
IN THE MATTER OF
AAMCO AUTOMATIC TRANSMISSIONS, INC.

MODIFYING ORDER, IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-2305. Decision, Oct. 18, 1972 - Modifying Order, Feb. 3, 1975

Ordering modifying a consent order issued against respondent, 81 F.T.C. 618, 37 F.R.

¹ Section 5(1) of the Federal Trade Commission Act (15 U.S.C. §45(1)) empowers district courts hearing civil penalty actions "to grant mandatory injunctions and such other and further equitable relief as they deem appropriate in the enforcement of * * * final orders of the Commission."

24737, corrections 25704, by deleting Paragraphs III and IV of the original order which permitted respondent to formulate and establish standards for a quality control program, "secondary level of inspection," whereby transmission parts are tested and inspected by vendors prior to sale; permitted respondent to maintain an approved vendors list which contains the names of vendors who actually perform a "secondary level of inspection"; and restricted franchisees to purchase only from AAMCO or vendors whose names appear on the approved vendors list. The respondent is required by the modified order to effect modification of the provisions of every contract between it and its franchisees contrary to or inconsistent with the modified order.

Appearances

For the Commission: *J. Thomas Rosch.*

For the respondent: *Martin Howard Katz*, Bridgeport, Pa., *Daniel J. McCauley, Jr.*, *Blank, Rome, Klaus & Comisky*, Philadelphia, Pa.

ORDER REOPENING PROCEEDING AND MODIFYING CEASE AND DESIST ORDER

The Commission, on Oct. 30, 1974, having issued an order against respondent to show cause why the proceedings herein should not be reopened for the purpose of modifying the consent order to cease and desist entered on Oct. 18, 1972 [81 F.T.C. 618]; and

Respondent having answered that it has no objection to the reopening of the proceeding and the modification of the consent order, as set forth in the order to show cause.

Accordingly, *It is ordered*, That the matter be reopened, and that the order herein be modified so that it will read:

I

It is ordered, That respondent, AAMCO Automatic Transmissions, Inc. (AAMCO), a corporation, its successors, assigns, officers, directors, agents, representatives and employees, directly or through any corporate or other device, in connection with the franchising or licensing of persons to operate an automotive transmission repair franchise business, such franchising and operation constituting commerce, as "commerce" is defined in the Federal Trade Commission Act, forthwith cease and desist from requiring, in any manner or by any means, directly or indirectly, its franchisees to purchase the automotive parts, new or rebuilt, equipment and merchandise used by such franchisees in the establishment and operation of their automotive repair business from AAMCO or from any other source;

Provided, That nothing in this order shall prohibit AAMCO from establishing, maintaining and implementing, from time to time, reasonable manufacturing specifications for transmission parts, equip-

Order

85 F.T.C.

ment or merchandise to be used by its franchisees in their business, and reasonable standards for transmission services, repairs, and rebuilding offered by its franchisees. Such specifications and standards shall be made available without charge to sources of supply of such items to AAMCO's franchisees.

II

It is further ordered, That respondent take all necessary action to effect the modification of each provision of every contract between it and its franchisees which is contrary to or inconsistent with this order.

III

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

IV

It is further ordered, That the respondent herein shall within sixty (60) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with the order.
