

IN THE MATTER OF
GREAT NORTH AMERICAN INDUSTRIES, INC., ET AL.
CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-3077. Complaint, Oct. 29, 1981—Decision, Oct. 29, 1981

This consent order requires, among other things, two Gainesville, Texas corporations and a corporate officer to cease representing that substantial fuel economy can be achieved by the use of Teflon oil additives such as "Tephguard." Further, respondents are prohibited from making representations that the use of any automobile retrofit device, fuel or engine oil additive will increase fuel economy, unless substantiated by competent scientific evidence, and accompanied by the disclosure of any limitations on the performance or efficacy of such products. Additionally, the Order bars claims of government approval without written and dated authorization; prohibits misrepresentations concerning the conclusions of product tests or surveys; and requires that consumer endorsements of any product or service reflect typical consumer experiences.

Appearances

For the Commission: *Laurence M. Kahn* and *William Haynes*.

For the respondent: *Jack Paller, Katz, Paller & Land*, Atlanta, Ga., *Marshall Dooley*, Dallas, Tex., and *Donald Higgenbotham*, Austin, Tex.

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 Great North American Industries, Inc., a corporation, Products on the Move, Inc., a corporation, and Patrick O. McCrary, individually and as an officer of Great North American Industries, Inc., and Products on the Move, Inc., hereinafter sometimes referred to as "respondents," have violated the provisions of the 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. Respondents Great North American Industries, Inc., and Products on the Move, Inc., are corporations organized, existing, and doing business under and by virtue of the laws of the

State of Texas with their office and principal place of business located at 104 West Main St., Gainesville, Texas.

Respondent Patrick O. McCrary is President of the corporate respondents Great North American Industries, Inc., and Products on the Move, Inc. He formulates, directs, and controls the acts and practices of all said corporate respondents, including the acts and practices hereinafter set forth. His address is the same as that of said corporations.

The aforementioned respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now and for sometime last past have been engaged in the advertising, offering for sale, sale, and distribution of a product known as Tephguard (Tefguard), hereinafter sometimes referred to as "product," which product is advertised as a means of improving fuel economy in automobiles. Said product is an automobile engine oil additive. Respondents, in connection with the marketing of said product, have disseminated, published and distributed and now disseminate, publish and distribute advertisements and promotional materials for the purpose of promoting the sale of said product.

PAR. 3. In the course and conduct of their said business, the respondents have disseminated and caused the dissemination of certain advertisements for said product through the United States mails and by various means in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, including, but not limited to, the insertion of advertisements in magazines and newspapers with national circulations; and have disseminated and caused the dissemination of advertisements for said product by various means, including, but not limited to, the aforesaid media, for the purpose of inducing and which are likely to induce, directly or indirectly, the purchase of said product in commerce.

PAR. 4. Among the advertisements and other sales promotional materials disseminated by respondents are the materials identified as Exhibits A and B which are attached hereto.

PAR. 5. Through the use of the advertisements referred to in Paragraph Four, and other advertisements and sales promotional materials, respondents represented and now represent, directly or by implication, that

- a. Tephguard when used in a typical automobile engine will substantially improve fuel economy;
- b. under normal conditions, a typical driver can ordinarily obtain

a fuel economy improvement which will approximate or equal twenty-six percent when Tephguard is used in his/her automobile;

c. competent scientific tests have proven the fuel economy claims made for Tephguard;

d. results of consumer usage, as evidenced by consumer endorsements, prove that Tephguard substantially improves fuel economy;

e. the Environmental Protection Agency (E.P.A.) has approved the use of Tephguard in automobiles to improve fuel economy;

f. the consumer endorsements which appear in advertisements and sales promotional materials for Tephguard reflect the typical or ordinary experience of members of the public who have used Tephguard.

PAR. 6. In truth and in fact, contrary to respondent's representations set forth in Paragraph Five:

a. Tephguard when used in a typical automobile will not substantially improve fuel economy;

b. under normal driving conditions, a typical driver cannot ordinarily obtain a fuel economy improvement which will approximate or equal twenty-six percent when Tephguard is used in his/her automobile;

c. no competent scientific tests have proven the fuel economy claims for Tephguard;

d. results of consumer usage, as evidenced by consumer endorsements, do not prove that Tephguard substantially improves fuel economy;

e. the Environmental Protection Agency (E.P.A.) has not approved the use of Tephguard in automobiles to improve fuel economy;

f. the consumer endorsements which appear in advertisements and sales promotional materials for Tephguard do not reflect the typical or ordinary experience of members of the public who have used Tephguard.

