

IN THE MATTER OF

THE AMERICAN COLLEGE OF OBSTETRICIANS AND
GYNECOLOGISTS

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

Docket C-2855. Complaint, Dec. 14, 1976 --- Decision, Dec. 14, 1976

Consent order, requiring a Chicago, Ill., professional association, among other things to cease publishing, promulgating and participating in the development of relative value scales which have the effect of establishing prices for medical and surgical services. Respondent is required to permanently cancel, repeal, abrogate and withdraw any and all relative value scales heretofore developed or disseminated and send copies of this order to association members and certain third-party payers together with a request for the return of all copies of relative value scales.

Appearances

For the Commission: *Lawrence E. Gray* and *Edward W. Abramowitz*.

For the respondent: *Paul G. Gebhard, Vedder, Price, Kaufman & Kammholz*, Chicago, Ill.; and *James M. Nicholson, Nicholson & Carter*, Washington, D.C.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. 41, *et. seq.*, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that The American College of Obstetricians and Gynecologists has violated the provisions of Section 5 of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent, The American College of Obstetricians and Gynecologists ("ACOG"), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 1 East Wacker Dr., Chicago, Illinois.

PAR. 2. ACOG has approximately 12,500 members, or "Fellows," who are elected from the ranks of those physicians who have completed satisfactory postgraduate training and who have limited their professional activities to obstetrics and/or gynecology for the five years immediately prior to their application for membership. The Fellows elect the officers and district chairmen who constitute the Executive Board which manages the affairs of ACOG.

PAR. 3. Obstetrician-gynecologists are licensed physicians who specialize in medical and surgical treatment of women, particularly with relation to the processes of human reproduction. They are generally engaged in the private practice of medicine and surgery and derive substantial portions of their professional income from fees for medical and surgical treatment charged directly to patients or to insurers.

PAR. 4. The acts and practices of ACOG are in or affect commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 5. In 1971 and again in 1974, ACOG prepared, published, and circulated to its members and others a document entitled "Relative Value Studies" which sets forth in non-monetary units comparative numerical values to surgical and medical procedures and other services performed by obstetrician-gynecologists. Each value is convertible into a monetary fee by the application of a dollar conversion factor to the basic unit.

PAR. 6. The preparation, publication, and circulation by ACOG of Relative Value Studies have the effect of establishing, maintaining, or otherwise influencing the fees which obstetrician-gynecologists charge for their professional services and are in violation of Section 5 of the Federal Trade Commission Act, as amended.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of Section 5 of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent 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 respondent of the charges in Paragraph Six of the complaint or that the law has been violated, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the agreement and having provisionally accepted same and placed it on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter by interested persons pursuant to Section 2.34 of the Commission's Rules, now in further conformity with the procedure

provided by Section 2.34 of its Rules hereby issues its decision in disposition of the proceeding against the above-named respondent, makes the following jurisdictional findings, and enters the following findings and order:

1. Respondent, The American College of Obstetricians and Gynecologists ("ACOG"), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 1 East Wacker Dr., Chicago, Illinois.

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

ORDER

I

A. The term "relative value scale" means any list or compilation of surgical and/or medical procedures and/or services which sets forth comparative numerical values for such procedures and/or services, without regard to whether those values are expressed in monetary or non-monetary terms.

B. The term "ACOG" means the American College of Obstetricians and Gynecologists.

C. The term "effective date of this order" means the date of service of this order.

II

It is ordered, That ACOG, its successors, or assigns, and its officers, agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, shall:

A. Cease and desist from directly or indirectly initiating, originating, developing, publishing, or circulating the whole or any part of any proposed or existing relative value scale(s);

B. Cease and desist from directly or indirectly advising in favor of or against the use of, or contributing to the whole or any part of any proposed or existing relative value scale(s); *provided, however*, that nothing contained herein shall prohibit ACOG from furnishing testimony to any government body, committee, or instrumentality, or from furnishing to any third party or government body, committee, or instrumentality such information as may be requested; to the extent, however, that such information or testimony may bear directly or indirectly on compensation levels for obstetrical or gynecological services or procedures, it shall be limited to historical data, free of

editing or interpretation, and shall be completely described as to methodology;

C. Permanently cancel, repeal, abrogate, and withdraw any and all relative value scales which it has heretofore developed, published, circulated, or disseminated;

D. Within thirty (30) days after the effective date of this order, distribute by first class mail a copy of the Commission's complaint and order in this matter, as well as a letter, in the form shown in Appendix "A" to this order, to each of its Fellows and to each of the third-party payers and others listed in Appendix "B" to this order, instructing such third-party payers and others to return to ACOG all copies of ACOG relative value scales in their possession.

