry.
- in its decision adopting a new, procompetitive policy for motor carrier entry cases, the Interstate Commerce Commission noted that it had relied on comments and data submitted by the FTC to support its new policy.
- according to Allendale Mutual Insurance Company and Arkwright Boston Manufacturers Mutual Insurance Company, the firms "abandoned their proposed merger as a result of the Bureau of Competition's recommendation to the Commission that a complaint be issued." The staff's recommendation was based on the probability that competition would have been reduced as a result of the merger.
- during the time the FTC's eyeglass advertising rule was in effect, the Consumer Price Index for eyeglasses increased only 4.3%, compared to 9.1% for all goods and over 13% for medical care generally.
- the FTC order barring Levi's from fixing the retail price of its products continues to spur competition: the Washington Post recently reported that blue jeans were one of the handful of items whose price actually decreased in 1979. Inflation of less than two percent a year in women's clothing has followed a series of FTC consent orders in the clothing field banning retail price fixing.
- the joint FTC/HEW model state law on generic drug substitution is beginning to have an impact; already four states have used our model to improve their laws, and several others are actively considering the issue.
- anticipated FTC activity against car manufacturers because of unreasonable rust-spotting on new cars probably contributed significantly to three manufacturers' recent adoption of a rust warranty.

C. OTHER MEASURES OF EFFECTIVENESS.

Beyond such case-by-case evidence of effectiveness, the Commission has undertaken a major effort to evaluate systematically the economic effects of its

activities. Information is now being gathered on the impact of the Commission's rulemaking efforts concerning cooling-off, franchising, and vocational schools. Data are being collected before possible issuance of proposed rules on R-value, care-labeling, and used cars.

In FY 1979, the Commission spent \$776,000 to study the impact of other proposed rules or enforcement efforts, including those governing contact lenses, eyeglasses advertising, and corrective advertising. Results of all these studies should be available within the year.

The Commission also has undertaken a variety of projects to assess the effectiveness of its antitrust litigation. It has contracted with several economists to measure the economic impact of various antitrust cases brought by the FTC. If successful, these projects will provide an estimate of the dollars consumers have saved as a result of these actions and the effect, if any, such actions have had on the quality of products and services.

V. SIMPLIFYING, SPEEDING AND IMPROVING THE ADMINISTRATIVE PROCESS

The FTC seeks to make its administrative process more efficient and less burdensome, without sacrificing fairness, openness, or accuracy. The Commission also attempts to maximize coordination with other government entities. In 1979 we took major steps toward improving our administrative process:

A. CUTTING DOWN ON REPORTING REQUIREMENTS.

The Commission has revised its premerger notification regulations to exempt certain smaller mergers and acquisitions. This change exempts approximately 20% of the transactions previously subject to a waiting period and reporting obligation.

B. SPEEDING UP ADMINISTRATIVE LITIGATION.

The Commission adopted new rules to streamline the discovery process in adjudication. These rules, which are patterned in some respects after the Federal Rules of Civil Procedure, are intended to strengthen the ability of the Administrative Law Judge to control and speed up discovery.

C. REGULATORY CALENDAR.

The Commission participates in the Administration's regulatory calendar in an effort to inform the public at the earliest possible time of contemplated actions.

A. PART II (Investigative Stage)
CONSENT AGREEMENTS ACCEPTED
AND PUBLISHED FOR COMMENT

1. Consumer Protection Mission

- 792 3016 C.L. Energy Development, Inc., et al.
The order would prohibit the company from making gas-saving claims for the "G.R. Valve" and similar products unless the claims were true and substantiated.
- 792 3087 RR International, Inc.
The order would prohibit the company from making gas-saving claims for the "G.R. Valve" and similar products unless the claims were true and substantiated.
- 792 3038 Montgomery Ward and Co., Inc.
The order requires the company to notify the 200,000 purchasers of certain wood-burning heaters and Franklin fireplaces of a potential fire hazard and to correct the condition or refund the entire purchase price.
- 762 3119 Home Centers, Inc.
A chain of appliance stores in Ohio would be stopped from allegedly misrepresenting price reductions and potential savings to consumers.
- 782 3025 AMF, Inc.
The order would prohibit the company from engaging in advertising depicting children riding its "Evel Kneivel" bicycles or tricycles in an unsafe manner. The company also agreed to prepare and distribute public service safety messages for use on children's television programming.
- 792 3015 American Consumer, Inc., et al.
The order would prohibit the company from making gas-saving claims for the "G.R. Valve" and similar products unless the claims were true and substantiated.
- 792 3059 Admarketing, Inc.
This advertising agency that prepared television advertisements for

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the G.R. Valve would be required to have on hand reasonable substantiation for any claims made in its ads.

- 792 3060 Gordon Cooper
The former astronaut and an endorser of the G.R. Valve would be prohibited from making claims about the G.R. Valve and other products without independent substantiation from a source other than the advertiser.
- 782 3077 Westinghouse Credit Corp.
The order would require the company to disclose to credit applicants the reasons they were rejected, to comply with the Equal Credit Opportunity Act, and to notify applicants of their rights under the Act. The company also would educate both its employees and parent Westinghouse's retail dealers to guard against future violations of the Act.

2. Competition Mission

- 781 0009 Forbes Health System Medical Staff, et al.
The agreement would prohibit Forbes Medical Staff from excluding any applicant from appointment to the medical staff because the applicant is associated with a Health Maintenance Organization or practices medicine on other than a fee-for-service basis.
- 761 0081 Eli Lilly and Co., et al.
The agreement would require that Eli Lilly license other companies to use its U.S. patents and know-how in producing insulin.

B. PART II (Investigative Stage) CONSENT AGREEMENTS ISSUED IN FINAL FORM

1. Consumer Protection Mission

- C-2938 Owens-Illinois, Inc., et al.
Ordered to refund an estimated \$30,000 to 7,000 end-use purchasers of disposable glass culture tubes as compensation for short count packages purchased in the past.
- C-2964 Aluminum Co. of America
Ordered not to make false fuel savings claims for its aluminum siding and to disclose the "R-value" of the product in future ads.

C-2976

International Inventors, Inc.

This service company for inventors was ordered to disclose its

"success" ratio to prospective customers and provide a ten-day cooling-off period.

- C-2932 National Indemnity Co., et al.
 Ordered to cease violating the Fair Credit Reporting Act's prenotification requirement when seeking an investigative consumer report on insurance applicants.
- C-2931 Marathon Oil Company
 Prohibited from retail credit collection lawsuits in counties other than where the defendant currently resides or resided at the time the credit contract was signed.
- C-2933 Moore and Associates, Inc.
 Ordered to comply with the Fair Credit Reporting Act by preventing the improper use of obsolete information.
- C-2934 Bede aircraft, Inc., et al.
 Ordered to place itself under the control of a trustee to serve the two-fold purpose of protecting consumers as well as preserving options for the continued viability of this small business, an order which was designed to provide consumer redress of about \$9,000,000.
- C-2936 Credit Bureau Associates, et al.
 Ordered to stop alleged violations of the Fair Credit Reporting Act, to promptly reinvestigate disputed information in consumer reports, and to notify the consumer of the results.
- C-2937 Corning Classworks
 Ordered to refund an estimated \$118,000 to 6,000 end-use purchasers of disposable glass culture tubes as compensation for short-count packages purchased in the past.
- C-2940 Aldens, Inc.
 Required to contact all waitresses who were denied credit from October 28, 1975 until March 22, 1977 and to invite them to reapply for credit, and to consider the new applications without regard to sex. This action was brought under the Equal Credit Opportunity Act.
- C-2941 Nelson Brothers Furniture Corp.
 Prohibited from false pricing and savings claims and required to give customers the option to submit to arbitration, at no cost, any unresolved dispute over the quality, condition or failure to replace' or make refunds for damaged or defective merchandise.