Therefore, said advertisements and sales promotional materials are deceptive or unfair.

PAR. 7. At the time respondents made the representations alleged in Paragraph Five of the complaint, they did not possess and rely upon a reasonable basis for such representations. Therefore, said advertisements and sales promotional materials are deceptive or unfair.

PAR. 8. The advertisements referred to in Paragraph Four and other advertisements and sales promotional materials represent,

directly or by implication, that respondents had a reasonable basis for making, at the time they were made, the representations alleged in Paragraph Five. In truth and in fact, respondents had no reasonable basis for such representations. Therefore, said advertisements and sales promotional materials are deceptive or unfair.

PAR. 9. In the course and conduct of their business, and at all times mentioned herein, respondents have been, and now are, in substantial competition in or affecting commerce with corporations, firms and individuals engaged in the sale of engine oil additives, gasoline additives, and automobile retrofit devices.

PAR. 10. The use by respondents of the aforesaid unfair or deceptive statements, representations, acts and practices, directly or by implication, has had, and now has, the capacity and tendency to mislead members of the public into the erroneous and mistaken belief that said statements and representations were and are true and complete, and into the purchase of substantial quantities of respondents' product by reason of said erroneous and mistaken belief.

PAR. 11. The acts and practices of respondents, as herein alleged, including the dissemination of the aforesaid false advertisements, were and are all to the prejudice and injury of the public, and of respondents' competitors, and constituted and now constitute, unfair methods of competition in or affecting commerce and unfair or deceptive acts or practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act. The acts and practices of respondents, as herein alleged, are continuing and will continue in the absence of the relief herein requested.

Chairman Miller did not participate.

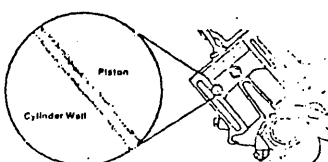
Complaint

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Développement

Tefgelon was originally developed as a dry lubricant for live arms. It was during this development period that the principles for fire arm treatment were refined for application inside an internal combustion engine. The Teflon is applied to the surfaces of the cylinder and the pistons throughout the inside of the engine. The liquid carriers act not unlike a good detergent oil in that they remove the carbon and metal surface of carbon, sludge and foreign body. As the engine is cleaned, the polymers adhere to the smoothest crevices. The polymers attract more oil and the engine is lubricated. The polymers are also applied to the valves and are permitted and coated with a thin layer of polymer and the liquid carriers have evaporated or dissipated. The Teflon is applied to the valves in many and varied, it allows oil to flow faster and freer. It reduces heat, wear and friction. By coating two surfaces with Teflon, the surfaces are smoother against polymers. And just as friction, the only way to get it off is by heat and therefore increasing or decreasing by a factor of 1000, which very rarely occurs inside an engine.

Can add years of life to an internal combustion engine plus savings through increased fuel economy.



A close look at a typical micro-surface reveals important things. TEF-ALDAP penetrates hills and valleys, hoses, cracks, and areas prone to chipping with a hard finish and bonding, providing a surface virtually free of moisture and dirt.

None of these gimmicks or activities have ever survived rigorous scientific scrutiny. Some are actually harmful but the data are sparse and they are in danger of being accepted by the general community. Others are at least in part harmless and they are harmless. Most are doing no harm.

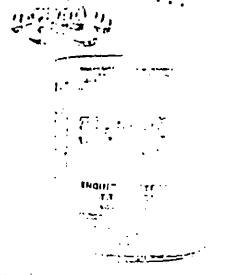
Tephguard really works — and has the tests to prove it.

Tested by EPA (Environmental Protection Agency) Automotive Research Associates and Autolife.

Gas mileage: increase
9.93%/26.6%

Actual field tests show mileage increases as as 26%. It also and should continue to provide these benefits and the only governing factor will be the degree of the engine load. Another important benefit is the reduction of oil changes as required. A New York firm and further confirmed by Automotive Research in San Antonio, California, has increased from 23% to 15%. This is coupled with increased life of the engine and the dramatic decrease in oil consumption further proves the effectiveness of the product. The product is designed to guard to greatly improve the efficiency.

-Worth its weight
in gold.



■ What Tephguard Is NOT...