III

It is further ordered, That ACOG shall notify the Commission at least thirty (30) days prior to any proposed change in its organization which might affect compliance obligations under this order, such as, but not limited to, dissolution, the emergence of a successor corporation, and the creation and/or dissolution of subsidiaries.

IV

It is further ordered, That ACOG shall, within sixty (60) days after the effective date of this order, file with the Commission a written report showing in detail the manner and form of its compliance with each of the provisions of the order.

V

Nothing in this order shall be construed to exempt The American College of Obstetricians and Gynecologists from complying with the antitrust laws or the Federal Trade Commission Act. The fact that any activity is not prohibited by this order shall not bar a challenge to it under such laws.

APPENDIX A

(ACOG LETTERHEAD)

TO: Recipients of ACOG Relative Value Studies

As you may be aware, the FTC has been investigating various components of health care, including relative value scale activities of ACOG. The Executive Board of the College no longer desires to continue such activities and has discontinued them. It has entered into

an agreement with the Federal Trade Commission to formalize the discontinuance of its relative value scales.

This agreement resulted in the issuance by the Federal Trade Commission on [date] of a complaint and the entry of a consent order which requires, in essence, that ACOG:

(a) stop publishing and participating in development of relative value scales;

(b) withdraw the relative value scales it has already published;

(c) distribute a copy of the complaint and consent order to every ACOG relative value scale recipient; and

(d) instruct all recipients of ACOG's relative value scales to return them to ACOG.

The complaint alleges basically that ACOG's relative value scales have the effect of influencing fees charged by obstetrician-gynecologists. The consent agreement with the FTC states that it is for settlement purposes only and does not constitute an admission by the College of the charges in the complaint or that the law has been violated.

In accordance with the provisions of the FTC's order, you are to cease using and to return all copies of any College relative value scale in your possession.

The proper mailing address is:

American College of Obstetricians and Gynecologists
1 East Wacker Drive
Chicago, Illinois 60601
Attention:

Copies of the F.T.C.'s complaint and order are enclosed.

Sincerely,

President

APPENDIX B

Commissioner
Medical Services Administration
Social and Rehabilitation Service
Department of Health, Education, and
Welfare
330 C Street, S.W.
Washington, DC 20201

Deputy Assistant Secretary for
Health Resources and Programs
Department of Defense
Washington, DC 20301

Commissioner of Social Security
Department of Health, Education,

Directorate
OCHAMPUS

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and Welfare
6401 Security Boulevard
Baltimore, MD 21235

Department of Defense
Washington, DC 20301

National Association of
Blue Shield Plans
211 East Chicago Avenue
Chicago, IL 60611

OCHAMPUS
Department of Defense
Denver, CO 80240

Health Application Systems
1633 Bayshore Highway
Burlingame, CA 94010

Blue Cross of Southern California
Box 27747
4777 Sunset Boulevard
Los Angeles, CA 90027

Blue Cross and Blue Shield of Alabama
930 S. 20th Street
Birmingham, AL 35298

Blue Cross of Northern California
1950 Franklin Street
Oakland, CA 94659

Blue Cross of Arizona, Inc.
321 W. Indian School Road
Box 13466
Phoenix, AZ 85002

Blue Shield of California
2 North Point
San Francisco, CA 94113

Arizona Blue Shield Medical
Service
321 W. Indian School Road
Box 13466
Phoenix, AZ 85002

