

IN THE MATTER OF
FEDDERS CORPORATION

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

Docket C-2971. Complaint, June 14, 1979 — Decision, June 14, 1979*

This consent order, among other things, requires an Edison, N.J. manufacturer and distributor of various products, including split system heat pumps, to offer, without charge, a replacement defrost cycle switch to all current owners of split system heat pumps manufactured by Fedders between November, 1975 and June 1, 1978; to extend a full warranty on the sealed system of the heat pump until May 1, 1980 to those purchasers who elect installation of the new defrost switch; and to reimburse all past or current owners of the affected heat pumps for any repair to the sealed system of the unit for which the owner has paid. The company must mail notices to current and past owners of the affected heat pumps to let them know about the remedial program, and advertise the program in national magazines if a sufficient number of owners cannot be reached by letters.

Appearances

For the Commission: *Robert S. Blacher* and *Gary M. Laden*.

For the respondent: *Benjamin Zelenko*, Washington, D.C.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Fedders Corporation, a corporation, hereinafter sometimes referred to as respondent, has violated the provisions 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 in that respect as follows:

PARAGRAPH 1. For the purposes of this complaint, the following definitions shall apply:

"Split system heat pump" shall mean a central residential heating/cooling air conditioner having a condenser section installed out-of-doors which includes an air pressure defrost cycle switch and a matching evaporator section installed indoors manufactured by

* Reported as modified by Commission order dated August 8, 1979.

Fedders Corporation between November 1, 1975 and June 1, 1978 under the brand names "Fedders Model CKH" or "Climatrol."

"Hermetic system" shall mean the compressor, condenser, evaporator, reversing valve and interconnecting tubing.

A "defect" in a product or component thereof occurs if the product or component thereof is subject to or potentially subject to a significant number of failures in normal operation, including failures occurring under operating conditions that either are within the parameters specified by the manufacturer or reflect reasonably expected ordinary abuse of or failures to maintain the product. For purposes of this definition, failures attributable to normal deterioration of a component as a result of age and wear are excluded.

PAR. 2. Respondent Fedders Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at Woodbridge Ave., Edison, New Jersey.

PAR. 3. Respondent is now, and has been, engaged in the manufacture, offering for sale, sale or distribution of split system heat pumps.

PAR. 4. In the course and conduct of its aforesaid business, respondent causes the said split system heat pumps, when sold, to be transported from its place of business located in various States of the United States to distributors thereof located in various other States of the United States and in the District of Columbia. Respondent maintains, and at all times mentioned herein has maintained, a substantial course of trade in said products in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended.

PAR. 5. On or about February 23, 1978, and before, respondent received information by which it knew, or had reason to believe that there was a defect in the hermetic system of split system heat pumps manufactured by respondent. At such time, respondent received information by which it knew, or had reason to believe that the hermetic system failure was attributable to improper operation of the air pressure switch that regulates the defrost cycle of the compressor. Respondent knew, or had reason to believe, that the air pressure switch operated improperly under weather conditions that respondent could reasonably expect to be encountered with such split system heat pumps. Respondent knew, or had reason to believe, that improper operation of the air pressure switch caused inadequate defrosting of the hermetic system leading to inadequate lubrication of such system and eventual failure in a significant number of instances.

PAR. 6. Respondent has represented, directly or by implication, by and through the offering for sale of its split system heat pumps, that its split system heat pumps do not have any latent defect which substantially affects the reliability, durability, or performance of such split system heat pumps.

PAR. 7. In truth and in fact, in a significant number of instances, respondent's split system heat pumps suffer or may suffer failure of the hermetic system which substantially affects the reliability, durability, or performance of such split system heat pumps. Therefore, said representations were and are unfair or deceptive.

