

Complaint

99 F.T.C.

IN THE MATTER OF
VOLKSWAGEN OF AMERICA, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3090. Complaint, May 24, 1982—Decision, May 24, 1982

This consent order requires, among other things, a Warren, Mich. producer and seller of motor vehicles and replacement parts to cease including in owners' manuals for diesel motor vehicles any instructions for oil filter installation that differs from that provided to its dealers. Respondent is required to include in future maintenance manuals a conspicuous statement warning of the need to follow oil filter installation instructions carefully to avoid serious engine damage. Further, the firm is required to reimburse current and past owners of 1977-1981 Volkswagen and Audi diesels for repairs which resulted from oil filter leaks; notify these owners of the reimbursement offer by first class mail; and provide them with currently recommended oil filter installation information. Additionally, respondent is required to locate and pay reimbursement to eligible owners in a timely manner and maintain specified records for a period of three years.

Appearances

For the Commission: *Stephen H. Meyer.*

For the respondent: *N. Richard Skipper, Jr.*, in-house counsel, Warren, Mich. and *Gerhard P. Riechel*, in-house counsel, Englewood Cliffs, N.J.

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 Volkswagen of America, Inc., a corporation subject to the Commission's jurisdiction, hereinafter sometimes referred to as respondent VWoA, 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. Respondent Volkswagen of America, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New Jersey with its principal office and place of business located at 27621 Parkview Road, Warren, Michigan.

PAR. 2. Respondent VWoA is now and has been engaged in the

production, distribution, offering for sale or sale of vehicles or vehicle parts.

PAR. 3. Respondent VWoA maintains and has maintained a substantial course of business, including the acts and practices alleged in this complaint, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. An abnormally high number of Volkswagen and Audi vehicles sold in the United States beginning in the 1977 model year and equipped with diesel engines have experienced, are experiencing, or are likely to experience oil filter leaks. Such oil filter leaks have caused engine problems and engine failures resulting from lack of lubricating oil which are costly to correct or may significantly affect the quality, reliability, durability, or performance of the vehicles.

PAR. 5. Respondent knew or should have known that the oil filter leaks described in Paragraph Four above have occurred in abnormally high numbers.

PAR. 6. Respondent stated the following as part of the recommended oil filter installation procedure in its owner's manuals for its 1977 and 1978 model year vehicles equipped with diesel engines:

Tighten new filter by hand as tightly as possible. Do not use a wrench to tighten filter.

PAR. 7. Respondent stated the following as part of the recommended oil filter installation procedure in its owner's manuals for its 1979 and 1980 model year vehicles equipped with diesel engines:

Only hand-tighten according to filter manufacturer's instructions on the carton or on the filter element.

PAR. 8. Respondent has notified its dealers about oil filter leaks on its vehicles equipped with diesel engines and, to reduce the likelihood of oil filter leaks, has sent revised oil filter installation instructions for vehicles equipped with diesel engines to its dealers. The revised installation instructions, which prescribe precise installation procedures using specified wrenches, contradict directions contained in the owner's manuals for the 1977-1980 model year vehicles equipped with diesel engines.

PAR. 9. Respondent has failed and is failing to disclose to owners of 1977-1980 Volkswagen and Audi vehicles equipped with diesel engines the following facts:

1. the likelihood of oil filter leaks on its diesel engines,
2. the revised installation instructions described in Paragraph Eight, and

3. the reduced likelihood of oil filter leaks if the revised installation instructions are carefully followed.

These facts relate to the existence, nature, extent, or prevention of oil filter leaks on diesel vehicles.

PAR. 10. The facts described in Paragraph Nine above are material to many owners because such facts, if known, would be likely to affect their decisions concerning the maintenance, repair, use or care of Volkswagen and Audi vehicles.

PAR. 11. Respondent has failed and is failing to disclose material facts to owners of Volkswagen and Audi vehicles.