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- C-2939 Womack Nursery Co.
This mail-order nursery in Tennessee was ordered to disclose in its advertising a warning of the risk of receiving dead trees and nursery stock when ordering by mail and to stop allegedly deceptive practices. The agreement provides up to \$200,000 in redress to consumers.
- C-2945 The Hertz Corporation
Required to notify and to refund over \$1.25 million to customers with credit balances, and to refund automatically unclaimed money after seven months.
- C-2946 Norris Industries, Inc.
Required to have a reasonable basis for making performance claims for any major home product.
- C-2948 Kelcor Corp.
Required to stop violating the Truth-In-Lending Act, and to tell borrowers that credit insurance may result in interest charged at higher annual percentage rates.
- C-2949 Art Instruction School
Ordered not to misrepresent that its students would earn high salaries or readily obtain employment through the school's placement service. The company also agreed to refund up to 25% of the tuition paid by former students.
- C-2954 Kaufman and Broad, Inc.
The nation's fifth-largest home builder was ordered to repair major construction defects and certain other plumbing, electrical, heating, and cooling defects in approximately 20,000 homes sold since 1972.
- C-2961 Internatic, Inc.
The manufacturer of the electric waterheater timer called the "Little Gray Box" was ordered to stop allegedly deceptive advertising of the device (use of which allegedly causes consumers to spend more in energy in reheating their water than they save in not having to keep it warm throughout the day). The company agreed to provide a full refund of purchase price and installation charges.
- C-2960 Renault USA, Inc.
Ordered to extend some warranty coverage for approximately 50,000 cars manufactured after July 1975.

- C-2965 General Mills Fun Group, Inc.
 Ordered not to use any film or camera technique that misrepresents to children a toy's size, appearance or performance.
- C-2966 General Motors Corporation
 Ordered to stop selling cars with engines and other auto parts manufactured by GM divisions other than the one whose make appears on the car unless it discloses that to purchasers.
- C-2971 Fedders Corporation
 Ordered to repair more than 40,000 allegedly defective heat pumps and to reimburse owners for the cost of past repairs (thus saving consumers an average \$250-\$400).
- C-2972 Arnaudville Industries, Inc.
 This manufacturer of mobile homes was ordered to extend warranty coverage to several thousand mobile home owners and to stop advertising its allegedly misleading "full one-year limited warranty," in violation of the Magnuson-Moss Warranty Act.
- C-2973 Madison Mobile Modular Homes
 This manufacturer of mobile homes was ordered to extend warranty coverage to several thousand mobile home owners and to stop advertising its allegedly misleading "full one-year limited warranty," in violation of the Magnuson-Moss Warranty Act.
- C-2975 The Clorox Company
 Ordered Soft-Scrub cleanser to carry a label warning that its use can scratch certain surfaces.
- C-2979 Chrysler Corporation
 This manufacturer of heavy-duty trucks was ordered to assign model years to trucks, where previously the model years were not assigned, which allegedly facilitated representing them as new if they were left over from a previous year.
- C-2978 Mack Trucks, Inc.
 This manufacturer of heavy-duty trucks was ordered to assign model years to trucks, where previously the model years were not assigned, which allegedly facilitated representing them as new if they were left over from a previous year.
- C-2982 White Motor Corp.

This manufacturer of heavy-duty trucks was ordered to assign model years to trucks, where previously the model years were not assigned, which allegedly facilitated representing them as new if

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they were left over from a previous year.

- C-2981 Paccar, Inc.
This manufacturer of heavy-duty trucks was ordered to assign model years to trucks, where previously the model years were not assigned, which allegedly facilitated representing them as new if they were left over from a previous year.
- C-2983 International Harvester, Inc.
This manufacturer of heavy-duty trucks was ordered to assign model years to trucks, where previously the model years were not assigned, which allegedly facilitated representing them as new if they were left over from a previous year.
- C-2980 Ford Motor Co.
This manufacturer of heavy-duty trucks was ordered to assign model years to trucks, where previously the model years were not assigned, which allegedly facilitated representing them as new if they were left over from a previous year.
- C-2984 Woodland Mobile Homes, Inc., et al.
California's largest mobile home dealer was ordered to comply with the Magnuson-Moss Warranty Act and openly display written warranties on mobile homes and appliances.
- C-2884 Diners Club, Inc., et al.
The order modifies a 1977 consent order by removing Diners Club's responsibility for assuring compliance by another company, which was recently sold by Diners Club.
- C-2987 Korvette's, Inc.
Ordered to comply with the Magnuson-Moss Warranty Act and an FTC trade regulation rule requiring stores to have on hand pre-sale warranty information for consumers on products costing more than \$15 and to disclose to consumers that it is available.
- C-2989 ITT Continental Baking Co., Inc.
The manufacturer of "Fresh Horizons" and "Wonder Bread" was ordered to disclose the presence of wood pulp and other "uncommonly used" ingredients in its bread products.
- C-2523 GAC Corporation
The Commission modified a 1974 consent order against GAC to

preserve customers' rights to refunds for their land sales purchases during the company's reorganization. A \$10 million fund was established to improve land sites, and a federal court in Florida ruled that customers would be given first priority over

other creditors if the company is forced to liquidate.

2. Competition Mission

- C-2935 National Fire Hose Corp., et al.
Ordered to stop imposing territorial and customer restrictions on distributors of fire hose.
- C-2943 The Boeing Corp.
Prohibited from giving preferential payments to foreign parties to secure aircraft sales.
- C-2944 Lockheed Aircraft Corp.
Prohibited from giving preferential payments to foreign parties to secure aircraft sales.
- C-2942 McDonnell-Douglas
Prohibited from giving preferential payments to foreign parties to secure aircraft sales.
- C-2947 Advertising Checking Bureau, Inc.
The order prohibits Advertising Checking Bureau, Inc. from developing or administering cooperative advertising programs which limit the rights of dealers to receive cooperative advertising credits when they sell merchandise at reduced prices.
- C-2951 Zayre Corp.
Prohibited from requiring suppliers to participate in trade shows and from soliciting preferential advertising and promotional allowances.
- C-2952 American Society of Anesthesiologists
Ordered to stop prohibiting its members from accepting salaried, rather than fee-for-service, employment.
- C-2953 Federal Signal Corp.
The order bars the nation's largest manufacturer of civil defense warning equipment from engaging in specified collusive and anti-competitive activities and in competitive restraints in the sale to state and local governments of public safety equipment, such as radios, sirens, and signaling devices.
- C-2955 CPC International, et al.
The order requires the divestiture of an aerosol packaging facility by

CPC International, Inc., and its wholly-owned subsidiary
Peterson/Puritan Inc.

