

Complaint

106 F.T.C.

IN THE MATTER OF
INTERNORTH, INC., ET AL.

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

Docket C-3168. Complaint, Sept. 30, 1985—Decision, Sept. 30, 1985

This consent order requires InterNorth, Inc. (INI), the Omaha, Neb. acquirer of the Houston Natural Gas Corporation, among other things, to divest within 12 months from the date of the order to a Commission-approved buyer, all the properties listed on Schedule A, and to terminate all rights and obligations it may have on the contracts listed on Schedule B. Should INI fail to complete the required divestiture within the allotted time, a trustee, appointed by the court or the Commission, will be given 18 months from the date of appointment to divest the remaining Schedule A properties. Until those properties are divested, INI is required to use its best efforts to maintain them as ongoing, viable enterprises. The order further prohibits the company, for a period of ten years, from acquiring any assets or interests of a company that is engaging in the gathering or transportation of natural gas in the Permian basin or the Panhandle whose acquisition price is \$15 million or more, and from entering into any agreement or venture for the joint purchasing, gathering, or transportation of natural gas in the Permian basin or the Panhandle without prior Commission approval.

Appearances

For the Commission: *Marc G. Schildkraut.*

For the respondents: *D. Stuart Meiklejohn, Sullivan & Cromwell*, New York City, for respondent InterNorth, Inc. and *Richard D. Kinder*, Houston, Tex., in-house counsel, for respondent Houston Natural Gas Corp.

COMPLAINT

The Federal Trade Commission, having reason to believe that respondent, InterNorth, Inc., a corporation subject to the jurisdiction of the Federal Trade Commission, intends to acquire, or has acquired the stock or assets of respondent Houston Natural Gas Corporation, in violation of Section 7 of the Clayton Act, as amended (15 U.S.C. 18), and Section 5 of the Federal Trade Commission Act, as amended (15 U.S.C. 45), and that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, pursuant to Section 11 of the Clayton Act (15 U.S.C. 21) and Section 5(b) of the Federal Trade Commission Act (15 U.S.C. 45(b)) stating its charges as follows:

I. DEFINITIONS

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

a. *INI* means InterNorth, Inc., its predecessors, subsidiaries, divisions, groups, affiliate entities, and each of their past or present directors, officers, employees, agents and representatives; and each partnership, joint venture, joint stock company or concession in which INI is a participant. The words *subsidiary*, *affiliate* and *joint venture* refer to any partial (10 percent or more) as well as total ownership or control.

b. *HNG* means Houston Natural Gas Corporation, its predecessors, subsidiaries, divisions, groups, affiliate entities, and each of their past or present directors, officers, employees, agents and representatives; and each partnership, joint venture, joint stock company or concession in which HNG is a participant. The words *subsidiary*, *affiliate* and *joint venture* refer to any partial (10 percent or more) as well as total ownership or control.

c. The acquisition means the transaction described, in whole or in part, in Paragraph 14 of this complaint.

II. RESPONDENTS

A. *INI*

2. Respondent INI is a corporation organized and doing business under the laws of the state of Delaware with its executive offices at 2223 Dodge Street, Omaha, Nebraska.

3. Respondent INI owns businesses that operate at several levels in the natural gas transportation and distribution industry. In addition, respondent INI engages in the exploration for and production of oil and gas, in the production, transportation, and marketing of liquid fuels and in the production and marketing of petrochemicals.

4. Respondent INI had 1984 sales of \$7.5 billion and assets of \$6.1 billion as of December 31, 1984.

5. In 1984, respondent INI owned and operated the longest natural gas pipeline system in the United States. INI's pipeline division owned and operated a natural gas pipeline system in the United States consisting of over 23,000 miles of pipeline. INI also owned and operated various other natural gas gathering and transmission facilities. Most of INI's system is interstate pipeline.

