

TRAILER COACH ASSOCIATION, ET AL.

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

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

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

Appearances

For the Commission: *Gregory L. Colvin.*

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

COMPLAINT

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

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

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

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

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

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

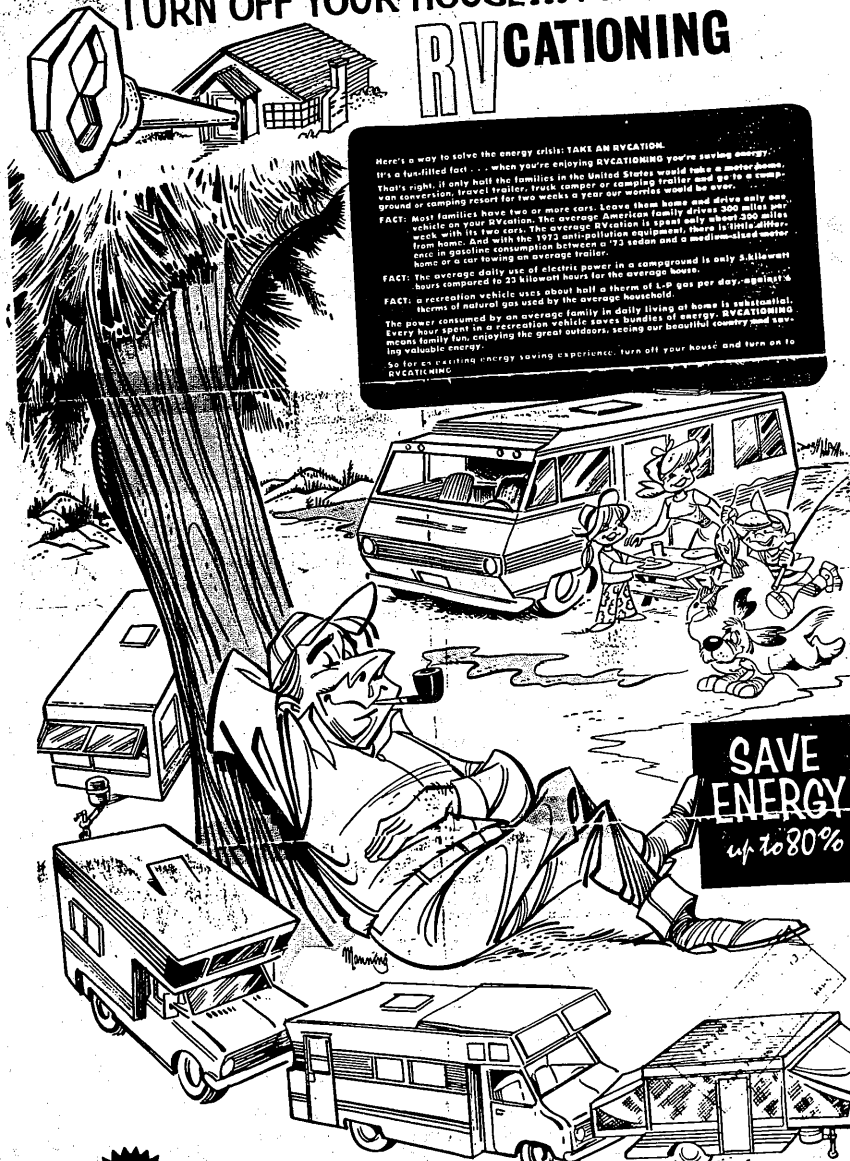
PAR. 5. Through the use of such advertisements, and others not specifically set out herein, respondents have represented, directly or by implication, that:

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

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

116 ★ E.E.C. Inc. ...

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



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

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

FACT: Most families have two or more cars. Leave them home and drive only one vehicle on your RVation. The average American family drives 300 miles per week with its two cars. The average RVation is spent only about 200 miles from home. And with the 1972 antipollution equipment, there is little difference in gasoline consumption between a '72 sedan and a well-maintained motorhome or a car towing an average trailer.

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

FACT: A recreation vehicle uses about half a therm of L.P. gas per day, against 6 therms of natural gas used by the average household.

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

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

**SAVE
ENERGY**
up to 80%



VISIT YOUR NEAREST
TRAILER COACH ASSOCIATION MEMBER DEALER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PAR. 8. Respondents' aforesaid acts and practices are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

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

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

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

ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It is further ordered, That the individual respondent named herein promptly notify the Commission if he discontinues his present business or employment and if he affiliates with another business or employment related to the promotion, sale or distribution of recreational vehicles. Such notice shall include his current business address and a statement as to the nature of the business or employment in which he is engaged, as well as a description of his duties and responsibilities.

It is further ordered, That respondents shall, within sixty days after service upon them of this order, file with the Commission a written report setting forth in detail the manner and form of their compliance with this order.

IN THE MATTER OF

RECREATIONAL VEHICLE INSTITUTE, INC., ET AL.

CONSENT ORDER, ETC., IN