

Decision and Order

100 F.T.C.

IN THE MATTER OF
AMREP CORPORATION

DECISION AND ORDER REGARDING GENERAL DEVELOPMENT
CORPORATION

Docket 9018. Decision and Order, Sept. 30, 1982

This agreement contains an order as to General Development Corporation and was entered into by General Development and FTC Complaint Counsel in the Matter of AMREP Corporation, Docket 9018. The AMREP complaint alleges that AMREP and its subsidiary, Silver Springs Shores, Inc. have used unfair and deceptive practices in the sale of undeveloped land. General Development Corporation, a Miami, Fla. company which is not affiliated with AMREP and is not a party to Docket 9018, has agreed to purchase all remaining Silver Springs Shores properties conditioned upon the Federal Trade Commission's assurance that it will not be considered as a successor or assign of AMREP within the meaning of the Federal Trade Commission Act, or subject to any order or judgment stemming from Docket 9018. The agreement offers such assurance in exchange for General Development's good faith and performance of duties set forth in the accompanying order. The order requires, among other things, that General Development offer to buy back or exchange certain Silver Springs Shores lots in accordance with terms specified in the order, and emphasize in its sales representations and promotional materials that lots in Silver Springs Shores should be purchased for use by the buyer rather than as an investment. The order further requires the company to undertake a continuing surveillance program designed to ensure that unauthorized sales representations are not made in land sales presentations.

Appearances

For the Commission: *Jon R. Calhoun* and *George E. Schulman*.

For the respondent: *Wayne Allen*, in-house counsel, General Development Corp., Miami, Fla.

DECISION AND ORDER REGARDING GENERAL DEVELOPMENT
CORPORATION

The Commission having heretofore issued its complaint charging the respondent named in the caption hereof with violation of Section 5 of the Federal Trade Commission Act, as amended, and after trial of the matter, and the Initial Decision of the Administrative Law Judge having been issued, and General Development Corporation having sought to purchase Silver Springs Shores, one of the land developments that are the subject of this matter; and

General Development Corporation, its attorney, and counsel for the Los Angeles Regional Office of the Federal Trade Commission

having thereafter executed an agreement containing an order, a statement by General Development Corporation that it does not contest the jurisdictional facts set forth in the complaint, a statement that the signing of said agreement is for purposes of providing assurances to General Development Corporation that it will not be held to be a successor or assign of respondent and of providing for certain benefits to be offered by General Development Corporation to the purchasers of property at Silver Springs Shores, a statement that the agreement does not constitute an admission by General Development Corporation that the law has been violated, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the matter and having thereupon accepted the executed agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the authority granted by the Federal Trade Commission Act, The Commission's Rules of Practice, and the Administrative Procedure Act [at 5 U.S.C. 554(e)], the Commission hereby makes the following jurisdictional findings and enters the following order:

1. General Development Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, and is a wholly-owned subsidiary of GDV, Inc., a Delaware corporation. GDV, Inc. is a majority-owned subsidiary of City Investing Company. General Development Corporation has its office and principal place of business located at 1111 South Bayshore Drive, in the City of Miami, State of Florida.

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

ORDER

I. *It is ordered*, That, in return for General Development Corporation's good faith and substantial performance of the duties set forth in this order, General Development shall not be held or considered to be a successor or assign of AMREP Corporation or its subsidiary, Silver Springs Shores, Inc., within the meaning of the Federal Trade Commission Act or any rules or regulations adopted thereunder, and shall not be subject to any cease and desist order, other order, action, or judgment by the Commission in Docket No. 9018 by virtue of General Development purchasing property at Silver Springs Shores; and additionally, General Development shall

not be subject to any order or judgment entered in any related civil action brought by the Federal Trade Commission under Section 19 of the Federal Trade Commission Act (FTCA), 15 U.S.C. 57b.

II. *It is further ordered, That:*

A. General Development will offer to buy back the lots of Silver Springs Shores deeded lot owners at a purchase price of Two Thousand Dollars (\$2,000.00) for each single family residential lot. Lot owners will be offered their choice of the following terms: the payment by General Development of the \$2,000 principal amount over an eight (8) year period at six percent (6%) interest; payment at three percent (3%) interest over a six (6) year period; or payment over a four (4) year period with no interest. General Development will extend its initial buy-back offer without limitation to all lot owners who are original purchasers from Silver Springs Shores, Inc. and who were issued their deed by Silver Springs Shores, Inc. at least sixty (60) days prior to the date when the offer is extended. The offer to purchase will be extended annually for a period of five (5) years to those persons receiving deeds from Silver Springs Shores, Inc. after the cut-off date of the initial offering. In addition, General Development shall extend the same offer, using the same procedures, to persons who were not the original purchasers from AMREP but who purchased a lot or who executed their assignment of the installment contract for a lot prior to March 31, 1982.