6. Respondent INI wholly or partially owns (or owns interests in companies that wholly or partially own) the following natural gas pipelines in the United States: Northern Natural Gas Company Pipeline System; TransTexas Pipeline; Overthrust Pipeline; Tiger Ridge

Pipeline System; Northern Border Pipeline; Trailblazer Pipeline; Cognac Pipeline; NIPCO Louisiana Pipeline; Central Texas Loop Pipeline; Seagull Shoreline System; Matagorda Offshore Pipeline System; and several pipelines used for the local distribution of natural gas that are operated by Peoples Natural Gas Company, a division of INI.

7. At all times relevant herein, respondent INI has been and is now engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and is a corporation whose business is in or affecting commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44.

B. HNG

8. Respondent HNG is a corporation organized and doing business under the laws of the state of Texas with its executive offices at 1200 Travis Street, Houston Texas.

9. Respondent HNG engages in the transmission and sale of natural gas, in the exploration for and production of oil and gas, and in hydrocarbons processing and marketing.

10. Respondent HNG had 1984 sales of \$2.0 billion and assets of \$3.7 billion, as of December 31, 1984.

11. In late 1984, respondent HNG acquired the Florida Gas Transmission Company and the Transwestern Pipe Line Company, for the first time making respondent HNG an interstate pipeline company. Until these acquisitions, respondent HNG had been exclusively an intrastate pipeline system.

12. In 1984, respondent HNG wholly or partially owned the following intrastate pipelines: Llano, Inc.; Oasis Pipeline Company; Intratex Gas Company; Houston Pipeline Company; Red River Pipeline; HPI Transmission, Inc.; Black Marlin Pipeline Company; Valley Pipelines, Inc.; A-S Pipeline; Texoma Pipeline; and other smaller pipelines.

13. At all times relevant herein, respondent HNG has been and is now engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and is a corporation whose business is in or affecting commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44.

III. THE ACQUISITION

14. On or about May 3, 1985, INI commenced a cash tender offer for up to 100 percent of the outstanding shares of HNG common stock at a price of \$70 per share with the intent of effecting a merger of InterNorth Holdings Inc. a Texas corporation wholly-owned by INI.

into HNG, pursuant to which HNG would become a wholly-owned subsidiary of INI, all as contemplated in that certain Merger Agreement entered into among INI, its subsidiary, and HNG on May 2, 1985. HNG's Board of Directors has approved the tender offer and recommended its acceptance by HNG shareholders. If all the currently outstanding HNG common shares are tendered to INI, the total value of the transaction is about \$2.3 billion and, if consummated, it would result in the largest natural gas transportation company in the United States in terms of assets.

IV. TRADE AND COMMERCE

A. *Purchase and Transportation of Natural Gas*

15. One relevant line of commerce in which to evaluate the effects of the acquisition is the purchase of natural gas in producing fields and basins, and the transportation of natural gas from producing fields and basins to consumers.

16. One relevant section of the country is the Permian Basin, composed of "producing districts 8, 8A and 7C" as defined by the Texas Railroad Commission and "New Mexico-East" as defined by the U.S. Department of Energy.

17. Another relevant section of the country is the Panhandle region, composed of "producing district 10" as defined by the Texas Railroad Commission and the counties of Beaver, Beckham, Cimarron, Ellis, Harmon, Harper, Roger Mills, Texas and Woodward in Oklahoma.

18. Consumption of natural gas in these two sections of the country is substantially below production in the area, with the result that most production in the area is transported by pipelines to consuming areas on the Texas Gulf Coast and elsewhere in the United States.

19. The business of buying and transporting by pipeline natural gas in and out of these respective sections of the country is concentrated.

20. It is difficult to enter into the business of buying and transporting natural gas by pipeline in these respective sections of the country.

21. INI is the sole owner of the Northern Natural Gas Company Pipeline System that runs from the Permian Basin to the Panhandle and from the Panhandle to consuming areas to the north of the Panhandle, including but not limited to the states of Minnesota and Wisconsin.

22. INI is also an owner of an undivided 50 percent interest in the TransTexas Pipeline that runs from the Permian Basin to New Braunfels, Texas, where the Pipeline connects to pipelines that serve areas on the Texas Gulf Coast.