Colorado Hospital Service - BC
244 University Boulevard
Denver, CO 80206

Arkansas Blue Cross and Blue
Shield, Inc.
601 Gaines Street
Box 2181
Little Rock, AR 72203

Colorado Medical Service, Inc.-BS
244 University Boulevard
Denver, CO 80206

Connecticut Medical Service,
Inc.
221 Whitney Avenue
New Haven, CT 06509

Connecticut Blue Cross, Inc.
Box 504
370 Bassett Road
North Haven, CT 06473

Blue Cross and Blue Shield of Delaware,
Inc.
201 W. 14th Street
Box 1991
Wilmington, DE 19899

Hawaii Medical Service Association
1504 Kapiolani Boulevard
Box 860
Honolulu, HI 96808 BS

Group Hospitalization, Inc. BC
550 12th Street, S.W.
Washington, DC 20024

Blue Cross of Idaho, Inc.
1501 Federal Way
Box 7408
Boise, ID 83707

Medical Service of the District
of Columbia BS
550 12th Street, S.W.

North Idaho District Medical
Service Bureau, Inc. BS
1602 21st Avenue

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Washington, DC 20024

Box 1106
Lewiston, ID 83501

Blue Cross of Florida, Inc.
532 Riverside Avenue
Box 1798
Jacksonville, FL 32201

Illinois Hospital and Health BC
Service, Inc.
227 N. Wyman Street
Rockford, IL 61101

Blue Shield of Florida, Inc.
532 Riverside Avenue
Box 1798
Jacksonville, FL 32201

Hospital Service Corporation-BC
233 North Michigan Avenue
Box 1364
Chicago, IL 60601

Blue Cross of Georgia/Atlanta
Inc.
1010 West Peachtree St., N.W.
Box 4445
Atlanta, GA 30302

Illinois Medical Service - BS
233 North Michigan Avenue
Chicago, IL 60601

Blue Cross of
Georgia/Columbus Inc.
2357 Warm Springs Road
Box 1520
Columbus, GA 31902

Blue Cross of Indiana
120 W. Market Street
Indianapolis, IN 46204

Blue Shield of Georgia/Atlanta
Inc.
1010 West Peachtree St., N.W.
Box 4445
Atlanta, GA 30302

Mutual Medical Insurance Inc. BS
120 W. Market Street
Indianapolis, IN 46204

Blue Shield of
Georgia/Columbus Inc.
2357 Warm Springs Road
Box 1520
Columbus, GA 31902

Blue Cross of Iowa
Liberty Building
Sixth Street & Grand Avenue
Des Moines, IA 50307

Blue Shield of Iowa
Liberty Building
Des Moines, IA 50307

Blue Cross of Michigan
600 Lafayette E.
Detroit, MI 48226

Kansas Hospital Service
Association, Inc.
1133 Topeka Avenue
Box 239
Topeka, KS 66601

Blue Shield of Michigan
600 Lafayette E.
Detroit, MI 48226

Kansas Blue Shield
1133 Topeka Avenue
Box 239
Topeka, KS 66601

Blue Cross and Blue Shield
of Minnesota
3535 Blue Cross Road
Box 3560
St. Paul, MN 55165