A written buy-back offer will be extended to each such eligible person listed by name and address on a true and accurate list of all current and past deeded lot owners that Silver Springs Shores, Inc. is required to provide under its sales agreement with General Development. The mailing of the offer shall be by first-class mail, postage-prepaid, address correction requested, return receipt requested, with delivery to addressee only. Within sixty (60) days after the mailing, for any addressee for whom no return receipt has been received, General Development shall attempt to obtain a current or more recent address for the lot owner by examining the records of the Marion County, Florida, assessor's office. If a current or more recent address is found through these procedures, a copy of the offer shall be sent within twenty (20) days after such finding to the new address using the same means described herein.

General Development will, for informational purposes, send out a letter describing the impending repurchase offer within sixty (60) days of the closing of its purchase from Silver Springs Shores. It may include in its announcement its description of additional programs described in this agreement. General Development and Complaint

Counsel have agreed on the form of the announcement letter which is set forth in Exhibit A attached hereto. No contact shall be made by GDC with any above-listed purchaser prior to this announcement.

The actual offer to purchase will be extended initially by General Development within eighteen (18) months after the date of the closing of its purchase from Silver Springs Shores, Inc. The actual offer shall convey the terms of the offer in a neutral manner, neither recommending nor discouraging the offeree's acceptance. The offer communication shall contain the same recitation of the alternative programs that is set forth in Exhibit A; however, the offer to repurchase shall be set forth on the first page of the communication and shall be the only offer or description on that page. The communication shall not refer in any manner to the Federal Trade Commission or to this agreement or order. At least thirty (30) days prior to the proposed mailing date, GDC shall submit a draft of the communication to Commission staff for determination of its conformity to Exhibit A.

Those to whom the actual offer is extended will have a period of one hundred twenty (120) days from the date of the mailing to accept the offer of purchase. The first installment payment to those lot owners who accept the offer shall be mailed not later than ninety (90) days after the expiration of the 120 day acceptance period. Subsequent installments shall be paid annually on the anniversary of the initial payment. The buy-back program will not be available to any employees or relatives thereof of either AMREP, General Development, or any of their subsidiaries.

B. To be effective thirty (30) days after the mailing of Exhibit A, General Development will also offer to deeded lot owners at Silver Springs Shores the right to transfer their ownership of property from the lot originally purchased to an available comparable or higher priced lot in Silver Springs Shores or in General Development's projects of Port Charlotte, Port St. Lucie, Port Malabar, Port LaBelle, Vero Shores, Vero Beach Highlands, Sebastian Highlands and Port St. John. This offer shall remain effective for a period of ten years, but is limited to owners of SSS lots that were sold originally by AMREP. It is not available to those who purchase at SSS from General Development. The purchaser shall receive a credit for the principal paid in under his purchase contract, plus the difference between the price he originally paid and the current sales price for that lot. The sales price of the lot traded in and the sales price of the lot received will be set at that amount at which the respective lots are currently priced by General Development utilizing its then

current standard pricing formula which it applies equally to all properties. For example:

TRADE TO COMPARABLE NEW LOT

Current Selling Price - Old Lot	\$10,295
Original Purchase Price - Old Lot	3,595
Lot Price Increase	\$ 6,700
Current Selling Price - New Lot	\$10,295
Less Price Increase Applied	-6,700
Less Principal Paid on Original Purchase	-3,595
BALANCE DUE ON NEW LOT	-0-

TRADE TO HIGHER PRICED NEW LOT

Current Selling Price - New Lot	\$12,500
Less Lot Price Increase Applied	-6,700
Less Principal Paid on Original Purchase	-3,595
BALANCE DUE ON NEW LOT	\$ 2,205