PAR. 12. The acts and practices of respondent in failing to disclose material facts have had and continue to have the capacity and the tendency to mislead many members of the public, particularly those who own Volkswagen and Audi vehicles.

PAR. 13. The acts and practices of respondent also have caused or continue to cause substantial economic harm to many members of the public who have paid or continue to pay for engine repairs which they might not otherwise have purchased if respondents had adequately disclosed such material facts.

PAR. 14. The acts and practices of respondent has caused or continues to cause substantial economic harm to many members of the public who do not take preventive measures which they might take if such material facts were adequately disclosed.

PAR. 15. The acts and practices of respondent in failing to disclose material facts as alleged herein were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition and 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, would charge respondent with violation of the Federal Trade Commission Act; 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 has 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, makes the following jurisdictional findings and enters the following order:

1. Respondent Volkswagen of America, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 27621 Parkview Road, in the City of Warren, State of Michigan.

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

For purposes of this order, the following definitions shall apply:

1. *Dealer* shall mean any authorized United States Volkswagen or Audi dealer regardless of whether the dealer purchases vehicles directly from respondent or from a distributor of respondent.

2. *Owner* shall mean any individual or entity in whose name a vehicle is currently or has been previously registered or titled with the appropriate state authority, including, but not limited to, vehicles held for resale.

3. *Current owner* shall mean any owner in whose name a vehicle is registered or titled with the appropriate state authority. Respondent shall use any one or more of the following methods to obtain the most up to date and complete list available of the names and addresses of current owners in carrying out its obligations under Parts I and III of this Order: state records, a commercial locator service, or respondent's records. If the name and address of the current owner cannot be ascertained, then *current owner* shall also

mean the most recent purchaser known to respondent, respondent's dealers, or both.

4. *Engine repairs due to oil filter leaks* shall consist of expenses necessitated by an oil filter leak for engine repair or engine replacement, plus towing charges, oil and oil filter replacement. It does not include reimbursement for towing charges, oil, and replacement oil filter(s) if no engine repair or engine replacement was undertaken.

5. *oil filter leak(s)* shall mean any leakage of lubricating oil from the oil filter or from the area where the oil filter is attached to the engine.

PART I

It is ordered, That respondent Volkswagen of America, Inc., a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or indirectly or through any corporation, subsidiary, division, or other device, in connection with the manufacturer, advertising, offering for sale, sale or distribution of any vehicle or vehicle part, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from representing in any owner's manual for its diesel engine vehicles an oil filter installation procedure that is different in substance from that provided to its dealers with respect to vehicles covered by such manual, unless respondent notifies affected current owners via first class mail that the installation procedure set out in their owner's manuals is different in substance from that provided to respondent's dealers and in what respects the instructions differ.

PART II

It is further ordered, That respondent Volkswagen of America, Inc., a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or indirectly or through any corporation, subsidiary, division, or other device, in connection with the manufacture, advertising, offering for sale, sale or distribution of any vehicle or vehicle part, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, shall:

A. Include, verbatim, using distinctive and conspicuous type face or ink color or both, which shall be at least as distinctive and conspicuous as the type face or ink color or both used elsewhere in owner's manuals for important maintenance items, the following

statement in owner's manuals of Volkswagen and Audi vehicles with diesel engines beginning in the 1982 model year:

FOLLOW THESE INSTRUCTIONS CAREFULLY. AN IMPROPERLY INSTALLED FILTER MAY LEAK AND DAMAGE YOUR ENGINE.

B. Beginning 30 days following the date this order is served on respondent, print clearly and conspicuously on all oil filters which are sold by respondent and which are recommended for application on respondent's diesel engine vehicles:

1. the most current installation instructions; and
2. the following statement, verbatim:

IMPORTANT: FOLLOW THESE INSTRUCTIONS CAREFULLY. AN IMPROPERLY INSTALLED FILTER MAY LEAK AND DAMAGE YOUR ENGINE.