- Tephguard is NOT an oil additive
- Tephguard is NOT an oil treatment
- Tephguard is NOT a "Molly"
- Tephguard is NOT a synthetic oil



■ Fuel Economy

Mack Diesel Truck Test

June 30, 1978

One of the largest scavenger services, garbage pick-up, in Ft. Worth, Texas, used Tephguard in a 1972 Mack diesel truck.

The truck they selected to test Tephguard was in their words a gas hog with top fuel economy of 3.2 MPG but an average of 2.87 MPG. In the scorching Texas sun, this truck would drive approximately 100 miles every day.

This firm logs each truck in and out daily and fills up the fuel tank each night, so they know precisely how each truck is operating.

The test was run June 23 through June 29, 1978. The mileage on the odometer at the starting point was 22,860 miles. At the conclusion of the test, the odometer at the 29th, the truck arrived back at the terminal at 23,723. The total miles driven was 863 miles with 162.8 gallons of fuel used. This equates to a 5.27 MPG per gallon and a 50% increase.

The driver was asked if he noticed any difference in the way his truck handled or operated. Sumner responded that the truck shifted easier, ran smoother and ran much cooler.

Tephguard was used in the engine and was also used in the transmission, rear end and differential, which would account for the above results.

The results Tephguard achieved in this test were not temporary. The firm is still getting the same kind of performance as during the test period, thus indicating that Tephguard is truly a permanent engine and metal treatment.

Mack Diesel Truck Tests
Ft. Worth, Texas

Tephguard works...

Fast cold starts

At August 1st, the firm's petroleum lubricants were changed to Tephguard.

With a Tephguard treated engine, all wear parts of the engine are already lubricated, reducing the warm-up period, saving fuel and extending battery life.

■ Explanation of Reports

Auto-Media Test

We have several years of experience in the design, research, development and testing of emissions control devices and chemical treatments. During that time we have analyzed and tested nearly all devices and chemical treatments marketed in the U.S. in addition to our own.

On January 30, 1978, we delivered a 1972 Oldsmobile with a 350 cubic inch engine to an independent automotive testing firm, an EPA authorized testing laboratory in San Antonio, Texas. The test car was in a factory stock condition and had approximately 43,000 miles on the odometer. First, the car was tested to establish a base line on the emissions and mileage condition before treatment. The test indicated that many persons at the testing facility do not believe that any improvement could result in said test results.

The chemical treatment, Tephguard, was then added to the crankcase by a specialist technician. The amount of eight fluid ounces. Also one fluid ounce of said product was cut through the PCV valve. The engine was then run for approximately 10 minutes, 15 minutes. The car was again tested for emissions and mileage with the following results:

1. Exhaust emissions (HC, CO) were significantly reduced.
2. EPA computer calculated miles per gallon increased dramatically - 10-15% increase.

These test results made an automotive "first" in the area of automotive emissions and mileage. We are not familiar with any other chemical treatments that as such, can affect both emissions and mileage. For these, 100% city and conditions in our opinion, Tephguard has proven its claims of increasing and clearing out the combustion of an engine and decreasing a coating to reduce friction on working surfaces.

While resulting data of these tests dated on standard procedures were changed, we noted that the introduction of Tephguard in the crankcase and PCV valve resulted in an increase in gas mileage ranging from 15% to 27% and a 10% decrease in various tests. Tephguard is an invaluable engine treatment which can be used in all vehicles saved for the user.

Complaint

98 F.T.C.

■ Testimonials

May 15, 1976

Dear Gentlemen:

I thought you would be interested in hearing the results I got from your fantastic Tephguard.

1969 Ford Ranger # 100
112,000 miles

1. Reduced oil consumption from 2-3 quarts to 1 qt. month
2. Quieter vibration.
3. Better than 30% better gas mileage
4. Reduced friction has returned in reduced RPM's at top end performance

Gary Moore
Dallas, Texas

February 7, 1976

Gentlemen:

On the 6th day of February, 1976 I was at the Mobile International Speedway and was witness to one of the most amazing demonstrations I have ever seen.

I saw one of your representatives pour 18 ounces of TEPHGUARD into a 2010 Chevrolet engine in a 1965 Chevrolet. This car was idled for a period of two hours. Then all the oil was drained out of the engine. The driver then started the engine, guided it into the raceway and ran it at 45 mph for a total of 28 laps or 14 miles.

When he came into the pits we checked the temperature on the car and the gauge was still reading normal. We restarted the car and it still ran as good as it did before we drained the oil out.