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- C-2956 Louisiana Pacific Corporation
Required to divest an acquired plant that manufactures medium density fiberboard, acquired in a merger with Fiberboard Corp.
- C-2958 Federated Department Stores
Prohibited from entering into any agreement between a Federated-operated department store and a shopping center developer that would enable the department store to influence the makeup of shopping centers.
- C-2959 Crane Co., et al.
Required to divest an Illinois cement plant owned by Medusa Corporation.
- C-2957 Indiana Dental Association, et al.
Prohibited from restricting the efforts of health insurers to hold down the cost of dental care for their policyholders.
- C-2967 California Medical, Association
Prohibited from publishing relative value scales for use in setting fees for professional services. (Relative value scales set fixed ratios among fees for various services.)
- C-2962 Huk-,A-Poo Sportswear, Inc., et al.
Two affiliated national clothing concerns are prohibited from setting retail prices of their products, leaving retailers free to make their own pricing decisions.
- C-2963 International Brotherhood of Teamsters, Local 959
Ordered not to engage in agreements that require general contractors to boycott non-union subcontractors.
- C-2968 Inland Empire Roofing Contractors Assoc.
Prohibited from interfering with the prices charged or the guarantees offered by its members in Idaho and Washington.
- C-2969 Appliance Dealers Cooperative
Prohibits a New Jersey retailers cooperative from interfering with some members' pricing and marketing decisions.
- C-2970 Cooper Industries, Inc.
This major manufacturer of gas compressors and hand-held industrial air tools was ordered to divest certain assets after its acquisition of

Gardner-Denver Co.

C-2974

Motherhood Maternity Shops, Inc., et al.

Prohibits a manufacturer and retailer of maternity clothes from

fixing or suggesting the prices at which independent retailers sell its products.

- C-2977 Jonathan Logan, Inc.
The consent order bars one of the nation's largest suppliers of women's apparel from fixing the resale prices of its apparel products, leaving retailers free to make independent pricing decisions.
- C-2985 Pendleton Woolen Mills, Inc.
Prohibited from fixing the retail prices of its clothing, blankets, and fabric.
- C-2986 Schering Plough Corp.
Required to divest Scholl, Inc.'s athlete's foot product business.
- C-2988 Howard Johnson Co.
Prohibited from requiring its restaurant franchisees to purchase certain food products from the respondent.
- C-2990 Liquid Air Corp. of North America, et al.
Required to divest certain air-separation plants and certain retail stores. Chemetron Corp., and its parent, Allegheny Ludium Industries, Inc., also signed the consent agreement.
- C-2950 New Jersey Pest Control Assoc.
Required to cease and desist from fixing prices, discouraging discounters, and restricting price information in ads.
- C-2930 John Hancock Mutual Life Insurance Co., et al.
Dissolved interlocking directorates between Liberty Mutual Insurance Co., Boston, Mass. and the following three competing insurance companies: John Hancock Mutual Life Insurance Company, New England Mutual Life Insurance Company, and State Mutual Life Assurance Company of America.

C. COMPLAINTS

1. Consumer Protection Mission

- Dkt. 9123 Litton Industries
The complaint alleges that Litton misrepresented its microwave ovens' performance via a biased survey.

Dkt. 9124 George Irvin Chevrolet, Inc.
The complaint alleges violation of the Truth-in-Lending Act because the required credit disclosures in television adver-

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tisements were too small or were shown too quickly to be "clear and conspicuous."

2. Competition Mission

Dkt. 9119 Lancaster Colony Corp., et al.
The complaint alleges that the proposed acquisition of the entire machine-made glassware manufacturing facilities of Federal Paper Board Company by Lancaster Colony Corp could substantially lessen competition in the machine-made glassware industry.

Dkt. 9118 Indiana Federation of Dentists
The complaint alleges that the Indiana Federation of Dentists has restricted the efforts of health insurers to hold down the cost of dental care for their policyholders.

Dkt. 9120 Borg-Warner Corporation, et al.
The complaint alleges that simultaneous membership by individual respondents on the boards of directors of competing automotive parts and products companies violates federal laws which prohibit interlocking directorates.

Dkt. 9126 National Tea Company, et al.
The complaint challenges the proposed merger of National Tea Company and Applebaum's Food Markets, Inc., two leading grocery retailers in the Minneapolis-St. Paul area. The complaint charges that the merger would eliminate competition between the companies, increase concentration in the retail grocery store business and weaken competition from independent retail grocery competitors.

Dkt. 9121 Grand Union Company/Colonial Stores, Inc.
The complaint alleges that the acquisition of Colonial Stores, Inc. (a retail food chain) by Grand Union Company (the eleventh largest retail food chain in the United States) may substantially lessen competition and increase the probability of industry concentration.

Dkt. 9122 Lone Star Industries, Inc., et al.
The complaint alleges that the acquisition of Keystone Portland Cement Co., an actual competitor, by Lone Star Industries, the nation's largest cement producer, could eliminate competition

between the two companies, eliminate Keystone as a competitor in the industry, and increase the probability of industry concentration.

- Dkt. 9125 BASF Wyandotte Corporation
The complaint challenges the acquisition of a U.S. producer (Chemetron Pigments Division) of organic pigments by the domestic subsidiary of a leading worldwide pigments producer (BASF A.G.). The complaint alleges that the acquisition will substantially lessen competition or tend to create a monopoly in the manufacture and sale of organic pigments. These products are a family of chemicals used in a wide variety of applications ranging from printing inks to automotive coatings.
- Dkt. 9127 The Southland Corporation/Knowlton's, Inc.
The complaint challenges the proposed acquisition of Knowlton's, Inc. by the Southland Corporation. Southland is a major operator and franchiser of convenience food stores as well as one of the nation's largest dairy processors. Knowlton's is one of the largest, independent dairy processors in the San Antonio market area. The complaint alleges that the acquisition will eliminate Knowlton's as a competitor, lessen competition, and increase already high levels of industry concentration.
- Dkt. 9128 Ethyl Corporation, et al.
The complaint charges "antiknock" additive makers for gasoline have engaged in practices that unlawfully reduced or eliminated competition. The complaint alleges that Ethyl Corp., E.I. DuPont de Nemours & Co., PPG Industries, Inc., and Nalco Chemical Co. facilitated maintenance of uniform prices by, among other things, "signaling" future price changes to competitors. In addition to "signaling," the complaint alleges that each company lessened uncertainty about price movements and facilitated maintenance of substantially uniform prices by selling only on a uniform delivered price basis. With the exception of PPG Industries, the companies are also alleged to have used "11 most favored" customer agreements promising a buyer the lowest price the seller charges other buyers.
- Dkt. 9129 Michigan State Medical Society
The complaint alleges that the Michigan State Medical Society has acted unlawfully to reduce or eliminate price competition among physicians in Michigan. The complaint charges that the society deprived subscribers and consumers of the benefits of Blue Cross and Blue Shield of Michigan's independently determined reimbursement policies or health-care cost-containment efforts.
- Dkt. 9130 Exxon Corporation/Enco Inc.