C. Disseminate, by respondent's usual methods, within 30 days following the date this order is served upon respondent, a Product Circular to Volkswagen and Audi dealers which effectively communicates the following:

1. that oil filter leaks on diesel engines have occurred; and
2. that mechanics should be sure to install the filters according to the most current procedures.

PART III

It is further ordered, That respondent, within 30 days following the service of this order on respondent, shall:

A. Send by first class mail to each current owner of a 1977 through 1981 model year Volkswagen and Audi vehicle equipped with a diesel engine a copy of Exhibits A, B and E and a postage-paid self-addressed return envelope.

B. Send by first-class mail a copy of Exhibits B, C and E and a postage-paid self-addressed return envelope to any owner of a 1977 through 1981 model year Volkswagen or Audi vehicle equipped with a diesel engine who requests information concerning reimbursement for oil filter leaks.

C. Search its warranty and complaint records and those of its distributors to ascertain the names and addresses of owners who had previously complained about and not received full reimbursement for engine repairs due to oil filter leaks on diesel engines. Owners whose names appear on any such records shall be sent by first class mail Exhibits B, D1, and E and a postage-paid self-addressed return

envelope; *provided, however*, that where records clearly establish an owner's entitlement to and amount of reimbursement under Part IV of this order, respondent shall send a check for such amount and Exhibits D2, B, and E.

PART IV

It is further ordered, That respondent:

A. Provide reimbursement to each owner of a 1977 through 1981 model year Volkswagen or Audi vehicle equipped with a diesel engine who has unreimbursed expenses for engine repairs due to an oil filter leak, which occurred prior to 30 days after the owner's receipt of a letter sent pursuant to Parts III A, B or C of the order or 60 days after the date of mailing of such letter, whichever comes first; *provided, however*, that respondent need not reimburse an owner for an engine repair due to an oil filter leak if the oil filter on the vehicle at the time of the leak had not been distributed by respondent, unless the leak was proximately caused by a Volkswagen or Audi original equipment or replacement part for which repair or replacement was necessary; *provided, further, however* that respondent may deny reimbursement to owners whose initial request in writing for reimbursement is received more than two (2) years after the date this order is served upon respondent or more than six (6) months after the owner has received a letter pursuant to Part III A, B, or C of this order, whichever comes first.

B. Shall pay full reimbursement for engine repairs due to an oil filter leak upon presentation by an owner of reasonable evidence that the owner is eligible for reimbursement pursuant to Part IV A above; *provided, however*, respondent may perform a documented inquiry concerning a claim if it believes for good cause that the owner may not be eligible to receive the amount claimed by the owner. Such an inquiry must begin and any request that an owner provide further information must be sent within 30 days after the owner has mailed a copy of Exhibit B to respondent or otherwise requested reimbursement in writing.

C. Shall within the 30 days set out in Part IV B mail to the owner a check for the amount claimed by the owner unless:

1. respondent both begins an inquiry and notifies the owner in writing that an inquiry is being conducted; or
2. respondent denies reimbursement for some or all of the amount claimed by the owner, and sends the owner a letter pursuant to Part IV F, below.

D. Shall complete each inquiry conducted pursuant to Part IV B:

1. within sixty (60) days after the owner has mailed a copy of Exhibit B to respondent or otherwise requested reimbursement in writing; or

2. within thirty (30) days following the mailing to respondent of any response to a request for additional information sent to an owner as part of an inquiry conducted pursuant to Part IV B,

whichever is later.