PAR. 8. Notwithstanding its knowledge of the improper operation of the air pressure switch regulating the defrost cycle, respondent is failing and has failed to disclose to ultimate purchasers of split system heat pumps information concerning the possibility of substantial damage to the hermetic system of such heat pumps and the nature and extent of repairs which may be necessary to correct such problem. Respondent therefore is failing and has failed to disclose material facts which, if known to prospective purchasers, would be likely to affect their consideration of whether to purchase a split system heat pump from respondent. Failure to disclose the aforesaid facts to current owners of split system heat pumps has caused them substantial economic harm due to inability on their part to avoid or prevent substantial damage to the hermetic system of their split system heat pumps and to avoid paying for unnecessary repairs that do not correct the problem. Such failures to disclose are deceptive or unfair acts or practices.

PAR. 9. The use by the respondent of the aforesaid acts and practices has had, and now has, the capacity and tendency to mislead members of the consuming public who are purchasing and have purchased a substantial number of split system heat pumps equipped with the improperly operating air pressure switch regulating the defrost cycle.

Therefore, the aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and constitute unfair or deceptive acts or practices in or affecting commerce, 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 the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer

Protection proposed to present to the Commission for its consideration and which if issued by the Commission would charge respondent with violation of the Federal Trade Commission Act, as amended; and

The respondent, its attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the 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 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 respondent has 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 (60) days, and having duly considered the comments filed thereafter by interested persons pursuant to Section 2.34 of its Rules, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, make the following jurisdictional findings and enters the following order:

1. Respondent Fedders Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at Woodbridge Ave., in the City of Edison, State of New Jersey.

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

ORDER

I

It is ordered, That respondent Fedders Corporation, a corporation, its successors and assigns, and its officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacture, offering for sale, sale or distribution of split system heat pumps in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, shall forthwith:

1. Make available, without charge, to each distributor or dealer

of respondent's split system heat pumps a sufficient quantity of time defrost system service kits, as described in respondent's Field Bulletin - Service dated June 5, 1978 (Publ. No. 23-65-0037N-001), to replace, as necessary pursuant to this order, the air pressure defrost cycle switches on split system heat pumps sold or distributed by respondent, and offer reasonable reimbursement for labor costs to each distributor or dealer for installation of the time defrost system service kits;

2. Offer to each current owner of a split system heat pump the option to have installed, without charge for parts or labor, the time defrost system service kit described in paragraph one (1) of this section, and install such time defrost system service kit, without charge for parts or labor, within ninety (90) days after receiving notice from such current owner that the owner has elected installation of the time defrost system. Each such current owner shall be sent, within ten (10) days after the date this order becomes final, pursuant to the procedures set forth in Section II of this order, notice of the option provided by this paragraph and a pre-addressed, postage-paid card by which to elect installation of the time defrost system. The notice of the option provided by this paragraph shall be as set forth in Appendix (A) of this order. The card by which to elect installation of the time defrost system shall be as set forth in Appendix (B) of this order. Failure of any current owner or addressee to whom such notice has been mailed, and which has not either been returned as undeliverable or notice of non-delivery provided by the postal service, to return such card within sixty (60) days of the date of mailing shall be considered an election not to have the time defrost system service kit installed;

3. Extend to each current owner of a split system heat pump who, pursuant to paragraph two (2) of this order, elects to have installed the time defrost system service kit, and to each current owner of a split system heat pump to whom notice of the option provided by paragraph two (2) of this order has not been mailed or has been mailed pursuant to Sections II (A) or (B) and has either been returned as undeliverable or notice of non-delivery provided by the postal service, a "full warranty" that meets the Federal minimum standards for warranty set forth in, and otherwise complies with, the Magnuson-Moss Warranty - Federal Trade Commission Improvements Act, 15 U.S.C. 2301, *et seq.*, and regulations promulgated thereunder. The warranty required by this paragraph shall cover any defect in material or workmanship of the hermetic system (including compressor) of the split system heat pump and shall be without charge for parts or labor. The warranty required by this

paragraph shall be effective until May 1, 1980. Such warranty shall extend to any person to whom the split system heat pump is transferred during the duration of the warranty. Each current owner of a split system heat pump shall be sent, within ten (10) days after the date this order becomes final, pursuant to the procedures set forth in Section II of this order, a copy of the warranty required by this paragraph. The warranty shall be as set forth in Appendix (C) of this order;