The complaint challenges Exxon's acquisition of Reliance Elec-

tric Company, a leading producer of electronic variable speed industrial drives (ESVD). The complaint alleges that the acquisition will increase the level of concentration in the market or eliminate competition in the development of ESVD technology and products.

D. PART III (Litigation Stage) CONSENT AGREEMENTS

1. Consumer Protection Mission

- Dkt. 9082 Vital-E, et al.
Required to stop making allegedly false claims about vitamin products and weight-loss devices, to disclose any health or cosmetic risks these products pose, and to offer full refunds to purchasers of such products.
- Dkt. 9090 Royal Furniture Company, Inc.
Required to provide appropriate Truth-in-Lending disclosures in consumer credit transactions, to stop using allegedly harassing debt collection practices, and to establish a procedure for handling consumer complaints regarding defective or damaged merchandise.
- Dkt. 9055 Cavanagh Communities Corporation
Ordered to disclose that certain land it sold as homesites was roadless or susceptible to flooding, to disclose that the land might not be as valuable as it was marketed to be, and to allow purchasers to stop making payments on the land at a lesser penalty that the purchaser had agreed to in the original contract.
- Dkt. 9106 Universal Training Service, Inc.
Ordered to pay up to \$750,000 in tuition refunds to students and to disclose to prospective students job placement rates for previous students along with their starting salaries.
- Dkt. 9042 Coventry Builders, Inc.
This home improvement company was prohibited from failing to provide credit cost disclosures required by the Truth-in-Lending Act.
- Dkt. 9078 National Systems Corp., et al.
North America's ten correspondence schools (in drafting, hotel management, advertising, and conservation, among others) ordered to refund up to \$200 per course to former students and to refrain from misleading prospective students about their

ability to get jobs after having completed a course.

- Dkt. 9001 Ford Motor Company
Ordered not to misrepresent the fuel economy, structural strength, or quietness of its Lincoln and Mercury Cars and placed all Ford cars under a general requirement that any performance claim be substantiated.
- Dkt. 9075 Bankers Life and Casualty Company, et al.
Ordered to refund up to 70% of the purchase price of land sites to as many as 7,600 customers, to cancel current customer's contracts without penalty because the company allegedly misleadingly marketed the land, and to stop claiming the land is a good investment unless it can substantiate the claims. Up to 88 million in refunds and \$6 million in contract cancellations should result. Irving Miller, a principal of Bankers Life, agreed in a separate order not to be a party to any future false or deceptive advertising or marketing of land.
- Dkt. 8922 Beneficial Corporation
Ordered to stop using the term "instant Tax Refund" unless it also disclosed that the company was merely offering a regular consumer loan that is irrelevant to the tax return.
- Dkt. 9073 Ford Motor Company and Ford Motor Credit Co., Inc.
Ordered to establish an accounting system for its dealers to refund promptly any excess credit balance funds realized from the sale of repossessed cars.
- Dkt. 9104 / . Walter Thompson
The nation's largest advertising agency was ordered to have on hand a "reasonable basis" for ads for dishwashers.
- Dkt. 9109 Karr Preventative Medical Products
The order would require the manufacturer of Acne-Staton skin cream and its advertising agency, National Media Group, Inc., not to claim that the product cured acne without a reasonable basis for the claim, to notify past purchasers of its allegedly misleading advertising, and to refund up to \$235,000 to past purchasers.
- Dkt. 9099 Bell & Howell Company
In one of the largest monetary settlements in the history of the FTC, the company would be ordered to refund up to \$1.4 million to certain of its vocational school students. The FTC, for the first time, would

have control over how the redress is distributed to the eligible classes of students.

2. Competition Mission

- Dkt. 9003 Nestle Alimentana, S.A., et al.
Nestle is a Swiss corporation marketing a variety of food products worldwide. Under the terms of the consent order, Nestle agreed to divest a Wisconsin frozen-food plant within one year in settlement of a Commission complaint challenging the company's 1973 acquisition of Stouffer Foods. The complaint alleged that the acquisition would substantially reduce competition in the frozen entree market.
- Dkt. 9068 MacLeod Mobile Homes, Inc.
Prohibited from conditioning the rental of space in mobile home parks on the purchase of homes from the park's operator.
- Dkt. 9069 Mobile Homes Multiplex Corporation
Prohibited from conditioning the rental of space in mobile home, parks on the purchase of homes from the park's operator.
- Dkt. 9070 Harper Sales, Inc.
Prohibited from conditioning the rental of space in mobile home parks on the purchase of a home from the park's operator.
- Dkt. 9093 American Dental Association
The American Dental Association agreed not to restrict truthful advertising by dentists under an interim settlement reached with the Commission. Final settlement of this case depends upon the outcome of a similar suit brought against the American Medical Association. The ADA and other respondents agreed to be bound by the final outcome of the AMA suit.
- Dkt. 9107 Harnischfeger Corporation
Harnischfeger terminated a merger agreement that would have combined manufacturers of lattice boom cranes.
- Dkt. 9098 Harnischfeger, Inc.
Airco, one of the nation's largest producers of industrial gases, also sells welding products and industrial gases to welders and other industrial users for resale. The Commission consent order settles allegations that Airco required its distributors to purchase their total requirements of each gas from Airco in order to purchase any gas or welding product from the company. Under terms of the consent order, distributors for Airco can demand private arbitration to determine whether Airco's refusal to sell them any gas or welding product was

in reprisal for the distributor's election to purchase from another supplier.

- Dkt. 9122 Lone Star Industries
The Commission accepted a consent order which settles a complaint challenging a proposed merger of Lone Star Industries, Inc. and Keystone Portland Cement Co. The two companies agreed to terminate their agreement to merge.
- Dkt. 9089 Atlantic Richfield Co.
Under the consent order designed to increase competition in the domestic copper industry, the Atlantic Richfield Co. is required to divest itself of, among other properties, its 50 percent interest in a joint copper mining venture in Arizona, three undeveloped copper hearing land properties and ARCO's 20 percent interest in a copper mining company.

E. INITIAL DECISIONS

1. Consumer Protection Mission

- Dkt. 9111 Household Finance Corporation
Ordered by an FTC administrative law judge to comply with the Truth-in-Lending Act by properly computing the annual percentage rate of the total charge for credit and by undertaking other remedial measures.
- Dkt. 9067 Market Development/Columbia Research Corporation
These mail-order marketers of vacations and household products were ordered by an FTC administrative law judge to stop using deceptive means of selling their products, such as offering "free" vacations in connection with land-sales schemes and offering other "free" products whose value is substantially less than advertised.
- Dkt. 9102 The Kroger Company
Ordered by an FTC administrative law judge to stop using price - comparison surveys in its grocery stores unless it employs an independent firm and discloses to consumers the limitations of using such a survey.
- Dkt. 9115 Georges Radio and Television Company
Ordered by an administrative law judge to comply with the Magnuson-Moss Warranty Act and an FTC trade regulation rule by offering pre-sale warranties to consumers on appliances costing more than \$15 and by not mischaracterizing its own warranties as "full limited," in violation of the Act.