E. Shall, upon completion of each inquiry, send the owner a check, a letter pursuant to Part IV F, or both.

F. Shall send a letter by first class mail to each owner who has been denied reimbursement for some or all of the amount claimed by the owner. This letter shall:

1. notify the owner of the disposition of the claim;
2. give specific reasons for the disposition;
3. inform the owner that he/she may have other legal rights;
4. if available in the area where the owner lives, inform the owner of the existence of the Better Business Bureau Arbitration program and the following:

- a. that the program is operated free of charge to the owner;
- b. that by choosing arbitration both parties may give up the right to have the facts of the dispute decided in court;
- c. that the arbitrator's decision is binding and may be enforced in court;
- d. that the arbitrator's decision can be appealed only for limited reasons; and
- e. that owners who want more information should contact their local Better Business Bureau; and

5. inform the owner that the oil filter reimbursement program is being conducted by agreement between Volkswagen of America and the Federal Trade Commission, and that if he/she believes his claim was improperly denied he/she may contact the FTC's Compliance Division of the Bureau of Consumer Protection at 6th and Pennsylvania Avenue, N.W., Washington, D.C. 20580.

PART V

It is further ordered, That respondent shall maintain accurately and retain for a period of three (3) years following the service of this

order on respondent the following records which may be inspected by Commission staff members upon fifteen (15) days' notice:

1. a list, by state and, for each state, in alphabetical order, (or a data base from which such list may be readily compiled) containing the names and addresses of each owner of a Volkswagen and Audi vehicle to whom Exhibits A-E were sent and the dates such letters were sent to each;

2. a list, by state and, for each state, in alphabetical order, containing the name and address of each owner of a Volkswagen or Audi vehicle who received a check pursuant to Part IV C and each owner who requested reimbursement from respondent pursuant to Exhibit B or another writing and, for each, the date such request was received by respondent, the total dollar amount of such request. Respondent shall also maintain all documents initially submitted by owners and each of the following as applicable to such owner: documents indicating whether follow-up information was requested and the date such information was requested; all additional information submitted in response to any request for follow-up information and the date such information was received; documents relating to any inquiry by respondent of the circumstances surrounding such owner's claim; all documents indicating the total dollar amount of reimbursement, if any, such owner was sent, the date it was sent, and a copy of the notice of final disposition of the claim, if sent to such owner.

PART VI

It is further ordered, That any and all correspondence sent by respondent pursuant to the provisions of this order shall be on respondent's corporate stationery. All envelopes sent pursuant to Part III shall contain no marking other than respondent's name and return address, the postage marking, the name and address of the addressee, and the words "IMPORTANT MAINTENANCE AND REIMBURSEMENT INFORMATION" disclosed conspicuously on the front.

PART VII

It is further ordered, That respondent shall send a copy of this order to each of its dealers.

PART VIII

It is further ordered, That no provision of this order shall be construed to limit, in any way, any private right of action which any individual, partnership, corporation or other entity might have against respondent or against any oil filter manufacturer.

PART IX

It is further ordered, That the respondent shall forthwith distribute a copy of this order to each of its operating divisions, to its successors and assigns.

PART X

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

PART XI

It is further ordered, That respondent shall within sixty (60) days after service upon it of the order, and also annually for two (2) years thereafter, file with the Commission reports in writing, setting forth in detail the manner and form in which it has complied with this order.

PART XII

It is further ordered, That Parts I and II A and B of the order shall terminate at any time if,

1. respondent's oil filter installation instructions do not provide for any wrenches or special tools to tighten the filter, and
2. respondent possesses competent and reliable engineering evidence which substantiates that the installation of the oil filter without the use of wrenches or special tools under normal field conditions would be substantially as effective in preventing oil filter leaks as installation of the filter with wrenches or special tools.

Decision and Order

99 F.T.C.

EXHIBIT A

IMPORTANT MAINTENANCE AND
REIMBURSEMENT INFORMATION

Dear [Volkswagen] [Audi] Diesel Owner:

Some [Volkswagen] [Audi] diesel owners have reported oil leaks in the oil filter area of the engine. On occasion, this can lead to severe engine damage. Therefore, we'd like to tell you some important news about:

- *new recommendations for oil filter installation procedures which can help prevent oil filter leak problems, and
- *our reimbursement offer for past problems and warranty coverage for future problems like this.