4. Provide to all owners of split system heat pumps reimbursement for all payments, incurred by such owners from date of installation of such split system heat pump until ninety (90) days after the date this order becomes final, in connection with any repair to the hermetic system (including compressor) of such split system heat pump. Reimbursement shall be for all such payments, covering both parts and labor. Notice of the right to reimbursement shall be provided to all past or current owners of split system heat pumps and shall be mailed pursuant to the procedures set forth in Section II of this order. The notice of the right to reimbursement shall be as set forth in Appendix (A) of this order. Proof of entitlement to reimbursement shall be by affidavit, as set forth in Appendix (D) of this order, accompanied by either (1) a cancelled check, or (2) an invoice, receipt, work order, purchase order, or similar document which gives evidence that the repair was made and paid for by the owner. The respondent shall pay, without further verification and without dispute, within forty-five (45) days after receipt, any claim for reimbursement where the proof of entitlement required by this paragraph has been provided. The respondent need not pay any claim for reimbursement under this paragraph if mailed later than sixty (60) days after such owner or addressee has been mailed notice of the right to reimbursement which has not been either returned as undeliverable or notice of non-delivery provided by the postal service.

II

A. *It is further ordered*, That respondent shall mail, within ten (10) days after the date this order becomes final, to all owners of split system heat pumps who can be identified through respondent's dealer-distributor network, the following "consumer notice" package:

1. The letter as set forth in Appendix (A) of this order providing notice of the right to have installed the time defrost system service kit, the extended full warranty on the hermetic system (including

compressor), and the right to reimbursement for repair payments, as provided in paragraphs 2, 3 and 4 of Section I of this order;

2. A pre-addressed, postage-paid card by which the current owner may elect installation of the time defrost system service kit pursuant to paragraph two (2) of Section I of this order, as set forth in Appendix (B) of this order;

3. A copy of the extended full warranty on the hermetic system (including compressor) pursuant to paragraph (3) of Section I of this order, as set forth in Appendix (C) of this order;

4. An affidavit for proof of entitlement to reimbursement for repair payments pursuant to paragraph four (4) of Section I of this order, as set forth in Appendix (D) of this order.

The "consumer notice" package shall be sent by third class, bulk rate, metered mail with the words " ADDRESS CORRECTION REQUESTED" and "RETURN POSTAGE GUARANTEED" printed in red ink on white background in 12-point boldface type in the upper left hand corner of the envelope. The return mailing address of the respondent shall also be printed in the upper left hand corner of the envelope. The envelope shall also prominently display in 12-point extra boldface type, printed in Cheltenham, Antique, Bodoni or Helvetica lettering, in red ink on white background, the words:

SPECIAL CONSUMER NOTICE

OUR RECORDS SHOW THAT YOU OWN (or used to own)
A FEDDERS [CLIMATROL] HEAT PUMP. The defrost
switch may need repair. Fedders [Climatrol] will fix it free,
and may pay you back for some past repairs. Details inside.

B. *It is further ordered*, That respondent shall, for each "consumer notice" package mailed pursuant to subsection (A) above for which address correction has been provided by the postal service, mail, within ten (10) days after such correction has been received, by first class mail, the "consumer notice" package to:

1. The original address to which the "consumer notice" package had been mailed, with the name of the original addressee delete and substitute therefor "RESIDENT" and

2. The corrected address provided by the postal service, with the name of the original addressee.

The envelope shall display, in the manner specified in subsection above, the words:

SPECIAL CONSUMER NOTICE

OUR RECORDS SHOW THAT YOU OWN (or used to own) A FEDDERS [CLIMATROL] HEAT PUMP. The defrost switch may need repair. Fedders [Climatrol] will fix it free, and may pay you back for some past repairs. Details inside.

C. *It is further ordered,* That respondent shall, within thirty (30) days after the date this order becomes final, file with the Commission a copy of the mailing list of owners of split system heat pumps to whom the "consumer notice" package has been mailed pursuant to subsection (A) above and has not been returned, and a copy of a receipt from the postal service showing the total number of pieces received for mailing.