- Dkt. 8988 California Milk Producers Advisory, Board
An FTC administrative law judge dismissed the complaint which alleged the Board deceptively advertised that "Every Body Needs Milk" when some medical authorities claimed milk was unhealthful to some people.
- Dkt. 9073 Francis Ford, Inc.
This Portland, Oregon dealer was ordered by an FTC administrative law judge to refund excess proceeds from the sale of customers' repossessed cars.
- Dkt. 9018 Amrep Corporation
Ordered by an administrative law judge to stop using high pressure sales tactics in the sale of land, to disclose to purchasers the limitations of the use and value of such land, and to inform past purchasers of their current options, which might include canceling their contracts.

2. Competition Mission

- Dkt. 9016 Herbert R. Gibson, Sr., et al.
The initial decision prohibits present and former officials of several Gibson Corporations from boycotting suppliers who failed to pay fees for participation in The Gibson Trade Show. The order also prohibits Herbert R. Gibson, Sr. from accepting commissions from a seller while acting as a buyer for Gibson retail stores.
- Dkt. 9079 Reuben H. Donnelly Corp.
The initial decision orders the publisher of the Official Airline Guide to list flights of commuter and intrastate airlines on the same basis that it lists flights of certificated airlines. The administrative law judge found that Reuben H. Donnelly Corp. discriminated against the commuter airlines by failing to list commuter airline flights in the same tables with major airlines.
- Dkt. 9108 E.I. Du Pont de Nemours and Company
In the initial decision the administrative law judge dismissed the complaint which had charged Du Pont with an attempt to monopolize the domestic titanium dioxide pigment market. Du Pont is the largest domestic producer of titanium dioxide, a pigment used in the production of paints, inks, paper, and other materials to make them white and opaque. The judge ruled that Du Pont did not engage in a growth strategy designed to exclude its competitors.

- Dkt. 9077 General Motors Corporation
The initial decision ordered General Motors to change a substantial part of its method of distributing crash-susceptible motor-vehicle parts following a finding by the administrative law judge that the existing method was unlawful. The order requires GM to propose a distribution plan that does not discriminate against independent body shop operators and other commercial purchasers who compete with GM dealers in repairing crash damaged autos and light trucks.
- Dkt. 9080 Kaiser, Aluminum and Chemical Corp.
The initial decision orders Kaiser Aluminum to divest two industrial plants acquired from the Lavino Division of International Minerals & Chemical Corporation. At the time of the acquisition, Kaiser was the nation's second largest producer of basic refractories. Lavino was the fourth largest producer. The administrative law judge found that the acquisition eliminated substantial actual competition between the two firms and increased concentration in an already highly concentrated industry.
- Dkt. 9064 American Medical Association
In the initial decision, the administrative law judge concluded that the American Medical Association, the nation's largest association of physicians, had restricted and frustrated competition in the provision of physicians' services throughout the United States and caused substantial injury to the consumer. The judge ruled that the AMA's ban on advertising was unlawful and deprived consumers of the free flow of information about the availability of health care services. The decision further noted that the AMA's restrictions have discouraged, restricted, and, in some instances, eliminated new and innovative forms of health care such as Health Maintenance Organizations. The order requires the AMA to revoke any existing ethical principles or guidelines which restrict physicians' advertising, solicitation, or contractual relations. The order does not affect ethical standards which deal with the medical or therapeutic aspects of a physician's practice.
- Dkt. 8904 Heublein, Inc.
In the initial decision, the administrative law judge ruled that the acquisition of the nation's second largest vintner by the fifth largest alcoholic beverage producer may substantially diminish wine industry competition. The judge ordered Heublein, Inc. to divest itself of the wine producer, United Vintners, Inc. In addi-

tion, for the next 10 years, Heublein is required to obtain prior Commission approval of any acquisition of a wine company that would give Heublein control of more than 10 percent of the wine market.

Dkt. 9116 Rhinechem Corp.

In the initial decision, the administrative law judge dismissed the complaint against respondents Allegheny Ludlum Industries, Inc. and Chemetron Corporation, wholly-owned subsidiary of Allegheny Ludlum. Since the assets of Chemetron's Pigment Division were no longer under the control of Allegheny and Chemetron but were purchased by BASF in a transaction challenged by the Commission in another proceeding the ALJ determined that it was unlikely that the challenged acquisition of these assets by Rhinechem Corp. could ever take place.

Dkt. 8859 National Industries, Inc.

In the initial decision, the administrative law judge dismissed the complaint against respondents National Industries, Inc. and Cott Corporation on the grounds that neither respondent is now engaged in the soft drink business nor in the practices which were the focus of the complaint.

F. FINAL LITIGATED ORDERS

1. Consumer Protection Mission

Dkt. 9096 Howard Enterprises, Inc.

This publisher of lists of bad check passers used by retail establishments in Washington, Oregon, Idaho, Wyoming, and Ohio was ordered to comply with the privacy safeguards of the Fair Credit Reporting Act. An FTC administrative law judge had ruled the "Alert Lists" were not subject to the Act.

Dkt. 9045 The Raymond Lee Organization

This idea and invention promotion firm was ordered to disclose to prospective clients that it does not evaluate the merits of any ideas sent to it and to disclose the number of clients in recent years who actually received more money from the firm's services than they wound up paying in fees. Also, the company was ordered to offer a ten-day cooling-off period during which a customer may cancel the contract for any reason.

Dkt. 8987

National Commission on Egg Nutrition

Ordered to stop advertising that there is no scientific evidence that eating eggs increases the risk of heart disease. The U.S.

Supreme Court in October 1978 refused to review the order.

2. Competition Mission

- Dkt. 8992 Coca-Cola Bottling Company of New York
The Commission dismissed the complaint against Coca-Cola Bottling Company citing insufficient evidence that Coca-Cola's acquisition of Franzia Brothers Winery, a U.S. producer of generic table wines, would lessen competition.
- Dkt. 9023 Amway Corp., Inc.
The Commission's final order prohibits Amway Corporation, a door-to-door marketer of household and consumer products from fixing the resale prices of its products and from misrepresenting to its prospective distributors the amounts of money Amway distributors are likely to earn.
- Dkt. 9080 Kaiser Aluminum and Chemical Corp.
The Commission ruled that the acquisition by Kaiser of the assets of the Lavino Division of International Minerals & Chemicals Corporation was unlawful and ordered Kaiser to divest itself of the assets it obtained by the illegal acquisition and to restore Lavino as a viable entity of roughly the same competitive capacities it possessed before the acquisition.
- Dkt. 8859 National Industries, Inc.
The Commission's final order adopts and makes effective the initial decision and order dismissing the complaint against National Industries and Cott Corporation. The initial decision found that neither respondent is now engaged in the soft drink business nor in the practices which were the focus of the complaint.
- Dkt. 9091 Pillsbury Company, et al.
The Commission dismissed a complaint against Pillsbury Co. and Fox Deluxe Foods, Inc., finding that a 1976 merger between the two companies did not violate the federal antitrust laws. The Commission found that the merger was not likely to have significant anti-competitive effects on the frozen/prepared pizza market.
- Dkt. 9046 SKF Industries Inc., et al
The Commission ruled that an arrangement between SKF Industries, Inc. and Federal-Mogul Corp. unlawfully restrained competition in the distribution of automotive tapered roller bearings. The

Commission found that the two firms had unlawfully allocated their combined share of the market for the

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distribution of bearings in the automotive aftermarket. As a result, direct competition between the two firms was eliminated and potential competition was foreclosed.