Gentlemen, all I can say is this is the most marvelous product I have ever seen. I would never have believed it had I not seen it with my own two eyes.

U Doherty
Mobile, Alabama

*These are only a few of the testimonials received on this

March 18, 1977

Gentlemen:

My name is John Page and I live in Clearwater, Florida. I am self-employed and run a route as a door-to-door salesman of food products.

In the course of a day, I travel as much as one hundred (100) miles, most of it starting and stopping. I let my engine run most of the time.

One September 1, 1976 I added one 8 oz. can of "TEPHGUARD" to the 6 cylinder engine of my '59 Chevrolet truck. I am getting better than 25% better mileage since adding "TEPHGUARD" to the engine. The mileage on the truck is more than 103,000 and has never been overhauled. It has been "running" 7 months since the engine was first treated and is still getting the same gasoline savings as was experienced right after the application.

I have added "TEPHGUARD" to my family car and increased the mileage to it by 23%.

January 22, 1977

Dear Gentlemen:

I have used your product, Tephguard, for many years. I know how well it has worked in my 1974 Volkswagen. After adding a number of miles to my car over the years, it has lost some oil. Since I have used Tephguard, I have noticed a significant change.

I am truly amazed and pleased.

Susan James Jennings
111 Monument Circle
Indianapolis, Indiana

■ Let us prove what Tephguard will do for you and what benefits you and your business will gain from its use.



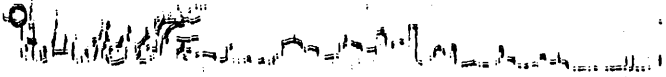
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Complaint



WITH DUPONT
TEFLON®

EPA TESTED
ENGINE PROTECTIVE TREATMENT



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TEPEGUARD® is an incredible, scientifically developed engine protection treatment, providing a tough, almost friction-free, barrier of clear DuPont Teflon®

- Up to 26 6 per mile better mileage
- Reduced emissions
- Increased horsepower
- Less oil consumption
- Less wear on internal parts
- Lower operating temperature





TEPGUARD IS A TRADEMARK OF TEPGUARD, INC.

FUEL SAVING

HERE IS WHAT OTHERS HAVE SAID:

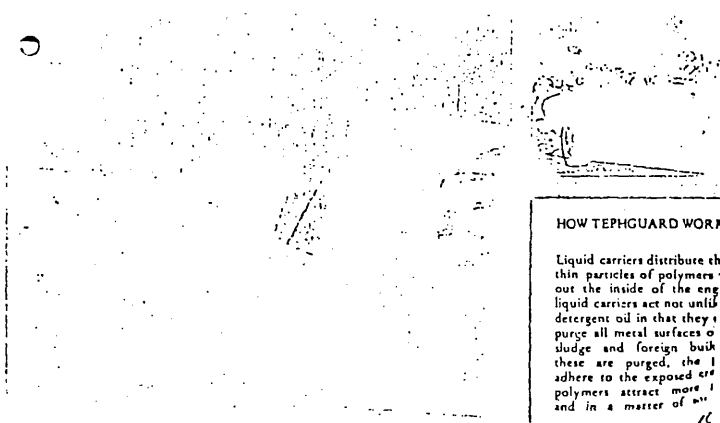
— Diesel Engineer

"Just a note to let you know Tepguard really works. As you know, I keep weekly mileage and gasoline records and thought that I would pass the following on to you. The three weeks prior to putting Tepguard in my car, I drove 1,994 miles, used 176.6 gallons of gas for

an average of 11.291 m. p. g. The three weeks following application, I drove 1,603 miles, used 104.2 gallons for an average of 15.383 m. p. g. That is an almost unbelievable increase of 26.6%! You've got a true believer!"

— Police Chief

"On January 1, 1976, approximately eight ounces of Tepguard added to a vehicle in our fleet was experiencing high oil consumption. On a monthly average, it was consuming approximately four quarts of oil. After adding Tepguard to



HOW TEPGUARD WORK

Liquid carriers distribute the thin particles of polymers out the inside of the engine. Liquid carriers act not unlike detergent oil in that they purge all metal surfaces of sludge and foreign built there. As these are purged, the polymers adhere to the exposed surfaces. Polymers attract more polymers and in a matter of minutes

817

Complaint

1. 1965

VEHICLE ENGINE RUN FOR 20 HOURS

UP TO 26.6%

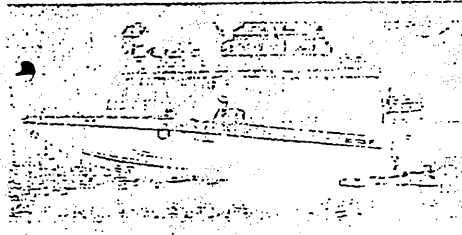
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le, oil consumption decreased
quarts of oil for the period
January 1 to January 20,
Based on our findings, we
ve that the product works!"