D. *It is further ordered,* That respondent shall, within ninety (90) days after the date the Commission or its representative notifies respondent of the manner of selecting addresses to be inspected, conduct an on-site inspection at one (1) percent of the addresses to which the "consumer notice" package has been mailed pursuant to subsection (A) above and has not been returned in order to verify that such addressee is in possession of a split system heat pump. The addresses to be inspected shall be chosen at random in a manner selected by the Commission or its representative. Any mailing to an address selected for inspection which is returned during the inspection period shall be taken off the list of addresses to be inspected without necessity of substitution, and shall not be included in the calculations pursuant to Section III(A). The results of such inspections shall be filed with the Commission in the form of an affidavit, signed by an officer of the respondent, within ninety (90) days after the date the Commission or its representative notifies respondent of the manner of selecting addresses to be inspected. The affidavit shall show the total number of inspections and the total number of addressees who are not in possession of a split system heat pump. The affidavit shall show the name from the mailing list and address for each site inspected. The affidavit shall also show the number of mailings returned as specified in Sections III(A)(2) and (3).

III

It is further ordered, That respondent shall, within twenty (20) days after the date the Commission or its representative notifies it of the manner of selecting addresses to be inspected, place for publication, in the national editions of the periodicals

listed in Appendix (E) of this order, in a size of not less than one-half (1/2) page, or two (2) full columns if half-page is unavailable, of the periodical in which the advertisements are inserted, both of the "recall advertisements" as set forth in Appendices (F) and (G) of this order in the style, type, and format as depicted therein.

Provided However, respondent is not required to place both of the "recall advertisements" set forth in Appendices (F) and (G) of this Order, if it places one advertisement in each of the periodicals listed in Appendix (E) of this Order which advertisement refers to both Fedders and Climatrol, contains language identical to that in the "recall advertisements" set forth in Appendices (F) and (G), except that reference is made to both Fedders and Climatrol heat pumps, and meets all other requirements set forth in Section III, and Appendices (E), (F) and (G) of the Order.

Provided however, that the recall advertisements ordered pursuant to this Section shall not be required if respondent mails the "consumer notice" package pursuant to Section II(A) to ninety (90) percent of the current owners of split system heat pumps. The percentage of current owners to whom notice has been mailed shall be calculated on the basis of:

1. The number of mailings pursuant to Section II(A) as evidenced by the receipt from the postal service showing the total number of pieces received for mailing as required by Section II(C); *minus*
2. The number of mailings pursuant to Section II(A) that were returned as undeliverable with no address correction provided by the postal service and that were not mailed again to "Resident" as provided in Section II(B)(1); *minus*
3. The number of mailings returned as undeliverable that were mailed pursuant to Section II(B)(1); and *minus*
4. The number of addressees who are not in possession of a split system heat pump based on projection from the sample of on-sit inspections carried out pursuant to Section II(D) of this order. Those not now in possession of a split system heat pump shall be presumed not to have possessed such a unit since November 1, 1975 unless respondent can establish otherwise. It is hereby agreed that margin of error for this sampling is five (5) percent.

A sample calculation pursuant to this section is set forth Appendix (H) of this order.

B. *It is furthered ordered*, That respondent shall mail "consumer notice" package as set forth in Section II(A) to any of split system heat pumps who responds within three (3) months of the last publication of any advertisement required by this

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IV

For purposes of this order:

1. "Split system heat pumps" shall mean a central residential heating/cooling air conditioner having a condenser section installed out-of-doors which includes an air pressure defrost cycle switch and a matching evaporator section installed in-doors manufactured by Fedders Corporation between November 1, 1975 and June 1, 1978 under the brand names "Fedders Model CKH" or "Climatrol."

2. "Current owners" shall include all persons who own or are in possession of split system heat pumps as of the date this order becomes final (but not including dealers or distributors), and shall not be limited to original purchasers.

"Owners" and "past owners" shall also not be limited to original purchasers, and shall also not include dealers or distributors.

3. "Hermetic system" or "sealed system" shall mean the compressor, condenser, evaporator, reversing valve and interconnecting tubing.

