

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

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

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

Appearances

For the Commission: *Gregory L. Colvin.*

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

COMPLAINT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SAVE ENERGY

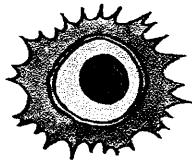
up to 80%!

TURN OFF



YOUR HOUSE

TURN ON



TO RVcationing

IN A

TRAVEL TRAILER



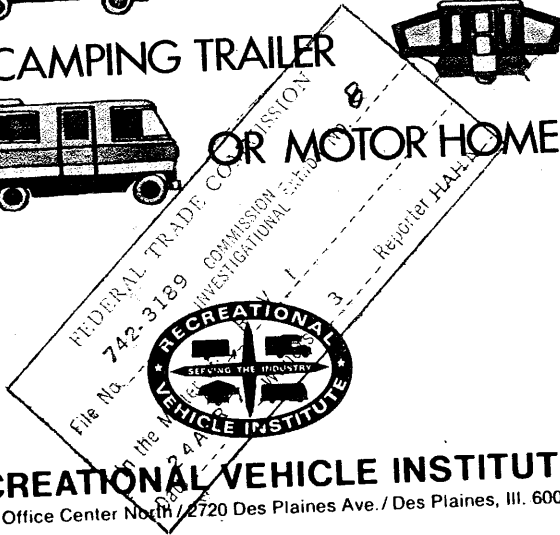
TRUCK CAMPER

CAMPING TRAILER



OR MOTOR HOME

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



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



A Here's how: the average American household uses around 23 kilowatthours of electricity and 7 therms of natural gas each day. When your family goes on a RVcation to a campground or camping resort, your recreational vehicle uses only about 5 kilowatthours of electric power and less than half a therm of L-P gas per day. So you see, you can help your country through the energy crisis and enjoy family fun at the same time.

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

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

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

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

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

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

Q How long will this take?

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DECISION AND ORDER

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

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

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

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

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

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

ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN THE MATTER OF

FORD MOTOR COMPANY

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

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

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

Appearances

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