— Race Driver

"I witnessed the demonstration of a
1965 Chevelle with a 283 Chevy
engine that had been treated with
16 ounces of Tephguard and idled
for two hours. After this all of the
oil was drained from the engine and
it was run for 28 laps at Mobile
International Raceway, which is a

half-mile track. It then ran 8.1 of
gas. After checking the temperature
of the engine, it was found to be
normal. It was rechecked and to all
present ran as satisfactorily as if
the oil was still in the case!"



tes, all metal surfaces are per-
id and coated with a micro-
layer of polymers and the
l carriers have evaporated or
sed away.

Advantages of a polymer coat-
re many and varied. It allows
a flow faster and freer, it
es heat, wear and friction.
In-field tests show mileage
as high as 26.6% perma-

nently. . . It lasts and should con-
tinue to provide these benefits and
the only governing factor would be
the degree of engine tune.

Another interesting benefit is the
reduction of emissions as reported
by a New York firm and further
confirmed by Automotive Research
in San Antonio.

98 F.T.C.

15 mph	Number of Tests	HC gm/ml	CO gm/ml	NO gm ³ /ml	CO ₂ gm ³ /ml	Fuel Economy mpg
Baseline	4	1.03	22.28	4.41	478.4	16.68
		±.13	±4.34	±.99	±13.3	±.55
8 cc. Additive	3	1.03	22.23	4.99	456.3	17.58
		±.18	±8.34	±.39	±16.7	±.93
16 cc. Additive	3	1.10	30.44	4.34	433.1	18.17
		±.23	±7.11	±.87	±47.9	±.33

	BEFORE	AFTER
Hydrocarbons (Exhaust)	450.0 ppm	400.0 ppm
Hydrocarbons (Background)	11.0 ppm	18.0 ppm
Carbon Monoxide (Exhaust)	1339.3 ppm	1430.7 ppm
Carbon Monoxide (Background)	2.0 ppm	2.0 ppm
Carbon Dioxide (Exhaust)	2.5100%	2.5090%
Carbon Dioxide (Background)	.0570%	.0570%

	BEFORE	AFTER
HC:	2.734	2.428
CO:	18.190	16.966
CO ₂ :	493.817	448.903
Calculated Fuel Economy:	16.71 mpg	18.37 mpg (increase of 9.9%)

	H POWER	RPM
Before Application of Teflguard	160	1800
15 Minutes after Application	172	2100
30 Minutes after Application	184	2400

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 Bureau proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violations 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 such 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 this 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, now in the further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondents Great North American Industries, Inc., and Products on the Move, Inc., are corporations organized, existing, and doing business under and by virtue of the laws of the State of Texas, with their principal office and place of business at 104 West Main St., Gainesville, Texas. Respondent Patrick O. McCrary is an officer of said corporations. He formulates, directs and controls the policies, acts and practices of said corporations and his principal office and place of business is located at the above stated address.

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

Part I

It is ordered, That respondents Great North American Industries,

Inc., a corporation, and Products on the Move, Inc., a corporation, their successors and assigns, and their officers, and Patrick O. McCrary, individually and as an officer of Great North American Industries, Inc., and Products on the Move, Inc., and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, offering for sale, sale or distribution of the engine oil additive known as Tephguard (Tefguard) or of any other engine oil additive containing polytetrafluoroethylene (PTFE) fluoropolymers in resin or micropowder form, including, but not limited to, "Teflon," "Fluon," and "Halon" resins, in or affecting commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that such additive will or may result in substantial fuel economy improvement when used in an automobile, truck, recreational vehicle, or other motor vehicle.