C. General Development will, at all times during which it is engaged in either the sale of lots or homes at Silver Springs Shores, but in no event for less than ten (10) years from the initial date of the actual offer to purchase, extend to all deeded lot owners in Silver Springs Shores the right to trade in their lot and receive a credit of the principal paid in under their purchase contract, plus the difference between the price they originally paid and the current sales price for that lot, toward the purchase of a General Development home and lot in any available shelter building area in Silver Springs Shores. "Shelter building area" is defined for the purposes of this agreement and order as those home construction areas where General Development only sells homes and lots as a unit or package. General Development will always make available to deeded Silver Springs Shores lot owners shelter building lots in a shelter building area where there exist at least twenty-five (25) homes already constructed. In addition, General Development will extend to all deeded lot owners in Silver Springs Shores the right to trade in their lot towards a General Development home and lot in General Development's projects of Port Charlotte, Port St. Lucie, Port Malabar, Port LaBelle, Vero Beach Highland, Vero Shores, Sebastian Highlands, or Port St. John. In any trade to one of these additional projects, the lot owner will be credited for the principal paid in under his purchase contract, plus a credit for the difference between the price he originally paid and the current sales price for that lot, such latter credit not to exceed 5% of the sales price of the General Development home and lot.

For example, a trade for a home and lot in Silver Springs Shores would work as follows:

SINGLE LOT TRADE ON HOME PURCHASE IN SSS

Assumption on Lot Traded In:

Current Selling Price	\$10,295
Original Purchase Price	3,595
Increase in Selling Price	6,700
TOTAL CREDIT APPLIED	<u>\$10,295</u>

Terms of \$76,985 Home Sale (Home \$58,990, Lot \$17,995)

Deposit	\$ 1,500
Lot Credit Applied	10,295
Cash at Closing	7,490
Mortgage Loan	57,700
TOTAL	<u>\$76,985</u>

D. General Development shall provide lot owners in Silver Springs Shores a public offering statement if they desire to exchange or trade in their lot for a lot in another of General Development's projects or for one in another area of Silver Springs Shores not covered by the public offering statement they originally received.

E. General Development will, at all times during which it is engaged in either the sale of lots or homes at Silver Springs Shores, but in no event for less than ten (10) years from the initial date of the actual offer to purchase, maintain an inventory of building lots in Silver Springs Shores within one-half mile of an existing shelter building area. This inventory of building lots will be made available to outside builders and to owners of Silver Springs Shores lots who wish to trade in their current lots and use an independent builder to construct a dwelling. These building lots will contain the same provisions for water and sewage disposal as are contained in General Development's shelter building areas. The building lots will be offered at the same price placed on comparable building lots by General Development in the marketing of its home and lot packages. The trade-in credit will be computed in the same manner as in the example given above for a house and lot package at Silver Springs Shores. The sale or trade of these building lots may contain a provision mandating the commencement of construction of a home within a specified period of time, not to be less than 90 days from the consummation of the lot trade-in or purchase. General Development shall have approximately twenty five (25) of these building lots available at all times under this program. Up to a total of five

hundred (500) building lots will be made available under this program.

F. General Development shall provide to the Commission, upon request, an affidavit executed by its Chief Financial Officer certifying that lots being traded-in, and those traded-for, pursuant to this agreement, are priced under the same pricing formula General Development is using to price comparable Silver Springs Shores properties it is offering for sale. General Development will further, upon request, provide sufficient information to establish such equality of pricing. The Commission shall treat all such information provided as confidential commercial or financial information entitled to all protections against disclosure to third parties under the Freedom of Information Act.

G. Commencing thirty days after the mailing of Exhibit A, and at all times during which General Development is engaged in either the sale of lots or homes at Silver Springs Shores, but in no event for less than ten (10) years from the initial date of the actual offer to purchase, Florida Home Finders, Inc., General Development's resale subsidiary, will maintain an office in Silver Springs Shores and will actively list and market deeded lots and resale homes in Silver Springs Shores. Florida Home Finders, Inc. will maintain a block listing in the local Marion County multiple listing service indicating that it has available for resale Silver Springs Shores lots listed with it. The listing service will be maintained at no charge to Silver Springs Shores lot owners. In soliciting listings for the service, General Development shall advise the lot owners in Exhibit A and in any subsequent mailings on the subject that the current resale activity is very limited and that the solicitation should not be construed as indicating any increased demand.

H. General Development will emphasize in its sales presentations and promotional materials that the purchase of lots in Silver Springs Shores should be for use by the purchaser and will make no representation that the purchase of a lot at Silver Springs Shores should be considered an investment by the purchaser. General Development shall also continuously undertake internal surveillance programs of its marketing and sales personnel to ensure that no unauthorized investment sales representations in regard to lots are made orally by its salesmen in their presentations. General Development's current programs are described in Exhibit B attached hereto.