V

A. *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 this order.

B. *It is further ordered*, That respondent shall maintain all records that relate to any compliance obligations arising out of this order for a period of not less than three (3) years and shall make such records available to the Commission or its representative upon request.

C. *It is further ordered*, That the respondent herein shall within one hundred (100) days after service upon them 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 this order.

EXHIBIT (A): [CONSUMER NOTICE]

CONSUMER NOTICE

Dear [Climatrol] Heat Pump Owner:

Records show that you own, or used to own, a Fedders [Climatrol] Heat Pump. On these units, the defrost switch may need repair. Some of these units have failed due to extremely cold and damp weather.

ONLY SPLIT SYSTEM HEAT PUMPS HAVE THE PROBLEM

Take a look at your unit. If it's part indoors and part outdoors, it's a split system.

FEDDERS [CLIMATROL] WILL FIX YOUR HEAT PUMP. FREE.

We have a new defrost switch which we think will fix the problem. We will install it without charge. All you have to do is return the enclosed card marked "YES" and we will contact you to install the switch.

A NEW WARRANTY, TOO.

If you have the switch replaced, you'll get an extended full warranty that protects the sealed system of your heat pump until May 1, 1980. The warranty covers parts and labor. It is in addition to the warranty you received when you purchased your heat pump. A copy of the warranty is enclosed. If you do not elect to install this switch, your original warranty will continue to apply.

WHAT YOU MUST DO

You *must* return the enclosed card to have the defrost cycle switch replaced. If you do not return the card, you will not get this warranty.

PAID FOR REPAIRS? FEDDERS [CLIMATROL] PAYS YOU BACK.

If you have already paid for repairs to the sealed system, we will pay you back. Even if you no longer own the unit or the home in which it is installed, we will still pay you back.

This includes repairs to the sealed system only. Included are the compressor, condenser, evaporator, reversing valve and interconnecting tubing.

You must fill out the enclosed affidavit. Attach proof that you paid for repairs. A cancelled check will do. Even better proof is some kind of receipt that shows repairs were made and you paid for them. The affidavit has full instructions. You must have the affidavit notarized. Most banks have a notary public who will do this for about 50 cents.

ACT NOW. You must return the enclosed card within sixty (60) days. And, if you have paid for repairs, you must return the enclosed affidavit within sixty (60) days for us to pay you back. The sixty (60) days starts to run from the date we *mailed* you this letter. So don't delay.

If you have any questions, you can call us during business hours at (201) 494-8802.

Sincerely,
Consumer Affairs Department
Fedders Corporation
[Climatrol Sales Company]
Edison, New Jersey 08817

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APPENDIX (B): [Card by which to elect installation of the defrost system service kit]

PLEASE TYPE OR PRINT CLEARLY

Name _____

Address _____

Street City State Zip Code

Telephone () _____

MARK ONE:

- ☐ Yes. I want the *free* switch replacement and the extended full warranty on the sealed system.
- ☐ No. I do not want the switch replacement. I understand that I will not get the extended warranty.

If you have already had the switch replaced, please mark *Yes* and put a mark here, too. ☐ If you have already had the switch replaced, the switch will not be replaced again but you do get the extended warranty. If you are not sure whether the switch was replaced, call your local Fedders [Climatrol] dealer or repair company.

APPENDIX (C): [Extended Full Warranty]

EXTENDED FULL WARRANTY ON "SEALED SYSTEM" UNTIL MAY 1,
1980

WHAT IS COVERED

This warranty is for "split system" heat pumps. It covers the sealed system of the heat pump. This includes the compressor, condenser, evaporator, reversing valve and interconnecting tubing.

WHAT WE PROMISE

Fedders will repair or replace any part of the sealed system that is defective. You will not be charged for parts, labor, or anything else. If we are unable to fix the sealed system of your heat pump after a reasonable number of attempts, you have a right to a full refund or a free replacement of the heat pump.

WHAT IS NOT COVERED

This warranty does not include consequential or incidental damages *except* damage by part of the heat pump that results from any defect covered by this warranty. *states do not allow the exclusion or limitation of consequential or incidental damages, so the above limitation or exclusion may not apply to you.*

HOW LONG THIS WARRANTY LASTS

From May 1, 1980. Implied warranties on the sealed system of your heat pump will last as long as is provided by state law starting from the date your original written warranty became effective.