Part II

It is further ordered, That respondents Great North American Industries, Inc., a corporation, and Products on the Move, Inc., a corporation, their successors and assigns, and their officers, and Patrick O. McCrary, individually and as an officer of Great North American Industries, Inc., and Products on the Move, Inc., and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, offering for sale, sale or distribution of any engine oil additive, any fuel additive, or any automobile retrofit device as "automobile retrofit device" is defined in Section 301 of the Energy Policy and Conservation Act of 1975, 15 U.S.C. 2011, in or affecting commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that such additive or device will or may result in fuel economy improvement when installed in an automobile, truck, recreational vehicle, or other motor vehicle unless:

- (1) such representation is true; and
- (2) at the time of making such representation, respondents rely upon written results of competent, scientific testing on a chassis dynamometer according to the then current urban dynamometer driving schedule (40 C.F.R. 86, Appendix I) and the then current highway fuel economy driving schedule (40 C.F.R. 600, Appendix I) established by the Environmental Protection Agency to substantiate

such representation. Provided that, for any such test, respondents may select the type of vehicle, its model year, its engine size, mileage, fuel type, and motor oil. Any break-in period used in the testing of any engine oil additive, fuel additive, or automobile retrofit device shall be the break-in period specified in the respondents' use directions for such additive or device; and

(3) respondents clearly and conspicuously disclose (i) any limitation on the efficacy of the engine oil additive, fuel additive, or automobile retrofit device; (ii) the characteristics of any vehicle used in any test, including the vehicle type, vehicle model year, engine size, mileage, and the break-in period for the engine oil additive, fuel additive, or automobile retrofit device; and (iii) where any representation of fuel economy improvement from the use of a retrofit device, oil additive, or fuel additive is expressed in miles per gallon, miles per tankful, percentage, or other numerical representation, or where the representation of the benefit from the use of such additive or device is expressed as a monetary saving in dollars, percentage, or other numerical representation, all advertising and other sales promotional materials which contain the representation must also clearly and conspicuously disclose the following disclaimer: "Reminder: Your actual saving may vary. It depends on the kind of driving you do, how you drive, and the condition of your car."

Part III

It is further ordered, That respondents Great North American Industries, Inc., a corporation, and Products on the Move, Inc., a corporation, their successors and assigns, and their officers, and Patrick O. McCrary, individually and as an officer of Great North American Industries, Inc., and Products on the Move, Inc., and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, offering for sale, sale or distribution of any product or service in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

a. representing, directly or by implication, any performance characteristic of any product or service, other than any representation covered by Part II of this order concerning any engine oil additive, any fuel additive, and any automobile retrofit device as "automobile retrofit device" is defined in Section 301 of the Energy Policy and Conservation Act of 1975, 15 U.S.C. 2011, unless, at the time of making the representation, respondents possess and reason-

ably rely upon a reasonable basis which substantiates such representation. For any representation of any performance characteristic of any product, other than any representation covered by Part II of this order concerning any engine oil additive, any fuel additive, or any automobile retrofit device as "automobile retrofit device" is defined in Section 301 of the Energy Policy and Conservation Act of 1975, 15 U.S.C. 2011, such reasonable basis must consist of competent scientific evidence;

b. representing, directly or by implication, that any federal, state, or local governmental agency has approved, in any manner, any product or service unless respondents possess, at the time of making such representation, written and dated authorization from such governmental agency that such representation may appear in advertising or sales promotional materials for the specific purpose for which such representation is used in the advertising or sales promotional materials.

Provided, that this paragraph shall not be construed to prohibit respondents from directly representing that they have tested any product or service in accordance with test procedures established by any federal, state, or local governmental agency so long as such representation is otherwise in compliance with the provisions of this order;

c. representing, directly or by implication, that any consumer endorsement of any product or service which appears in advertising or sales promotional materials reflects the typical experience of consumers with such product or service unless such representation is true;

d. misrepresenting, in any manner, the purpose, content, or conclusion of any test or survey pertaining to any product or service.

Part IV

It is further ordered, That respondents Great North American Industries, Inc., a corporation, and Products on the Move, Inc., a corporation, their successor and assigns, and their officers, and Patrick O. McCrary, individually and as an officer of Great North American Industries, Inc., and Products on the Move, Inc., and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, offering for sale, sale or distribution of any product or service in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from failing to maintain the following accurate records

which may be inspected by Commission staff members upon fifteen (15) days' notice: copies of and dissemination schedules for all advertisements, sales promotional materials, and post-purchase materials; all documents which substantiate, contradict, or otherwise relate to any claim which is a part of the advertising, sales promotional materials, or post-purchase materials disseminated by respondents directly or through any business entity; copies of all documents generated by the requirements of Part V of this order. Such documentation relating to advertising shall be retained by respondents for a period of three (3) years from the last date any such advertising, sales promotional material, or post-purchase material was disseminated. Documentation relating to Part V of the order shall be retained by respondents for a period of three (3) years from the last date Exhibit C was disseminated.