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Blue Cross Hospital Plan Inc. 3101 Bardstown Road Louisville, KY 40205	Blue Cross and Blue Shield of Minnesota 2344 Nicollet Avenue Minneapolis, MN 55404
Kentucky Physicians' Mutual, Inc. 3101 Bardstown Road Louisville, KY 40205	Blue Cross and Blue Shield of Mississippi, Inc. 530 E. Woodrow Wilson Drive Box 1043 Jackson, MS 39205
Blue Cross of Louisiana 10225 Florida Boulevard Box 15699 Baton Rouge, LA 70815	Blue Cross of Kansas City 3637 Broadway Box 169 Kansas City, MO 64141
Hospital Service Association of New Orleans BC 2026 St. Charles Avenue New Orleans, LA 70130	Blue Cross Hospital Service, Inc. of Missouri 1430 Olive Street St. Louis, MO 63103
Maine Blue Cross and Blue Shield 110 Free Street Portland, ME 04101	Blue Shield of Kansas City 3637 Broadway Box 169 Kansas City, MO 64141
Blue Cross of Maryland 700 E. Joppa Road Box 9836 Towson, MD 21204	St. Louis Blue Shield 5775 Campus Parkway Hazelwood, MO 63042
Blue Shield of Maryland, Inc. 700 E. Joppa Road Towson, MD 21204	Blue Cross of Montana 3360 10th Avenue S. Great Falls, MT 59405
Blue Cross of Massachusetts 133 Federal Street Boston, MA 02106	Montana Physicians' Service-BS 404 Fuller Avenue Box 1677 Helena, MT 59601
Blue Cross and Blue Shield of South Carolina I-20 East at Alpine Road Columbia, SC 29219	Blue Cross of Virginia 2015 Staples Mill Road Box 27401 Richmond, VA 23279
Blue Cross of Western Iowa and South Dakota Third & Pierce Streets Box 1677 Sioux City, IA 51102	Blue Cross of Southwestern Virginia 1212 Third Street, S.W. Box 2770 Roanoke, VA 24001
South Dakota Medical Service, Inc. 711 N. Lake Avenue Sioux Falls, SD 57104	Blue Shield of Virginia 2015 Staples Mill Road Box 27401 Richmond, VA 23279

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Blue Cross-Blue Shield of Tennessee 801 Pine Street Chattanooga, TN 37402	Blue Shield of Southwestern Virginia 1212 Third Street, S.W. Box 2770 Roanoke, VA 24001
Kitsap Physicians' Service 820 Pacific Avenue Box 339 Bremerton, WA 98310	Associated Hospitals, Inc. 401 Federal Street Box 131 Bluefield, WV 24701
Blue Cross Hospital Service, Inc. Commerce Square Box 1343 Charleston, WV 25325	Parkersburg Hospital Service, Inc. 203 Union Trust Building Box 1948 Parkersburg, WV 26101
West Virginia Hospital Service Inc. 20th & Chapline Streets Wheeling, WV 26003	Surgical Service, Inc. Commercial Bank Building Box 131 Bluefield, WV 24701
Blue Shield of Southern West Virginia, Inc. Commerce Square Box 1353 Charleston, WV 25325	Medical-Surgical Service, Inc. Union National Bank Building Clarksburg, WV 26301
Morgantown Medical-Surgical Service, Inc. 265 High Street Morgantown, WV 26505	Memphis Hospital Service and Surgical Association, Inc. 85 N. Danny Thomas Boulevard Box 98 Memphis, TN 38101
West Virginia Medical Service Inc. 20th & Chapline Streets Box 6246 Wheeling, WV 26003	Group Hospital Service, Inc. Main at N. Central Expressway Dallas, TX 75201
Associated Hospital Service, Inc. 4115 N. Teutonia Avenue Box 2025 Milwaukee, WI 53201	Group Life and Health Insurance Co. Main at N. Central Expressway Dallas, TX 75201
Wisconsin Physicians' Service 330 E. Lakeside Street Box 1109 Madison, WI 53701	Blue Cross of Utah 2455 Parley's Way Box 270 Salt Lake City, UT 84110
Surgical Care, The Blue Shield Plan of the Medical Society of Milwaukee County 756 N. Milwaukee Street Milwaukee, WI 53202	Blue Shield of Utah 2455 Parley's Way Box 270 Salt Lake City, UT 84110

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Blue Cross of Wyoming
4020 House Avenue
Box 2266
Cheyenne, WY 82001

Genesee Valley Medical Care, Inc.
41 Chestnut Street
Rochester, NY 14647

Blue Shield of Central New York, Inc.
344 S. Warren Street
Syracuse, NY 13202

Medical and Surgical Care, Inc.
5 Hopper Street
Utica, NY 13501

Blue Cross and Blue Shield of
North Carolina
P. O. Box 2291
1830 Chapel Hill-Durham Blvd.
Durham, NC 27702