- Dkt. 8978 Borden Inc.
The Commission ordered Borden to cease attempting to hinder, restrain or eliminate competition in the processed lemon juice market by granting improper price reductions and promotional allowances to its customers, or by selling its product, ReaLemon, below cost or at unreasonably low prices.
- Dkt. 9084 TRW, Inc./Horace A. Shepard
The Commission ordered TRW, Inc. not to have as a director one who simultaneously served as a director of a competing company. The Commission also ordered the individual involved not to serve simultaneously on the board of TRW and any competitor.
- Dkt. 9035 Kraftco Corp., et al.
The final order on remand is identical to that issued by the Commission on January 11, 1977 (89 F.T.C. 46) and requires SCM Corporation, a New York City producer of margarine, edible oils and barbeque sauce to cease seating on its board of directors any individual who is simultaneously serving on the board of Kraftco Corporation, or any other competitive company.
- Dkt. 9116 Rhinechem Corp., et al.
The Commission's final order sustains the administrative law judge's dismissal of the complaint on the ground that changed circumstances precluded the possibility of the challenged merger.

INJUNCTIONS

A. Consumer Protection Mission

1. Virginia Homes Manufacturing Corp. The FTC has filed an action in the district court to obtain a permanent injunction ordering this mobile homes seller to notify past customers of additional warranty rights which may save them substantial repair expenses. This was the first time the FTC had sought a permanent injunction without first obtaining a cease and desist order or without the defendant's stipulating to the injunction.

2. Ronald S. Kazdin, et al. An action filed in the district court to obtain a permanent injunction ordering the defendant to cease selling and performing artificial hair implants and to provide refunds to consumers.

B. Competition Mission

1. The Southland Corp., et al. The Commission filed an action in federal district court to obtain an injunction barring the acquisition of Knowlton's, by the Southland Corporation. Knowlton's is one of the largest independent dairy processors in the San Antonio market area. The injunction was denied but the court entered a hold separate order pending the resolution of the administrative complaint.

2. National Tea Co., et al. The Commission sought a preliminary injunction in federal district court in Minneapolis barring the merger between National Tea Co. and Applebaum's Food Markets, Inc., until the complaint was resolved. National Tea Co. proposed to acquire Applebaum's, which would make National the largest operator of retail grocery stores in the Minneapolis area. The injunction was denied.

3. Mannesmann AG, et al. The Commission filed a motion for preliminary injunction in the federal district court in Washington, D.C. to block the planned takeover of the Harnischfeger Corp. by a West German firm, Mannesmann AG. The markets affected by the proposed acquisition included industrial cranes, mining shovels, hoists and other heavy equipment. The parties abandoned this proposed acquisition and no action was taken by the court on the injunction.

4. Exxon Corp. et al. The Commission sought an injunction barring Exxon Corporation's proposed acquisition of Reliance Electric Co. in a motion filed in federal district court for the District of Columbia. The injunction was denied but the court entered a hold separate order pending the outcome of the administrative complaint.

CIVIL PENALTY CASES

A. Consumer Protection Mission

FTC Docket Nos. D-7305 and D-8803

United States v. National Dynamics Corp., et al.

Complaint Filed: 10/20/78

This case is currently in litigation in the United States District Court of New York. A civil penalty suit was filed on October 20, 1978 against the marketer of "VX-6" battery additive. In violation of two FTC orders, the firm allegedly made false claims with respect to the existence of laboratory testing, endorsements and testimonials, and earnings and profits to induce sales and attract new distributors (82 F.T.C. 488; 85 F.T.C. 391).

FTC File No. 772 3044

United States v. Panacolor, Inc., et al.

Complaint Filed: 10/27/78

Judgment Entered: 10/27/78

United States v. Panacolor, Inc., American Consumer, Inc., and Canyon House, Inc., Civ. Act. No. 78-1997, United States District Court for the District of Columbia. Consent decree entered October 27, 1978, in the amount of \$40,000 for civil penalties and an injunction. The complaint alleged violations of the FTC's Trade Regulation Rule pertaining to The Use Of Negative Option Plans by Sellers in Commerce, 16 CFR 425.

FTC File No. 782 3038

United States v. Jim Clark's Beef, Inc., et al.

Complaint Filed: 11/09/78

This case is currently in litigation in the United States District Court for Kansas. The complaint alleges that defendants have advertised bulk freezer meats by engaging in practices that the FTC previously had determined to be unfair and deceptive in proceedings against Seekonk Freezer Meats, Inc., (FTC Docket 8880, 82 F.T.C. 1025 (1973)); Charnita, Inc., (FTC Docket 8829, 80 F.T.C. 892 (1972)); Southern States Distributing Company, (FTC Docket 8882, 83 F.T.C. 1126 (1973)); and Beauty Style Modernizers, Inc., (FTC Docket 8898, 83 F.T.C. 1761 (1975)).

FTC Docket No. C-1551

United States v. Maylis Textile Corp., et al.

Complaint Filed: 11/13/78

Judgment Entered: 11/13/78

United States v. May Textile Corporation, Morris Ellis, Sidney Landau, and Milton Steiger, 78 Civ. 5098 (WK)

United States District Court for the Southern District of New York. Consent decree entered November 13, 1978, in the amount of \$41,000 for civil penalties, a requirement that defendants have all wool products they import tested for fiber quality, and an injunction. The complaint alleged violations of an FTC order to cease and desist certain practices prohibited by the Wool Products Labeling Act of 1939.

FTC File No. 772 3057

United States v. Federated Department Stores, Inc.

Complaint Filed: 11/16/78

Judgment Entered: 11/16/78

United States District Court for the Southern District of Ohio, Western Division. Consent decree entered November 16, 1978, in the amount of \$50,000 for civil penalties, a requirement that defendant invite rejected applicants for credit to re-apply, an explication of how rejected applications for credit are to be explained to the applicants, and an injunction. The complaint alleged violations of the Equal Credit Opportunity Act and its implementing regulation B, 12 CFR 202.

FTC Docket No. C-2037

United States v. The J.B. Williams Company, Inc., et al.

Complaint Filed: 2/16/79

Judgment Entered: 2/16/79

United States District Court for the Southern District of New York; judgment in the amount of \$75,000 was entered on February 16, 1979, against defendant J.B. Williams and its advertising agency, for violating an FTC order (79 F.T.C. 420) by failing to disclose clearly and conspicuously that any weight reduction occurring after use of P.V.M. would be the result of a diet restricting caloric intake or exercise program.

FTC Docket No. C-2491

United States v. Atlantic Hosiery, Inc., et al.

Complaint Filed: 2/28/79

This case is currently in litigation in the United States District Court for the Southern District of Florida. The firm, a marketer of ladies hosiery and related products, allegedly misbranded and failed to clearly label the textile fiber products, in violation of a 1974 FTC order (83 F.T.C. 1365).