WHO IS COVERED

Anyone to whom you

WHAT YOU MUST DO

You *must* return the enclosed card to have the defrost cycle switch replaced. This replacement is free. If you do not return the card, you will not get this warranty. This warranty starts the day you mail the enclosed card.

For service under this warranty, contact your local Fedders [Climatrol] Authorized Service Company. Your dealer can give you the name and address of the one nearest you. Or call (800) 882-6500 for this information. This call is free, and is available 24 hours a day, 7 days a week.

If the Fedders [Climatrol] Authorized Service Company has not solved the problem, please contact us by mail or call during business hours.

Consumer Affairs Department
Fedders Corporation
[Climatrol Service Company]
Edison, New Jersey 08817
Telephone — (201) 494-8802

THIS WARRANTY GIVES YOU SPECIFIC LEGAL RIGHTS AND YOU MAY ALSO HAVE OTHER RIGHTS WHICH VARY FROM STATE TO STATE.

APPENDIX (D): [Affidavit for proof of entitlement to reimbursement for repair payments pursuant to paragraph four (4) of Section I]

AFFIDAVIT

Name _____

Address _____
Street

(City) (State) (Zip Code)

Telephone _____

1. I own (or owned) a Fedders [Climatrol] heat pump. It is a split system heat pump. Part of the heat pump is outdoors. And part of it is indoors.
2. The model number on my heat pump is _____. The serial number of my heat pump is _____. NOTE: Both of these numbers can be found on a metal plate on the cabinet of the part of your unit that is outdoors.
3. I swear (or affirm) that I have paid for *repairs* to the *sealed system* of my heat pump. This includes repair or replacement of the compressor, condenser, evaporator, reversing valve and interconnecting tubing.

This includes only repairs or replacement of such parts. NOT included is routine maintenance.

4. ATTACH A COPY OF THE CANCELLED CHECK OR RECEIPT SHOWING THAT YOU PAID FOR REPAIRS. ATTACH A COPY OF ANYTHING YOU HAVE THAT SHOWS WHAT REPAIRS WERE MADE AND THAT YOU PAID FOR THE REPAIRS.

We will only pay you back if you attach a cancelled check or receipt.

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If you have lost your receipt, try to get a copy from the person or company that made the repair.

FOR FASTEST REPAYMENT, ATTACH A CANCELLED CHECK AND A RECEIPT.

5. I have not signed a release or received any payment or reimbursement or made any other settlement with Fedders [Climatrol], any of its companies or representatives, any insurance company or anyone else in connection with the claim for reimbursement now made.

All of the above information is true and correct to the best of my knowledge.

Date

Signature

Subscribed and sworn to before me this _____ day of _____, 1978.

(Notary Public)

(SEAL)

APPENDIX (E): [List of periodicals in which both "recall advertisements" as required by Section III of this order shall be inserted for publication.]

1. Better Homes & Gardens
2. Newsweek
3. Parade Magazine
4. Sports Illustrated
5. T.V. Guide

APPENDIX (G): (CLIMATROL FREE HEAT PUMP FIX-UP)

Special Consumer Notice**Climatrol
Free Heat Pump Fix-up**

The problem. Some of our split system heat pumps may be failing from the effects of extremely cold and damp weather.

Only split system heat pumps have the problem. Look at your unit. If it's part indoors and part outdoors, it's a split system.

Climatrol will fix it. Free. We have a new switch to fix the problem. No charge. Call us.

A new warranty, too. Call us to have the switch replaced. If you do, you'll get an extended full warranty that protects the sealed system of your heat pump until May 1, 1980. The warranty covers parts and labor.

Paid for repairs? Climatrol will pay you back. If you have already paid for repairs resulting from this problem, Climatrol will pay you back. Even if you no longer own the unit or the home in which it is installed, you may still qualify. Call us.