I. General Development shall make no use or mention of this agreement or order in any of its advertising or sales promotional literature or programs, written or oral. General Development will,

however, respond in a factual manner to any inquiries received from a customer or potential customer, or from the press. If the agreement with the Commission is required to be disclosed in any property report or other document by another government agency, General Development shall include the required information.

J. General Development will limit initial construction of shelter units in the existing shelter core areas of Silver Springs Shores to two thousand (2,000) shelter units. General Development will then go in succession to two remote areas and there develop active shelter construction and sales programs. These remote area shelter programs will be established in Units 24 and 25, and in Unit 42.

III. *It is further ordered*, That General Development Corporation shall within one (1) year after service upon it of this order, and annually thereafter until it is no longer engaged in either the sale of homesites or homes at Silver Springs Shores, but in no event for less than ten (10) years, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

IV. *It is further ordered*, That General Development Corporation notify the Commission at least thirty (30) days prior to any proposed change in the corporation 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.

EXHIBIT A

GDC LETTERHEAD

Dear _____ :

This letter contains important information concerning the options available to you as a Silver Springs Shores lot owner, including an offer to repurchase your lot and a variety of exchange and building options. Please read this letter carefully and completely.

General Development Corporation is pleased to announce the acquisition of Silver Springs Shores, Ocala, Florida. General Development has seven projects situated on the East and West Coasts, as well as in South Central Florida. A brief description follows.

PORT CHARLOTTE/NORTH PORT is the company's oldest and largest project. It is located on the Gulf Coast, 25 miles north of Fort Myers and 45 miles south of Sarasota. Port Charlotte has 40,000 residents; North Port 12,500. The project borders Charlotte Harbor and its two tributaries, the Peace and Myakka Rivers.

PORT LABELLE was acquired in 1973 and is General Development's newest project. It comprises 31,700 acres along the southern bank of the Caloosahatchee River in

south-central Florida. Lying 30 miles east of Fort Myers, Port Labelle currently has about 1,600 residents.

PORT ST. LUCIE'S 28,000 residents celebrated the incorporated city's 20th anniversary in 1981. This project encompasses 48,000 acres straddling the North Fork of the St. Lucie River. Port St. Lucie is located 45 miles north of West Palm Beach. The paths of Florida's Turnpike and I-95, the two major East Coast roadways, pass through the project.

PORT MALABAR'S 43,000 acres make up about 90 per cent of the city of Palm Bay. Lying south of and adjacent to Melbourne on the East Coast, Port Malabar's population totals some 20,000.

VERO SHORES/VERO BEACH HIGHLANDS are on either side of Highway U.S. 1 about a half-hour's drive north of Port St. Lucie and five miles south of Vero Beach. Vero Shores' 411 acres front on the Indian River; west of U.S. 1, Vero Beach Highlands comprises 1,175 acres. Highlands population exceeds 1,500.

SEBASTIAN HIGHLANDS also is on U.S. 1, about halfway between Vero Shores/Vero Beach Highlands and Port Malabar. Its 5,060 acres make up most of the city of Sebastian and its 3,500 residents are three-quarters of the city's population.

PORT ST. JOHN is in Brevard County north of Port Malabar. Residents total over 2,000. Composed of some 5,500 acres, Port St. John is midway between Cocoa and Titusville.

Although you did not purchase your property from us, we are happy to welcome you into the General Development family. As a result of our acquisition, we are extending to you the ability to participate fully in the programs described in this letter, which include changing the location of your lot, using your lot as an exchange towards a house and lot package, using your lot as an exchange towards a lot in our immediate building areas, listing your lot for resale, or selling your lot back to us. Of course, there is no cost or obligation on your part since these privileges are being extended to you by virtue of your previous lot purchase at Silver Springs Shores.

Site Transfer Privilege

Your first benefit is the opportunity to trade the location of your Silver Springs Shores lot for another available lot of equal or greater value, in Silver Springs Shores or in any of our projects around the state, at any time during the next ten years. If you elect to do so, you will receive full credit for payments you have made and any increase in the sales price of your lot. The following example illustrates how the cost of a trade would be calculated.