INSTALLATION INSTRUCTIONS

We've modified the diesel oil filter instructions to emphasize that the filter must be properly mounted and tightened. You or the mechanic must follow these instructions carefully to guard against oil leaks. Use the correct tools to tighten the filter and check the mounting torque. These new instructions are enclosed. *Please staple them to the cover of your owner's manual and make sure they are followed each time an oil filter is installed.*

REIMBURSEMENT OFFER

If you paid for engine repairs caused by an oil leak in the filter area, and were not reimbursed, and the filter was an Autobahn (VW/Audi) filter, we'll reimburse you for engine repairs, oil, filter, and towing. If the filter was not a VW/Audi/Autobahn filter, we'll pay for repairs only if a VW/Audi engine part that had to be repaired or replaced caused the problem. This offer covers engine repairs which occurred prior to or within 30 days after you receive this letter. If our coverage doesn't apply to engine repairs you paid for, check to see if the filter manufacturer will reimburse you for expenses.

Don't forget that your car's warranty may also provide coverage for these and other repair problems in the future. The "new vehicle limited warranty" covers defects in materials and workmanship for [12 months or 20,000 miles, whichever comes first (VW)]. [12 months, regardless of mileage (Audi)]. The "replacement parts limited warranty" covers such defects for six months or 6,000 miles.

COMPLETE THE ENCLOSED FORM

If you believe you may be entitled to reimbursement under this program, complete the enclosed form and send it to us. *Even if you were previously denied warranty service or if you aren't sure you're eligible, send in the form.* Within 30 days, we'll send you a check or contact you with information about the status of your claim.

You must send in your form within six months after you receive this letter to qualify for the reimbursement offer. If you have any questions, don't hesitate to contact us or your local dealer.

Sincerely,

Volkswagen of America, Inc.

EXHIBIT B

REIMBURSEMENT REQUEST ENGINE REPAIR
DUE TO DIESEL OIL FILTER LEAK

INSTRUCTIONS: *Make sure you follow these instructions carefully. If we don't have enough information your claim might be delayed.*

Attach to this form legible copies of all the documents you have which support your claim including receipts, repair orders, cancelled checks or money orders. If you don't have a repair order, get a short statement from the garage or dealership where the repair was done which tells us what work was done, and why.

We will reimburse you for engine repairs, oil, a new oil filter, and towing if you qualify for reimbursement. We will *not* reimburse you if your only damage was loss of oil and towing.

Name _____ VIN _____ [Preprinted] _____
City _____ State _____
Zip Code _____ Phone () _____

Total Amount Actually Paid: \$ _____
Brand of Filter _____

To the best of my knowledge, the above claim is for expenses I had to pay for which I was not reimbursed and which resulted from an oil leak from my car's oil filter.

I hereby certify that the above information is true and correct.

Date Signature
BE SURE TO ENCLOSE ALL YOUR PROOF WHEN YOU MAIL US THIS FORM!

EXHIBIT C

IMPORTANT MAINTENANCE AND
REIMBURSEMENT INFORMATION

Dear [Volkswagen] [Audi] Diesel Owner:

Thank you for contacting us about oil filter leaks on our diesel engines. Some [Volkswagen] [Audi] diesel owners have reported oil leaks in the oil filter area of the engine. On occasion, this can lead to severe engine damage. Therefore, we'd like to tell you some important news about:

- *new recommendations for oil filter installation procedures which can help prevent oil filter leak problems, and
- *our reimbursement offer for past problems and warranty coverage for future problems like this.