23. HNG is the sole owner of Llano, Inc., that owns a gathering pipeline system in the Permian Basin.

24. HNG is also the sole owner of the Transwestern Pipe Line Company which owns a pipeline system that runs from both the Permian Basin and the Panhandle to consuming areas to the west of the Permian Basin and the Panhandle, including but not limited to California.

25. HNG is also an owner of 50 percent of the Oasis Pipeline Company which owns a pipeline that runs parallel to the TransTexas Pipeline from the Permian Basin to New Braunfels, and continues to the Texas Gulf Coast consuming area.

26. HNG is also an owner of 25 percent partnership interest in the Red River Pipeline which owns a pipeline that runs from the Panhandle to the Permian Basin, where the Pipeline connects to pipelines that serve areas located outside of the Permian Basin.

27. Respondents INI and HNG are direct and substantial competitors in the business of purchasing and transporting natural gas in and from producing fields and basins to consuming areas.

B. Transportation and Sale of Natural Gas

28. One relevant line of commerce in which to evaluate the effects of the acquisition is the transportation and sale of natural gas by pipeline in consuming areas.

29. One relevant section of the country is the Texas Gulf Coast, composed of "producing districts 2, 3 and 4" as defined by the Texas Railroad Commission.

30. The business of selling and transporting by pipeline natural gas in and into the Texas Gulf Coast consuming area is concentrated.

31. It is difficult to enter into the business of selling and transporting natural gas by pipeline in the Texas Gulf Coast consuming area.

32. HNG is the largest competitor in the business of transporting and selling natural gas in the Texas Gulf Coast consuming area.

33. INI is a competitor of HNG through INI's joint venture known as "Nor-Val", a partnership created in February, 1985, between INI and Valero Transmission Company.

34. INI also competes with HNG by virtue of INI's ownership of 50 percent of the TransTexas Pipeline. TransTexas Pipeline is connected to pipelines serving the Texas Gulf Coast consuming areas at New Braunfels. Some of these pipelines at New Braunfels are owned by Valero Transmission Company. Valero Transmission Company has dedicated capacity to transport natural gas for Nor-Val into the Texas Gulf Coast consuming area.

35. HNG is an owner of 50 percent of the Oasis Pipeline that runs parallel to the TransTexas Pipeline from the Permian Basin to New Braunfels, and continues to the Texas Gulf Coast consuming area.

36. Respondents INI and HNG are direct and substantial competi-

tors in the business of transporting and selling natural gas in the Texas Gulf Coast consuming area.

V. EFFECTS

37. The effect of the acquisition may be substantially to lessen competition or tend to create a monopoly in each of the relevant lines of commerce and relevant sections of the country in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, in the following ways among others:

a. actual competition between respondents INI and HNG in the relevant lines of commerce and relevant sections of the country will be eliminated;

b. actual competition between competitors generally in the relevant lines of commerce and relevant sections of the country will be lessened; and

c. concentrations in the relevant lines of commerce and relevant sections of the country will be increased, therefore increasing the likelihood of collusion.

VI. VIOLATION CHARGED

38. The proposed acquisition of the stock and assets of HNG by INI, as set forth in Paragraph 14 herein, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

DECISION AND ORDER

The FTC having initiated an investigation of the proposed acquisition of shares of Houston Natural Gas Corporation ("HNG") by InterNorth, Inc. ("INI"), and INI and HNG ("respondents") having been furnished with a copy of a draft complaint that the Bureau of Competition has presented to the Commission for its consideration, and which, if issued by the Commission, would charge respondents with violations of the Clayton Act and Federal Trade Commission Act; and

Respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, and admission by respondents 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 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 considered the matter 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 and the recommendation of its staff, and having concluded that the consent agreement should be accepted; and

Now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission issues its complaint, makes the following jurisdictional findings and enters the following order:

1. INI is a corporation organized under the laws of Delaware with its executive office at 2223 Dodge Street, Omaha, Nebraska.

HNG is a corporation organized under the laws of Texas with its executive office at 1200 Travis Street, Houston, Texas.