Part V

It is further ordered, That respondents shall forthwith distribute a copy of this order to all operating divisions of said corporations, and to all present and future personnel, agents, or representatives having sales, advertising or policy responsibilities with respect to the subject matter of this order and that respondents shall secure from each such person a signed statement acknowledging receipt of such order.

Respondents shall also, within thirty (30) days of the date this order is served upon them, distribute, via first class mail, a copy of Exhibit C and a copy of this Agreement Containing Consent Order to Cease and Desist to each and every individual or other entity that has purchased from them, through one purchase or through a series of purchases, more than twelve (12) cans of Tephguard. Respondents shall also, at least five (5) days prior to filling any order or series of orders which individually or collectively indicate that more than twelve (12) cans of Tephguard have been ordered by any individual or other entity, distribute, via first class mail or any faster means, a copy of Exhibit C and a copy of this Agreement Containing Consent Order to Cease and Desist to each and every such individual or other entity.

Exhibit C and the envelope containing it shall be the corporate stationery of one of the corporate respondents. The envelope containing Exhibit C shall contain no marking other than name and return address of that corporate respondent, the name and address of the individual or other entity purchasing or ordering Tephguard,

and the words " IMPORTANT NOTICE " conspicuously disclosed on the front of the envelope.

Part VI

It is further ordered, That the corporate respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents 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.

Part VII

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment. In addition, for a period of five years from the effective date of this order, the respondent shall promptly notify the Commission of each affiliation with a new business or employment. Each such notice shall include the respondent's new business address and a statement of the nature of the business or employment in which the respondent is newly engaged as well as a description of respondent's duties and responsibilities in connection with the business or employment. The expiration of the notice provision of this paragraph shall not affect any other obligation arising under this order.

Part VIII

It is further ordered, That the respondents shall, within sixty (60) days after service upon them of this order, and also one (1) year thereafter, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Chairman Miller did not participate.

EXHIBIT C

Dear Tephguard Customer:

I am enclosing for your information a copy of an Agreement and Consent Order entered into by Great North American Industries, Products on the Move, myself and the Federal Trade Commission.

The Agreement and Consent Order, as stated in the Agreement

817

Decision and Order

itself, is not an admission that any law enforced by the Federal Trade Commission has been violated, but, rather, sets forth certain requirements for any future advertising of Tephguard that Great North American Industries, Products on the Move, and I must follow. These requirements affect you also in the sense that they represent the views of the Federal Trade Commission on how Tephguard should be advertised in the future. I thus encourage you to closely review the enclosed document.

Your continued confidence in our line of products is appreciated.

Very truly yours,

Patrick O. McCrary, President
Great North American Industries, Inc.
and Products on the Move, Inc.

Complaint

98 F.T.C.

IN THE MATTER OF
BALL-MATIC CORPORATION, INC., ET AL.

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

Docket C-3078. Complaint, Oct. 29, 1981—Decision, Oct. 29, 1981

This consent order requires, among other things, an Orange, California corporation and corporate officer to cease representing that the use of the "Ball-Matic" or any similar retrofit device will result in substantial fuel economy improvement. Further, respondents are prohibited from making representations that the use of any retrofit device or product will result in an energy savings, unless substantiated by competent scientific evidence. In addition, where any claim or characterization pertaining to energy savings is made, respondents are barred from making any endorsements without written and dated authorization, and prohibited from making misrepresentations concerning the purpose, content or conclusion of any test or survey.

Appearances

For the Commission: *Laurence M. Kahn* and *William Haynes*.

For the respondent: *Richard Barich*, Los Angeles, Calif.

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 Ball-Matic Corporation, Inc., a corporation, and Lonnie W. Smith, individually and as an officer of Ball-Matic Corporation, Inc., hereinafter sometimes referred to as "respondents," have violated the provisions of the 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. Respondent Ball-Matic Corporation, Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 1336 West Collins, Orange, California.

Respondent Lonnie W. Smith, is President of the corporate respondent Ball-Matic Corporation, Inc. He formulates, directs, and controls the acts and practices of said corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of said corporation.