FTC File No. 792 3034

United States v. Lawson Hill Leather and Shoe Company, Inc.

Complaint Filed: 3/08/79

Judgment Entered: 3/08/79

United States District Court for the District of Massachusetts; judgment was entered on March 8,

1979, in the amount of \$15,000 for civil penalties and

an injunction, for failure to send customers the proper delay notices as required under the Mail Order Trade Regulation Rule.

FTC Docket No. C-2711

United States v. Maralco Enterprises, Inc., et al.

Complaint Filed: 5/10/79

Judgment Entered: 5/15/79

United States District Court for the Southern District of New York. Defendant has agreed to pay \$15,000 in civil penalties to settle charges that it distributed inaccurate placement information and success rates of its graduates to prospective vocational school students. The company, also known as New York School of Computer Technology, is prohibited by a 1975 FTC order from making certain misrepresentations in selling vocational school courses (86 F.T.C. 319).

FTC File No. 782 3023

United States v. General Mills Fun Group, Inc.

Complaint Filed: 5/22/79

Judgment Entered: 5/23/79

United States District Court for the District of Minnesota; judgment in the amount of \$100,000 (\$90,000-Kenner Product Division, \$10,000-Fundimensions Division). The complaint alleged that defendant had advertised toys by engaging in practices that the FTC previously had determined to be unfair and deceptive in proceedings against Ideal Toy Corporation (FTC Docket No. 8530, 64 F.T.C. 297 (1964)) and Walco Toy Company, Inc., (FTC Docket No. 8921, 83 F.T.C. 1783).

FTC File No. 782 3001

United States v. Montgomery Ward & Co., Inc.

Complaint Filed: 5/29/79

Judgment Entered: 5/29/79

United States District Court for the Eastern District of Virginia; judgment in the amount of \$175,000 for failure to provide accurate and specific reasons for denial of credit under the Equal Credit Opportunity Act and a requirement that Wards send to approximately 200,000 consumers who were denied credit a letter offering them a new opportunity to apply for credit.

FTC Docket No. 8941

United States v. Atlantic Industries, Inc.

Complaint Filed: 3/13/78

Judgment Entered: 8/17/79

United States District Court for the Southern District of Florida; defendant

has agreed to refund a total of \$40,000 to over 1,200 dissatisfied customers. The agreement settles charges that the company used deceptive means to sell its photographic enlargement plan and to collect accounts in violation of a 1975 order. Atlantic will pay \$10,000 in civil penalties (85 F.T.C. 903).

FTC File No. 742 3207
United States v. Tri-Texas, Inc., et al.

Complaint Filed: 9/27/79
Judgment Entered: 9/27/79

United States District Court for the Northern District of Texas; a consent judgment in the amount of \$25,000 was entered on September 27, 1979, as a result of the respondent's misrepresentations concerning profit potential, demand for its product, as an inducement to purchase a franchise; availability of an exclusive territory, training and promotional assistance and onerous franchise requirements. Additionally, injunctive provisions supplementing the Commission's Trade Regulation Rule covering franchising and business opportunity ventures were imposed.

FTC File No. 772 3010
United States v. Dixieland Construction Company, Inc., et al.

Complaint Filed: 9/28/79
Judgment Entered: 9/28/79

United States District Court for the Northern District of Alabama; Civ. Action No. 79M 1054 S. A consent judgment in the amount of \$10,000 in civil penalties and an injunction was entered on September 28, 1979 for violations of the Commission's Trade Regulation Rule Concerning a Cooling-Off Period for Door-to-Door Sales and for engaging in unfair and deceptive practices in the offering of home improvement services.

FTC File No. 772 3010
United States v. Modern Home Improvement Corporation, et al.

Complaint Filed: 9/28/79
Judgment Entered: 9/28/79

United States District Court for the Northern District of Alabama; Civ. Action No. 79M 1054 S. A consent judgment in the amount of \$10,000 in civil penalties and an injunction was entered on September 28, 1979 for violations of the Commission's Trade Regulation Rule Concerning a Cooling-Off Period for Door-to-Door Sales and for engaging in unfair and deceptive practices in the offering of home improvement services.

FTC File No. 772 3010
United States v. National Siding Corporation, et al.

Complaint Filed: 9/28/79

This case is currently in litigation in the United States District Court for the Northern District of Alabama; Civ. Action No. 79X-1052 S. The respondent has been charged with violating the Commission's TRR concerning a Cooling-Off Period for Door-to-Door Sales and for engaging in unfair and deceptive practices in the offering of home improvement services through fictitious pricing and energy claims, and by falsely representing themselves to be a manufacturer.

FTC File No. 772 3010

United States v. Nationwide Construction Company, Inc., et al.

Complaint Filed: 9/28/79

Judgment Entered: 9/28/79

United States District Court for the Northern District of Alabama; Civ. Action No. 79M-1053 S USDC ND ALA. A consent judgment in the amount of \$10,000 in civil penalties and an injunction was entered on September 28, 1979 for violations of the Commission's Trade Regulation Rule Concerning a Cooling-Off Period for Door-to-Door Sales and for engaging in unfair and deceptive practices in the offering of home improvement services.

B. Competition Mission

1. ICI Industries Inc.-This civil penalty suit was filed and a judgment for \$100,000 agreed to on August 14, 1979. IC Industries, Inc. was charged with failure to divest certain Midas Muffler Shops within one year of their acquisition.
2. ARA Services, Inc.-This civil penalty action, filed on November 2, 1977, charged that ARA had acquired assets of a periodical distributor without prior Commission approval. A \$300,000 judgment was rendered on August 14, 1979.

APPELLATE COURT DECISIONS
REVIEWING COMMISSION ORDERS

American General Insurance Company v. F.T.C., 589 F.2d 462 (9th Cir. 1979) (Case remanded for further proceedings)

Trans World Accounts, Inc. v. F.T.C., 594 F.2d 212 (9th Cir. 1979) (Part of order affirmed and enforced; one provision in order remanded for further proceedings)

Reichhold Chemicals v. F.T.C., 598 F.2d 616 (4th Cir. 1979) (Order affirmed and enforced)

Jay Norris, Inc. v. F.T.C., 598 F.2d 1244 (2d Cir. 1979) (Order affirmed and enforced)

US Life Credit Corp. v. F.T.C., 599 F.2d 1387 (5th Cir. 1979) (Commission decision reversed and order vacated)

RSR, Inc. v. F.T.C., 602 F.2d 1317 (9th Cir. 1979) (Order affirmed and enforced)

Freuhauf Corporation v. F.T.C., 603 F.2d 345 (2d Cir. 1979) (Order set aside)

Encyclopedia Britannica, Inc. v. F.T.C., 605 F.2d 93 (7th Cir. 1979) (Order affirmed and enforced)

SUPREME COURT DECISION
REVIEWING FINAL COMMISSION ORDER

The Great Atlantic & Pacific Tea Company v. F.T.C., 440 U.S. 69 (1979) (Reversing a decision of the Second Circuit which had upheld the Commission's Order)

OTHER IMPORTANT COURT DECISIONS

F.T.C. v. Rhinechem Corp. 459 F.Supp. 785 (N.D. Ill.) (October 20, 1978)
(The court granted the Commission's application for preliminary injunction against Rhinechem's purchase of the pigments business of Chemetron Corporation.)