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

I.

As used in this order the following definitions shall apply:

(a) *Acquisition* means INI's acquisition of shares of the Common Stock of HNG.

(b) *Schedule A Properties* means the assets and businesses listed in Schedule A of this order. *Schedule B Contracts* mean the contracts listed in Schedule B of this order.

(c) *INI* means InterNorth, Inc., its predecessors, subsidiaries, divisions, groups and affiliates controlled by INI and their respective directors, officers, employees, agents and representatives, and their respective successors and assigns.

(d) *HNG* means Houston Natural Gas Corporation, as it was constituted prior to the acquisition, including its parents, predecessors, subsidiaries, divisions, groups and affiliates controlled by HNG, and their respective directors, officers, employees, agents and representatives, and their respective successors and assigns.

(e) *Permian Basin* means the counties currently included in Texas Railroad Commission Districts 7C, 8 and 8A and that portion of the state of New Mexico currently defined as *New Mexico—East* by the United States Department of Energy for purposes of reporting on form EIA-23.

road Commission District 10 and the following counties in Oklahoma: Beaver, Beckham, Cimarron, Ellis, Harmon, Harper, Roger Mills, Texas, Woodward.

(g) *Texas Gulf Coast* means the counties currently included in Texas Railroad Districts 2, 3 and 4.

(h) *Texas Gulf Coast Pipeline Company* means a company, other than INI, that delivered, in the twelve months preceding the date of any agreement of the kind described in paragraph IV(D), a daily average of at least 100 million cubic feet/day of natural gas to the Texas Gulf Coast for consumption therein. For the purposes of this definition, the deliveries of any entity acquired by a company during the preceding twelve months shall be deemed to be deliveries of the company for the entire, preceding, twelve-month period.

II.

It is ordered, That:

(A) Within 12 months of the date this order becomes final, INI shall divest, absolutely and in good faith, the Schedule A Properties.

(B) Within 12 months of the date this order becomes final, INI shall terminate all rights and obligations it may have on the contracts listed on Schedule B.

(C) Divestiture of the Schedule A Properties shall be made only to an acquirer or acquirers, and only in a manner that receives the prior approval of the Federal Trade Commission. The purpose of the divestiture of the Schedule A Properties and the dissolution of the Schedule B Contracts is to ensure the continuation of the assets as ongoing, viable enterprises engaged in the same business in which the Properties are presently employed and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's complaint.

(D) If INI has not divested the Schedule A Properties within the 12-month period, INI shall consent to the appointment of a trustee in any action that the Federal Trade Commission may bring pursuant to Section 5(1) of the Federal Trade Commission Act, 15 U.S.C. 45(1), or any other statute enforced by the Commission. In the event the court declines to appoint a trustee, INI shall consent to the appointment of a trustee by the Commission pursuant to this order. The appointment of a trustee shall not preclude the Commission from seeking civil penalties and other relief available to it for any failure by INI to comply with paragraphs II(B) through VI of this order.

(E) If a trustee is appointed by a Court or the Commission pursuant to Paragraph II(D) of this order, INI shall consent to the following

terms and conditions regarding the trustee's duties and responsibilities:

1. The Commission shall select the trustee, subject to INI's consent, which shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures.

2. The trustee shall have the power and authority to divest any Schedule A Properties that have not been divested by INI within the time period for divestiture in Paragraph II(A). The trustee shall have 18 months from the date of appointment to accomplish the divestiture, which shall be subject to the prior approval of the Commission and, if the trustee was appointed by a court, subject also to the prior approval of the court. If, however, at the end of the 18-month period the trustee has submitted a plan of divestiture or believes that divestiture can be achieved within a reasonable time, the divestiture period may be extended by the Commission or by the court, if the trustee was appointed by a court.

3. The trustee shall have full and complete access to the personnel, books, records, and facilities of any business that the trustee has the duty to divest, and INI shall develop such financial or other information relevant to the assets to be divested as such trustee may reasonably request. INI shall cooperate with the trustee and shall take no action to interfere with or impede the trustee's accomplishment of the divestiture.