INSTALLATION INSTRUCTIONS

We've modified the diesel oil filter instructions to emphasize that the filter must be properly mounted and tightened. You or the mechanic must follow these instructions carefully to guard against oil leaks. Use the correct tools to tighten the filter and

Decision and Order

99 F.T.C.

check the mounting torque. These new instructions are enclosed. *Please staple them to the cover of your owner's manual and make sure they are followed each time an oil filter is installed.*

REIMBURSEMENT OFFER

If you paid for engine repairs caused by an oil leak in the filter area, and were not reimbursed, and if the filter was an Autobahn (VW/Audi) filter, we'll reimburse you for engine repairs, oil, filter, and towing. If the filter was not a VW/Audi/Autobahn filter, we'll pay for repairs only if a VW/Audi engine part that had to be replaced caused the problem. This offer covers engine repairs which occurred prior to or within 30 days after you receive this letter. If our coverage doesn't apply to engine repairs you paid for, check to see if the filter manufacturer will reimburse you for expenses.

Don't forget that your car's warranty may also provide coverage for these and other repair problems in the future. The "new vehicle limited warranty" covers defects in materials and workmanship for [12 months or 20,000 miles, whichever comes first (VW)]. [12 months, regardless of mileage (Audi)]. The "replacement parts limited warranty" covers such defects for six months or 6,000 miles.

COMPLETE THE ENCLOSED FORM

If you believe you may be entitled to reimbursement under this program, complete the enclosed form and send it to us. *Even if you were previously denied warranty service or if you aren't sure you're eligible, send in the form.* Within 30 days, we'll send you a check or contact you with information about the status of your claim.

You must send in your form within six months after you receive this letter to qualify for this reimbursement offer. If you have any questions, don't hesitate to contact us or your local dealer.

Sincerely,

Volkswagen of America, Inc.

EXHIBIT D1

IMPORTANT MAINTENANCE AND REIMBURSEMENT INFORMATION

Dear [Volkswagen] [Audi] Diesel Owner:

Our records show that your car has experienced an oil filter leak. As you may know, on occasion, this can lead to severe engine damage. Therefore, we'd like to tell you some important news about:

- *new recommendations for oil filter installation procedures which can help prevent oil filter leak problems, and
- *our reimbursement offer for past problems and warranty coverage for future problems like this.

INSTALLATION INSTRUCTIONS

We've modified the diesel oil filter instructions to emphasize that the filter must be

446

Decision and Order

properly mounted and tightened. You or the mechanic must follow these instructions carefully to guard against oil leaks. Use the correct tools to tighten the filter and check the mounting torque. These new instructions are enclosed. *Please staple them to the cover of your owner's manual and make sure they are followed each time an oil filter is installed.*

REIMBURSEMENT OFFER

If you paid for engine repairs caused by an oil leak in the filter area, and were not reimbursed, and the filter was an Autobahn (VW/Audi) filter, we'll reimburse you for engine repairs, oil, filter, and towing. If the filter was not a VW/Audi/Autobahn filter, we'll pay for repairs only if a VW/Audi engine part that had to be replaced caused the problem. This offer covers engine repairs which occurred prior to or within 30 days after you receive this letter. If our coverage doesn't apply to engine repairs you paid for, check to see if the filter manufacturer will reimburse you for expenses.

Don't forget that your car's warranty may also provide coverage for these and other repair problems in the future. The "new vehicle limited warranty" covers defects in materials and workmanship for [12 months or 20,000 miles, whichever comes first (VW)]. [12 months, regardless of mileage (Audi)]. The "replacement parts limited warranty" covers such defects for six months or 6,000 miles.

COMPLETE THE ENCLOSED FORM

If you believe you may be entitled to reimbursement under this program, complete the enclosed form and send it to us. *Even if you were previously denied warranty service or if you aren't sure you're eligible, send in the form.* Within 30 days, we'll send you a check or contact you with information about the status of your claim.

You must send in your form within six months after you receive this letter to qualify for this reimbursement offer. If you have any questions, don't hesitate to contact us or your local dealer.

Sincerely,

Volkswagen of America, Inc.

EXHIBIT D2

IMPORTANT

REIMBURSEMENT CHECK ENCLOSED

Dear [Volkswagen][Audi] Diesel Owner:

Our records show that you experienced engine damage related to an oil filter leak on your [Volkswagen] [Audi] diesel vehicle and that reimbursement for your repair costs was not made available in your case.