In re FTC Line of Business Report Litigation and FTC Corporate Patterns Report Litigation, 439 U.S. 958 (November 11, 1978)
(The Supreme Court denied petitions for certiorari leaving standing the Court of Appeals' decision enforcing the Commission's orders.)

American Motors Corp. v. F. T. C., 601 F.2d 1329 (6th Cir., July 2, 1979)
(The court ordered dismissal of pre-enforcement challenge to Commission investigational subpoena on ground that administrative and statutory remedies had not been exhausted.)

- F.T.C. v. Anderson (CCH 1979-2 Trade Cas. 162,837) (D.C. Cir., September 17, 1979)
(The court affirmed the district court's order enforcing subpoenas duces tecum issued against the oil company respondents in Exxon Corp., D 8934, and remanded on the question of whether certain documents are to be considered "agency" records.)
- F.T.C. v. National Tea Co., 603 F.2d 694 (8th Cir., July 16, 1979)
(Appeals Court affirmed judgment of district court denying commission's application for preliminary injunction against acquisition pending completion of administrative proceedings.)
- F.T.C. V. Rockefeller 591 F.2d 182 (2d Cir., January 18, 1979)
(Court affirmed district court's order of enforcement of subpoenas directed to bankholding companies arising out of investigation of energy industry.)
- F.T.C. v. Southland Corp., 471 F.Supp. I (D.D.C., May 18, 1979)
(Court denied the Commission's application for a preliminary injunction against acquisition but entered an order enforcing hold-separate agreement.)
- F.T.C v. Winters National Bank & Trust Co., 601 F.2d 395 (6th Cir., September 11, 1979)
(Court enforced Commission subpoena directed against bank arising out of investigation of compliance by third parties of "Holder-In-Due-Course" Rule.

POLICY PLANNING PAPERS

- (1) Housing Policy Review Session Briefing Book.
November, 1978.
- (2) Drugs and Medical Devices Policy Review Session Briefing Book.
December, 1978.
- (3) Semiannual Regulatory Agenda.
December, 1978.
- (4) Life Insurance Sold to the Poor: Industrial and Other Debit Insurance, Policy Planning Issues Paper.
January, 1979.
- (5) Trademarks, Consumer Information and Barriers to Competition, Policy Planning Issues Paper.
January, 1979.
- (6) Tax Policy and Competition, Policy Planning Issues Paper.
February, 1979.
- (7) Compliance and Enforcement Policy Session Briefing Book.
March, 1979.
- (8) Mergers Policy Review Session Briefing Book.
May, 1979.
- (9) Consumer Information Remedies Policy Review Session.
June, 1979.
- (10) Health Services Policy Review Session Briefing Book.
June, 1979.
- (11) Semiannual Regulatory Agenda.
July, 1979.

STAFF REPORTS PUBLISHED ON PROPOSED RULES

A. Consumer Protection Mission

1. Proposed Rule for Advertising and Labeling of Protein Supplements

A staff report was released for public comment on a proposed rule dealing with the advertising and labeling of protein supplements products. The report recommended a disclosure that such products are usually unnecessary.

2. Proposed Rule for Food Advertising-Phase I

A staff report was released for public comment on a proposed rule that would eliminate unfair or deceptive advertising claims for the energy, natural/organic, health, fat and cholesterol attributes for food products.

3. Proposed Rule for Used Cars

A staff report was released for public comment on a proposed rule to help used car shoppers. According to the report, the condition of used cars varies widely, and disclosing the existence of a warranty or inspection for defects, if any, would assist consumers in their purchase.

4. Proposed Rule on Appliance Labeling

A staff report was released for public comment on a proposed rule dealing with labels with an energy efficiency rating to be attached to most major appliances and residential furnaces, thus allowing purchasers to comparison shop for the most economical and energy efficient models.

5. Proposed Amendment of Holder-in-Due-Course Rule

A staff report was issued for public comment on a proposed rule to provide broader protection for consumers who purchase a product or service on credit.

6. Proposed Rule on Octane Certification and Posting

A staff report was released for public comment on a rule that would require the octane rating of gasoline to be calculated by a standard formula and labeled on gas pumps.

7. Proposed Rule on Standards and Certification

A staff report was released that proposed a rulemaking proceeding be commenced to deal with the role product standards and seals of approval may play in limiting the range of products available to consumers.

B. Competition Mission

1. Medical Participation in Control of Blue Shield and Certain Other Open-Panel Medical Prepayment Plans. (April, 1979)

This report presents the results of the Bureau of Competition's investigation into the extent, impact, and legality of medical participation in the control of Blue Shield and other open-panel medical prepayment plans. The principal focus of the investigation has been the degree of control over such plans possessed by physicians and physician organizations. The report found that medical participation in the control of many Blue Shield plans is sufficiently great that physicians and physician organizations are able to control or influence economically significant decisions made by the plans. The report recommends initiation of a rulemaking proceeding and includes a draft of a proposed trade regulation rule.

ECONOMIC REPORTS

Grocery Retailing Concentration in Metropolitan Areas, Economic Census Years 1954-72, September 1979 (Joint Report with Economics, Statistics, and Cooperative Service, U.S. Department of Agriculture).

An Analysis of Competitive Structure in the Uranium Supply Industry, August 1979.

Consumer Responses to Cigarette Health Information, August 1979.

Life Insurance Cost Disclosure, July 1979.

Brand Performance in the Cigarette Industry and the Advantage of Early Entry, 1913-1973, June 1979.

Statistical Report: Annual Line of Business Report, 1973, March 1979.

The Natural Gas Production Industry, February 1979.

The Brewing Industry, December 1978.

Statistical Report on Mergers and Acquisitions, 1977, December 1978.

The Structure of the Nation's Coal Industry, 1964-74, November 1978.

FEDERAL TRADE COMMISSION

ECONOMIC WORKING PAPERS

- No. 14 Consumer Preference, Advertising and Sales: On the Advantage from Early Entry
By Ronald S. Bond and David F. Lean, October 1979
- No. 15 Predicting 1972 Concentration Levels Using 1967 Concentration and Other Variables
for 280 4-Digit Industries
By Douglas W. Webbink, October 1979
- No. 16 On the Competition for Shelf-Space in Grocery Stores
By James Case, October 1979
- No. 17 Does the Choice of Concentration Ratio Really Matter?
By John E. Kwoka, Jr., October 1979
- No. 18 Advertising Predation and the Areeda-Turner and Williamson Rules
By John C. Hilke, October 1979
- No. 19 Entry, Price-Cost Margins and Barriers to Entry in 280 4-Digit Industries, 1967-1972
By Douglas W. Webbink, October 1979
- No. 20 Estimating Expected Losses in Auto Insurance
By Donald T. Sant, October 1979
- No. 21 Output Under Second-Degree Price Discrimination
By John E. Kwoka, Jr., October 1979
- No. 22 Differences Between the Levels of Spot and Network Television Advertising Rates
By John L. Peterman, October 1979