4. The power and authority of the trustee to divest shall be at the most favorable price and terms available consistent with the order's absolute and unconditional obligation to divest and the purposes of the divestiture as stated in Paragraph II(C).

5. The trustee shall serve at the cost and expense of INI on such reasonable and customary terms and conditions as the Commission or a court may set. The trustee shall account for all monies derived from the sale and all expenses incurred. After approval by the court or the Commission of the account of the trustee, including fees for his or her services, all remaining monies shall be paid to INI and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the trustee divesting the trust property.

6. Promptly upon appointment of the trustee and subject to the approval of the Commission, INI shall, subject to the Commission's prior approval and consistent with provisions of this order, execute a trust agreement that transfers to the trustee all rights and powers necessary to permit the trustee to cause divestiture.

7. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed.

8. The trustee shall report in writing to INI and the Commission every sixty (60) days concerning the trustee's efforts to accomplish divestiture.

(F) INI shall maintain the viability and marketability of the Schedule A Properties and shall not cause or permit the destruction, removal or impairment of any assets or businesses to be divested except in the ordinary course of business and except for ordinary wear and tear. INI shall use its best efforts to ensure that the Schedule A Properties continue to be ongoing, viable enterprises engaged in the same business in which the Schedule A Properties are presently employed.

III.

It is further ordered, That, within sixty (60) days after the date this order becomes final and every sixty days thereafter until INI has fully complied with the provisions of Paragraph II of this order, INI shall submit to the Commission a verified written report setting forth in detail the manner and form in which it intends to comply, is complying with, or has complied with that provision. INI shall include in compliance reports, among other things that are required from time to time, a full description of contacts or negotiations for the divestiture of properties specified in Paragraph II of this order, including the identity of all parties contacted. INI also shall include in its compliance reports copies of all written communications to and from such parties, and all internal memoranda, reports and recommendations concerning divestiture.

IV.

It is further ordered, That for a period commencing on the date this order becomes final and continuing for ten (10) years from and after the date this order becomes final, INI shall cease and desist from (A) acquiring, without the prior approval of the Federal Trade Commission, directly or indirectly, through subsidiaries or otherwise, assets used or previously used in (and still suitable for use in), any interest in or the whole or any substantial part of the stock or share capital of any company that is engaged in the gathering or transportation of natural gas in the Permian Basin or Panhandle (except, however, that, with respect to any particular transaction, INI may, without prior approval of the Commission, (i) acquire any such assets used in the gathering or transportation of natural gas in the Permian Basin or Panhandle so long as the acquisition price of such assets so used is less than \$15 million, and (ii) acquire such stock of any such compa-

ny so long as the fair market value—as computed in the manner contemplated by 16 C.F.R. 801.10—of assets held by such company that are used in the gathering or transportation of natural gas in the Permian Basin or Panhandle is less than \$15 million), (B) entering into, without prior approval of the Federal Trade Commission, any agreement or venture for the joint purchasing, joint gathering or joint transportation of natural gas in the Permian Basin or the Panhandle with any other party that owns natural gas transportation facilities in the same area, (C) entering into, without prior approval of the Federal Trade Commission, any agreement, pursuant to the April 10, 1985 agreement in principle between El Paso Natural Gas Company and INI, for the purchasing, gathering or transportation of natural gas in the Permian Basin or the Panhandle, (D) entering into, without prior approval of the Federal Trade Commission, any agreement with a Texas Gulf Coast Pipeline Company for the joint marketing of natural gas sold in and to be consumed in the Texas Gulf Coast in connection with which the joint marketing effort contemplates in excess of three unrelated sales transactions, or (E) tendering to The Dow Chemical Company or to Tenngasco, Inc. or receiving from either of these any new gas purchase contracts under the terms of the Gas Supply Agreement dated February 1, 1972, between Intratex Gas Company, The Dow Chemical Company, and Tenngasco, Inc. The prohibitions of this Paragraph IV shall not apply to the (i) construction by INI, without any joint venture participants, of new facilities, or (ii) additions by INI, without any joint venture participants, to existing facilities, or (iii) additions to existing joint venture facilities under existing joint venture arrangements.