We have recently reconsidered your claim. On the basis of our review, we have determined that reimbursement was appropriate and should have been granted.

Accordingly, we are pleased to enclose our check in the amount of \$ _____. We regret the delay. However, we are pleased that we were able to be of assistance.

If this amount is less than what you paid for engine repairs due to an oil filter leak, oil, a new oil filter, and towing, fill out the attached form and return it to us in the enclosed postage-paid envelope. Even if you request additional reimbursement, you

Decision and Order

99 F.T.C.

can still cash this check. Within 30 days, we'll send you an additional check or contact you with information about the status of your claim.

If you do request additional reimbursement under this offer, you must send in your form within 6 months after you receive this letter. If you have any questions, don't hesitate to contact us or your local dealer.

INSTALLATION INSTRUCTIONS

We've modified the diesel oil filter instructions to emphasize that the filter must be properly mounted and tightened. You or the mechanic must follow these instructions carefully to guard against oil leaks. Use the correct tools to tighten the filter and check the mounting torque. These new instructions are enclosed. *Please staple them to the cover of your owner's manual and make sure they are followed each time an oil filter is installed.*

Sincerely,

Volkswagen of America, Inc.

EXHIBIT E

OIL FILTER INSTALLATION INSTRUCTIONS

1. Use VW Part No. 068 115 561 or equivalent. [For Owner's Manual and Exhibit E only]
2. Apply thin film of engine oil to filter gasket. (Do not use grease.)
3. Screw on filter by hand until filter gasket contacts flange firmly all round.
4. Tighten filter 3/4 turn. Use VW filter cap wrench US-4496 or equivalent, wrench extension, and standard torque wrench.
5. Check dipstick for correct oil level.
6. Run engine at various speeds for 3-5 minutes.
7. Stop engine, use filter cap wrench (center drive socket), extension and torque wrench for final check. Torque must be at least 18 ft. lbs.
8. Re-check dipstick for correct oil level, add oil as needed.
9. Start engine and check for proper seal at the oil filter gasket.

IMPORTANT: FOLLOW THESE INSTRUCTIONS CAREFULLY. AN IMPROPERLY INSTALLED FILTER MAY LEAK AND DAMAGE YOUR ENGINE. [Figure 17-A14 from 1981 Rabbit Owner's Manual, P.93]

IN THE MATTER OF

WEYERHAEUSER COMPANY, ET AL.

*Docket 9150. Interlocutory Order, June 10, 1982*ORDER DENYING MOTION OF WEYERHAEUSER COMPANY FOR LEAVE
TO FILE REPLY MEMORANDUM

On April 21, 1982, Weyerhaeuser Company filed an application under Rule 3.23(b) of the Commission's Rules of Practice for review of a discovery order of the ALJ. On April 30, complaint counsel filed an answer. Weyerhaeuser has now requested the opportunity to file a reply memorandum because: (1) its application for review was only three pages (although the Rules allow for fifteen) and did not summarize the company's position, whereas complaint counsel used eight pages and did summarize their position, and (2) "complaint counsel's response misperceives the nature of the review sought."

Weyerhaeuser has not offered sufficient reason for the Commission to deviate from its Rules in this instance and allow for an additional filing. Interlocutory appeals of ALJ orders are entertained only in a narrow set of circumstances, and only after full consideration of all the issues by the ALJ. To allow otherwise would involve the Commission unduly in adjudicative proceedings and undermine the authority of its ALJ's. Consequently, the Rules allow the parties each one short, prompt filing. Weyerhaeuser's application for review was shorter than required; that was its decision.

In an interlocutory appeal, the Commission is concerned with the issues as they were briefed to and decided by the ALJ. There is little need for additional argument, unless one of the parties claims that the ALJ misperceived the issues before him. Even in such cases, the Rules provide adequate opportunity for argument in most instances.

Weyerhaeuser's motion is hereby denied.