Blue Cross of North Dakota
301 S. Eighth Street
Fargo, ND 58102

Blue Shield of North Dakota
301 S. Eighth Street
Fargo, ND 58102

Blue Cross Hospital Plan, Inc.
201 Ninth Street, N.W.
Canton, OH 44702

Blue Cross of Southwest Ohio
1351 William Howard Taft Rd.
Cincinnati, OH 45206

Blue Cross of Northeast Ohio
2066 E. Ninth Street
Cleveland, OH 44115

Blue Cross of Central Ohio
174 E. Long Street
Columbus, OH 43215

Blue Cross of Lima, Ohio
7 Public Square

Blue Shield of Wyoming
4020 House Avenue
Box 2266
Cheyenne, WY 82001

Medical Mutual of Cleveland, Inc.
2060 E. Ninth Street
Cleveland, OH 41115

Ohio Medical Indemnity, Inc.
6740 N. High Street
Worthington, OH 43085

Blue Cross and Blue Shield of Oklahoma
1215 S. Boulder Avenue
Box 3283
Tulsa, OK 74102

Blue Cross of Oregon
100 S.W. Market Street
Box 1271
Portland, OR 97207

Oregon Physicians' Service
619 S.W. 11th Avenue
Box 1071
Portland, OR 97207

Blue Cross of Lehigh Valley
1221 Hamilton Street
Allentown, PA 18102

Capital Blue Cross
100 Pine Street
Harrisburg, PA 17101

Blue Cross of Greater
Philadelphia
1333 Chestnut Street
Philadelphia, PA 19107

Blue Cross of Western
Pennsylvania
1 Smithfield Street
Pittsburgh, PA 15222

Blue Cross of Northeastern
Pennsylvania
15 S. Franklin Street
Wilkes-Barre, PA 18701

Pennsylvania Blue Shield
Blue Shield Building

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Box 1046 Lima, OH 45802	Camp Hill, PA 17011
Blue Cross of Northwest Ohio, Inc. 3737 Sylvania Avenue Box 943 Toledo, OH 43656	Blue Cross and Blue Shield of Rhode Island Box 1298 444 Westminster Mall Providence, RI 02901
Blue Cross of Nebraska Box 3248 Main P.O. Station Omaha, NE 68103	Chautauqua Region Hospital Service Corporation 306 Spring Street Box 1119 Jamestown, NY 14701
Blue Shield of Nebraska Box 3248 Main P.O. Station Omaha, NE 68103	Associated Hospital Service of New York 622 Third Avenue New York, NY 10017
Nevada Blue Shield 3660 Baker Lane Reno, NV 89502	Rochester Hospital Service Corporation 41 Chestnut Street Rochester, NY 14647
New Hampshire-Vermont Hospitalization Service - BC 2 Pillsbury Street Concord, NH 03301	Blue Cross of Central New York, Inc. 344 S. Warren Street Box 271 Syracuse, NY 13201
New Hampshire-Vermont Physicians' Service 2 Pillsbury Street Concord, NH 03301	Hospital Plan, Inc. 5 Hopper Street Utica, NY 13501
Hospital Service Plan of New Jersey - BC 33 Washington Street Box 420 Newark, NJ 07101	Hospital Service Corporation of Jefferson County 158 Stone Street Watertown, NY 13601
Medical-Surgical Plan of New Jersey - BS 33 Washington Street Newark, NJ 07102	Blue Shield of Northeastern New York, Inc. Box 8650 Albany, NY 12208
New Mexico Blue Cross and Blue Shield, Inc. 12800 Indian School Road N.E. Albuquerque, NM 87112	Blue Shield of Western New York, Inc. 298 Main Street Buffalo, NY 14202
Blue Cross of Northeastern New York, Inc.	Chautauqua Region Medical Service, Inc.