One year from the date of service of this order and annually thereafter INI shall file with the Commission a verified written report of its compliance with this paragraph.

V.

For the purposes of determining or securing compliance with this order, and subject to any legally recognized privilege, upon written request and on reasonable notice to INI and HNG made to its principal office, INI and HNG shall permit any duly authorized representatives of the Commission:

A. Access, during office hours and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of INI or HNG relating to any matters contained in this order; and

B. Upon five days notice to INI or HNG and without restraint or interference from them, to interview officers or employees of respondents who may have counsel present, regarding such matters.

VI.

It is further ordered, That INI 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 that may affect compliance obligations arising out of the order.

SCHEDULE A

1. Fifty percent (50%) of HNG's stock in Oasis Pipeline Company, a Delaware Corporation.
2. Fifty percent (50%) of Intratex's dedicated capacity under a certain Gas Transportation Agreement dated February 1, 1972 by and between Oasis and Intratex Gas Company, an HNG subsidiary.
3. The partnership interest held by HNG in Red River Pipeline, a Texas general partnership.
4. Llano, Inc.
5. The fifty percent (50%) undivided interest in the TransTexas Pipeline that was acquired pursuant to the Purchase Agreement, dated as of February 28, 1985 by and among Valero Energy Corporation, Valero Transmission Company, INI, Inc., and Northern Texas Intrastate Pipeline Company.
6. Rights and obligations under the following agreements:
 - a. Ownership Agreement, dated as of February 28, 1985 between Northern Texas Intrastate Pipeline Company and Valero Transmission Company.
 - b. Pipeline Operating Agreement, dated as of February 28, 1985 between Northern Texas Intrastate Pipeline Company and Valero Transmission Company.
 - c. Gas Transportation Agreement No. 5201-972, dated as of February 28, 1985 between Valero Transmission Company and Northern Natural Gas Company.

SCHEDULE B

Rights and obligations under the Nor-Val Gas Company Partnership Agreement, dated February 1, 1985, as amended April 1, 1985.

Complaint

106 F.T.C.

IN THE MATTER OF
AMERICAN SOCIETY OF SANITARY ENGINEERING

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

Docket C-3169. Complaint, Oct. 3, 1985—Decision, Oct. 3, 1985

This consent order requires, among other things, that a Bay Village, Ohio organization ("ASSE"), whose members consist of manufacturers of plumbing products and others associated with the plumbing industry, to cease refusing written requests for issuance of a standard or modification of an existing standard for a product because the product is patented or produced by only one or a limited number of manufacturers. The order also bars the society from failing to take sought action when it has already issued a standard, modification of a standard or a seal of approval covering a competing product and the applicant has demonstrated that its product adequately meets required performance goals. Should ASSE fail to issue the requested standard, modification or seal of approval, it is required to provide the applicant with a statement of the justification and bases for the failure, together with a reasonable opportunity to respond, and to maintain copies of relevant submissions and responses. Additionally, the society is required to incorporate the requirements of Parts I and II of the order into its Bylaws, and publish them in both its *Yearbook* and *Standards Handbook*.

Appearances

For the Commission: *Eugene R. Curry.*

For the respondents: *Sanford Schwartz, Rippner, Schwartz & Carlin, Cleveland, Ohio.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by that Act, the Federal Trade Commission, having reason to believe that respondent American Society of Sanitary Engineering, a corporation, has violated and is violating Section 5 of the Federal Trade Commission Act and that this proceeding is in the public interest, hereby issues this complaint.

PARAGRAPH 1. Respondent American Society of Sanitary Engineering ("ASSE") is a non-profit District of Columbia corporation, with its principal place of business in Bay Village, Ohio. ASSE's membership consists of plumbers, plumbing equipment manufacturers, plumbing designers, plumbing contractors, plumbing inspectors, sanitary inspectors, health officers, architects, and engineers.

PAR 2 ASSE together with its members is engaged in the business