TRADE TO COMPARABLE NEW LOT

Current Lot Site Selling Price	\$10,295
Original SSS Lot Purchase Price	3,595
Sale Price Increase	6,700
Current Selling Price—New Lot	\$10,295
Less Original Lot Price Increase	-6,700
Less Principal Paid on Original Lot	-3,595
Balance Due	-0-

TRADE TO HIGHER-PRICED LOT

Current Selling Price—New Lot	\$12,500
Less Original Lot Price Increase	-6,700
Less Principal Paid on Original Lot	-3,595
Balance Due	\$ 2,205

Housing Transfer Privilege

Alternatively, for a minimum of ten years and for as long as General Development is engaged in the sale of home and lot packages at Silver Springs Shores, you may trade your Silver Springs Shores lot towards the purchase of a home and lot package in a designated housing area in Silver Springs Shores or in any of General Development's other Florida projects.

Again, a trade-in at Silver Springs Shores allows you full credit for the sale price increase on your lot plus all principal paid since the date of your purchase from Silver Springs Shores. The following example illustrates what this means to you.

TRADE FOR HOME PURCHASE AT SSS

Current SSS Lot Selling Price	\$10,295
Original SSS Lot Purchase Price	3,595
(Assumes Paid-in-full)	
Original Lot Price Increase	6,700
Total Credit Applied	\$10,295

Example of \$76,985 Home Sale (Home: \$58,990, Lot: \$17,995)

Deposit	\$ 1,500
Lot Credit (from above)	10,295
Cash at Closing	7,490
Mortgage Loan	57,700
Total	\$76,985

A trade for a home and lot package at any of General Development's other projects works the same except that the credit for the increase in the original lot selling price may be limited to 5% of the value of the house and lot package. In the example above, if this was a trade for a house and lot package at another project, the credit for the \$6,700 price increase of the original lot would be limited to 5% × \$76,985, or \$3,849.25. Thus, the total credit would be:

Original Lot Purchase Price (Paid)	\$3,595.00
Original Lot Price Increase (5% limit)	3,849.25
Total Credit	\$7,444.25

Housing Area "Independent" Trade-In

This option is also available for at least ten years or for as long as General Development is engaged in the sale of home and lot packages at Silver Springs Shores. You may trade in your Silver Springs Shores lot towards the purchase of a lot in a designated housing area at Silver Springs Shores on which you may have a home constructed by a builder of your choice. Construction must start within a specified

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period of time after the trade, not to be less than ninety (90) days nor more than 180 days. The trade-in credit will be the same as in the example given above for a house and lot package at Silver Springs Shores.

Listing Service

Commencing thirty days from the date of this letter, and continuing for the time period described in the above option, General Development's resale subsidiary, Florida Home Finders, Inc., will maintain an office in Silver Springs Shores and will list and market lots and homes in Silver Springs Shores. It will maintain a block listing (not identifying individual lots) in the local Marion County multiple listing service indicating that it has available for resale Silver Springs Shores lots that have been listed with it. You may have your lot listed at no charge to you. You are cautioned that there is currently very little resale activity and our offering of this service should not be construed as an indication of increased demand.

Buy-Back Program

In addition to the programs described above, General Development Corporation will offer to buy back your lot for the sum of two thousand (\$2,000) dollars. This offer will be extended in a separate letter you will receive within the next eighteen months.

We will extend the offer to all lot owners who purchased directly from Silver Springs Shores (AMREP) and who will have had their deed issued by Silver Springs Shores at least sixty (60) days prior to the date of the offer. Additionally, we will extend the offer to persons who were not the original purchasers from Silver Springs Shores who purchased their lot or who assumed the payments on the installment contract prior to March 31, 1982. They must also be deeded as set forth above.

The offer will be extended annually for a period of five (5) years to qualified purchasers who receive deeds from Silver Springs Shores after the cutoff date of our original offering.

Once you receive the offer, you will have a period of one hundred and twenty (120) days from the date of mailing to accept the offer of repurchase. If you choose this program, you may select one of three payment plans:

1) Payments made to you over an eight-year period at a 6% annual interest rate—approximately \$252/year plus interest.

2) Payments made to you over a six-year period at a 3% annual interest rate—approximately \$336/year plus interest.

3) Payments made to you over a four-year period with no interest—\$500/year.

We plan to add a new dimension and stimulus to Silver Springs Shores. We welcome you to the General Development family and look forward to serving you.