Call for details. Climatrol wants to do things right. Call us. Toll Free. 800-000-0000

Climatrol
Consumer Affairs Department
Edison, NJ 08817

APPENDIX (F): FEDDERS RECALL ADVERTISEMENT.

Special Consumer Notice**Fedders
Free Heat Pump Fix-up**

The problem. Some of our split system heat pumps may be failing from the effects of extremely cold and damp weather.

Only split system heat pumps have the problem. Look at your unit. If it's part indoors and part outdoors, it's a split system.

Fedders will fix it. Free. We have a new switch to fix the problem. No charge. Call us.

A new warranty, too. Call us to have the switch replaced. If you do, you'll get an extended full warranty that protects the sealed system of your heat pump until May 1, 1980. The warranty covers parts and labor.

Paid for repairs? Fedders will pay you back. If you have already paid for repairs resulting from this problem, Fedders will pay you back. Even if you no longer own the unit or the home in which it is installed, you may still qualify. Call us.

Call for details. Fedders wants to do things right. Call us. Toll Free.
800-000-0000

FEDDERS
Consumer Affairs Department
Edison, NJ 08817

APPENDIX (H): [Sample calculation, pursuant to Section III(A),
of percentage of current owners to whom notice has been
mailed]

EXAMPLE

- | | | | |
|----|--|---|--------|
| A. | Total number of split system heat pumps sold to owners as of the date this Order becomes final | = | 35,000 |
| B. | Number of mailings pursuant to Section II(A) | = | 34,250 |
| C. | Number deliverable after both mailings (See Sections III(A)(2) and III(A)(3)) | = | 1,000 |
| D. | Number of addresses inspected pursuant to Section II(D) | = | 332 |
| E. | Number of addresses inspected which do not have split system heat pump | = | 33 |

Formula: $\frac{B - C}{A} \times 100 = X\%$

$\frac{E}{D} \times 100 = Y\%$

$X\% - Y\% + 5\%$ [margin of error] = percentage of current owners

$$\frac{34,250 - 1,000}{35,000} \times 100 = 95\%$$

$$\frac{33}{332} \times 100 = 9.9\%$$

$$95\% - 9.9\% + 5\% \text{ [margin of error]} = 90.1\%$$

Percentage of current owners to whom notice has been mailed = 90.1%

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IN THE MATTER OF

THE PILLSBURY COMPANY, ET AL.

DISMISSAL ORDER, OPINION, ETC., IN REGARD TO ALLEGED
VIOLATION OF SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT
AND SEC. 7 OF THE CLAYTON ACT

Docket 9091. Complaint, Nov. 11, 1976 — Dismissal Order, June 15, 1979*

This order dismisses a complaint issued on November 11, 1976 charging a Minneapolis, Minn. manufacturer of food products with violating Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act by acquiring Fox Deluxe Foods, Inc., a Chicago, Ill. producer and seller of frozen pizza. The Commission dismissed the complaint on ground that the merger is not illegal since it is unlikely to have significant anticompetitive effect in the national market for frozen prepared pizza.

Appearances

For the Commission: *Roger J. Leifer, Joseph Tasker, Jr. and Patricia S. Bangert.*

For the respondent: *John French and Randy L. Miller, Faegre & Benson and Dwight H. Oglesby, The Pillsbury Company, all of Minneapolis, Minn.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the above-named respondents have entered into an agreement which, if consummated, would result in a violation of Section 7 of the Clayton Act, as amended, (15 U.S.C. 18), and Section 5 of the Federal Trade Commission Act, as amended, (15 U.S.C. 45), and that said agreement therefore constitutes a violation of Section 5(a)(1) of the Federal Trade Commission Act, as amended, (15 U.S.C. 45(a)(1), and the Federal Trade Commission having reason to believe that the above-named respondent The Pillsbury Company has acquired the above respondent Fox Deluxe Foods, Inc. in violation of Section 7 of the Clayton Act, as amended, (15 U.S.C. 18) and Section 5 of the Federal Trade Commission Act (15 U.S.C. 45) and having found that a proceeding with respect to said violations is in the public interest, issues its complaint stating its charges as follows:

* Reported as amended by order of the administrative law judge dated June 17, 1977.