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1251 New Scotland Road
Box 8650
Albany, NY 12208

306 Spring Street
Jamestown, NY 14701

Blue Cross of Western New
York, Inc.
298 Main Street
Buffalo, NY 14202

United Medical Service, Inc.
2 Park Avenue
New York, NY 10016

Blue Cross of Washington-
Alaska, Inc.
15700 Dayton Avenue, North
Seattle, WA 98133

California Physicians' Service
P. O. Box 7608
San Francisco, CA 94120

The Indiana State Medical
Association
3935 North Meridian Street
Indianapolis, IN 46208

Colorado Medical Service, Inc.
244 University Blvd.
Denver, CO 80206

Continental Service Life & Health
Insurance Company
Box 3397
5353 Florida Boulevard
Baton Rouge, LA 70821

Connecticut General Life Insurance
Company
Hartford, CT 06115

Blue Cross & Blue Shield of
Greater New York
622 3rd Avenue
New York, NY 10016

Medical Association of Georgia
938 Peachtree Street, N.E.
Atlanta, GA 30309

Missouri Medical Service
5775 Campus Parkway
Hazelwood, MO 63042

Mississippi State Medical
Association
735 Riverside Drive
Jackson, MS 39216

Washington Physicians' Service
220 West Harrison Street
Seattle, WA 98119

Medical-Surgical Care, Inc.
203 Union Trust Building
Box 1948
Parkersburg, WV 26101

New York Life Insurance Company
51 Madison Avenue
New York, NY 10010

Metropolitan Life Insurance Company
1 Madison Avenue
New York, NY 10010

Prudential Insurance Company
of America
Prudential Plaza
Newark, NJ 07101

The Travelers Insurance
Company
1 Tower Square
Hartford, CT 06115

Continental Assurance Company
CNA Plaza
Chicago, IL 60605

Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06115

Bankers Life Company

Employers Life Insurance

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711 High Street
Des Moines, IA 50307

Company of Wausau
200 Westwood Drive
Wausau, WI 54401

Nationwide Life Insurance Company
246 North High Street
Columbus, OH 43216

Colonial Penn Life Insurance Company
5 Penn Center Plaza
Philadelphia, PA 19103

Equitable Life Assurance
Society of the U.S.
1285 Avenue of the Americas
New York, NY 10019

Firemen's Fund Insurance
Company
3333 California Street
San Francisco, CA 94118

Reliance Insurance Group
4 Penn Center Plaza
Philadelphia, PA 19103

Zurich Life Insurance Company
111 West Jackson Boulevard
Chicago, IL 60604

Occidental Life Insurance Company of
California
Box 2101 Terminal Annex
Los Angeles, CA 90054

Mutual of Omaha Insurance Company
Dodge at 33rd Street
Omaha, NE 68131

Blue Shield of Massachusetts,
Inc.
133 Federal Street
Boston, MA 02106

Blue Cross of Eastern Ohio, Inc.
2400 Market Street
Youngstown, OH 44507

Nevada State Medical Association
3660 Baker Lane
Reno, NV 89502

Complaint

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IN THE MATTER OF

THE AMERICAN ACADEMY OF ORTHOPAEDIC
SURGEONSCONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-2856. Complaint, Dec. 14, 1976 — Decision, Dec. 14, 1976*

Consent order requiring a Chicago, Ill., professional association, among other things, to cease publishing, promulgating and participating in the development of relative value scales which have the effect of establishing prices for medical and surgical services. Respondent is required to permanently cancel, repeal, abrogate and withdraw any and all relative value scales heretofore developed or disseminated and send copies of this order to association members and certain third-party payers together with a request for the return of all copies of relative value scales in their possession.

Appearances

For the Commission: *Lawrence E. Gray* and *Edward W. Abramowitz*.
For the respondent: *Hinshaw, Culbertson, Moelmann, Hoban & Fuller*, Chicago, Illinois.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. § 41 *et seq.*, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the American Academy of Orthopaedic Surgeons has violated the provisions of Section 5 of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent, The American Academy of Orthopaedic Surgeons ("AAOS"), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 430 North Michigan Ave., Chicago, Illinois.

PAR. 2. Membership in AAOS is composed of approximately 6,200 Fellows who are certified by the American Board of Orthopaedic Surgery and have been engaged in the exclusive practice of orthopaedic surgery for a minimum period of three years subsequent to completion of their period of training. The Fellows elect the Officers and the Board of Directors which manage the affairs of AAOS.

PAR. 3. Orthopaedic surgeons are licensed physicians who specialize in the investigation, preservation, restoration and development of the