We are anxious to hear from you and invite you to write or call our Customer Service Department concerning additional information you desire or questions you might have concerning your rights and privileges. You may contact us by calling:

Name
Silver Springs Shores Information Service
Telephone #

or by writing:

Director of Customer Service
General Development Corporation
1111 South Bayshore Drive
Miami, Florida 33131

Sincerely,
Robert F. Ehrling
President

Draft Notes: All amounts shown are based on 1982 prices and no representation is made that such prices or amounts will remain the same. All are subject to change to reflect prices current when the letter is issued. GDC plans to include one of its color-photo advertising brochures when mailing this letter.

[This paragraph will be omitted from the actual letter.]

EXHIBIT B

SURVEILLANCE PROGRAM

General Development's Surveillance Program utilizes a private detective agency to do surveillance on a random basis at every General Development's sales office. The program is designed to have every sales source shopped at least twice a year (every six months). Additionally, special surveillance reports are done upon request of senior management in General Development's sales offices and also in broker affiliate offices. Currently General Development is using the Burns Detective Agency.

The investigator has been trained in the elements that constitute a proper sales presentation. He is asked to comment on the sales representative's appearance, general manner, content of the presentation and specific references to areas which might be considered of a problem nature, i.e.; does the salesman offer the property on an investment basis in his sales presentation? Are there any promises to buy back the property, etc.?

When we receive a favorable report from the investigator, we award the salesman with a gift. We call this the Sales Performance Review Awards Program. Those who receive unfavorable reports are dealt with in three ways:

1. Remedial work or retraining may be required if the infraction is of a minor nature or indicates a lack of knowledge.
2. Disciplinary action—If the infraction is of a minor but serious nature, the sales representative could be suspended for a period of time.
3. Termination will be recommended in all cases where serious infractions are involved.

In addition to the Surveillance Program, General Development's Legal Department keeps abreast of complaints regarding improper activities by salesmen and regularly requests investigation of any alleged improper activity which comes to the Legal Department's attention. Through these efforts all levels of management and the sales force are made aware of the Company's strong policy against any improper sales practices.

The result of these efforts is that General has found that the great majority of sales personnel shopped have done adequate to excellent jobs in their sales presentations. Disciplinary action has been instituted in cases where abuses were found and the program appears to be accomplishing what it was set up to do in controlling improper oral sales presentations.

Modifying Order

100 F.T.C.

IN THE MATTER OF

ENCYCLOPAEDIA BRITANNICA, INC., ET AL.

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5
OF THE FEDERAL TRADE COMMISSION ACT*Docket 8908. Final Order, March 9, 1976—Modifying Order, Oct. 5, 1982*

This order reopens the proceeding and modifies the Commission's order issued on March 9, 1976 (87 F.T.C. 421), *modified*, Oct. 28, 1980 (96 F.T.C. 778), by permitting the company's salespeople to use a business card to inform consumers of the reason for their visit, instead of the 3" × 5" card stating, "The purpose of this representative's visit is to solicit the sale of encyclopaedias," as previously required. Additionally, Britannica will no longer have to describe limits on potential earnings during initial interviews with prospective employees, but will be required to disclose, among other things, that these limitations exist, before an applicant accepts a sales position. The modified order also substitutes the original order's restrictions on Britannica's use of the words "free" and "regular" or "retail" price with FTC guidelines on those subjects. The modification also alters the definition of what is considered "truthful."

ORDER MODIFYING CEASE AND DESIST ORDER

The Commission issued its Final Order against respondents on March 9, 1976. The Order became effective on March 17, 1980, upon the United States Supreme Court's denial of respondents' petition for certiorari. On March 18, 1980, the Commission issued a stay of Paragraphs II.A, II.B, II.D, and II.E of the Order to allow the Commission to consider a petition from respondents to modify these provisions. On October 28, 1980, the Commission modified these four paragraphs.

On July 2, 1981, respondents filed another petition to reopen and modify the Order together with an application for a stay of the Order pending the Commission's determination of the petition. The Commission denied the stay application on August 5, 1981. On October 9, 1981, respondents filed a supplemental memorandum in support of their request to reopen the proceedings and set aside or modify the Order. Staff and respondents entered into negotiations which resulted in an agreement on proposed modifications to the Order.

In a separate petition to reopen the proceedings filed October 27, 1981, respondents also sought a permanent modification of Paragraph II.D of the Order. The petition presented persuasive evidence from a consumer survey that presentation of a business card before seeking admission to a customer's home or place of business would