

IN THE MATTER OF
GENERAL MILLS FUN GROUP, INC.

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-2965. Consent Order, May 15, 1979—Modifying Order, Dec. 11, 1985

The Federal Trade Commission has released General Mills, Inc. from its responsibilities under a 1979 consent order that prohibited misrepresentations in advertising by its toy producing subsidiary, but has said the order remains binding on the subsidiary's successor (93 F.T.C. 749). General Mills intends to spin off its toy-producing subsidiary, General Mills Fun Group, Inc., as an independent company called Kenner Parker Toys, Inc., and has no intention of reentering the toy business following the corporate action.

ORDER REOPENING THE PROCEEDING AND
MODIFYING CEASE AND DESIST ORDER

On September 20, 1985, General Mills, Inc.'s (Petitioner) request to reopen and modify the consent order entered against General Mills Fun Group, Inc. (respondent) by the Commission on May 15, 1979 [93 F.T.C. 749], in the above-captioned matter was placed on the public record for 30 days pursuant to Rule 2.51(c) of the Commission's Procedures and Rules of Practice. That order proscribes representing the performance, operation, use, size, or appearance of toys or related products which (1) cannot be duplicated by children in ordinary use; or (2) through the use of any commercial production technique misrepresents to children these characteristics, or (3) fails to disclose the need for human or mechanical assistance, when such failure, in the context of the advertisement as a whole, misrepresents to children such toy's performance or operation. Part III of that order applies the same proscriptions against Petitioner if it should engage in the advertising of toys, directly or through a subsidiary other than respondent. A second provision of Part III would make Petitioner liable for any penalties or other legal or equitable relief under the order if for any reason respondent or other subsidiary advertising toys while owned by Petitioner is not amenable to suit or execution of full judgment.

The respondent, General Mills Fun Group, Inc., through a series of name changes has become Kenner Parker Toys Inc. (Kenner Parker or respondent). On November 7, 1985, Petitioner spun-off Kenner Parker as a free-standing corporate entity that is now independent of Petitioner through a distribution of Kenner Parker's stock to Petitioner's stockholders of record. The newly independent Kenner Park-

er, with fiscal 1985 sales of \$638 million and assets of \$499 million, will be one of the largest toy companies in the world. As a result of this spin-off, Petitioner will no longer be engaged in the toy business and has stated that it has no present intent to reenter that business in the future. In addition, Petitioner is not in a position to oversee either the management or advertising of respondent Kenner Parker, formerly General Mills Fun Group, Inc. As a consequence of the foregoing, Petitioner requests that it be relieved of its responsibilities under the order by the setting aside of Part III.

Upon consideration of Petitioner's request and supporting materials, and other relevant information, the Commission finds pursuant to Rule 2.51 of the Commission's Procedures and Rules of Practice, 16 C.F.R. 2.51 that changed conditions of fact and the public interest warrants reopening and modification of the order in the manner requested. In doing so, the Commission notes that Kenner Parker, as a successor corporation, remains bound by the terms of the order and that a specific covenant to that effect was contained in the transfer documents between Petitioner, General Mills, Inc., and Kenner Parker.

It is therefore ordered, That the proceeding is hereby reopened and the order issued May 15, 1979 in Docket No. C-2965 as hereby modified by setting aside Part III thereof.

IN THE MATTER OF
HOSPITAL CORPORATION OF AMERICA

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION AND CLAYTON ACTS

Docket C-3167. Consent Order, Sept. 30, 1985—Modifying Order, Dec. 16, 1985

The Federal Trade Commission has approved Hospital Corp. of America's proposed divestiture of a hospital in Midland, Texas, to ClayDesta Corp. The Commission also modified the 1985 consent order requiring the divestiture, so that HCA may retain the land that is the location for a planned hospital in Midland. (106 F.T.C. 298)

ORDER MODIFYING CEASE AND DESIST ORDER
ISSUED ON SEPTEMBER 30, 1985

By a petition filed on November 12, 1985, Hospital Corporation of America ("HCA") requests that the Commission reopen the proceeding in Docket No. C-3167 and modify the order issued by the Commission on September 30, 1985 [106 F.T.C. 298], to remove a parcel of land held by Doctors' Hospital of the Permian Basin, Inc. ("Doctors' Hospital") from the assets to be divested pursuant to Paragraph II of the order. Pursuant to Section 2.51 of the Commission's Rules of Practice, 16 C.F.R. 2.51 (1985), HCA's petition was placed on the public record for comments. No comments were received.

After reviewing HCA's petition and HCA's September 26, 1985, application for approval of the divestiture of its Parkview Hospital and the planned Doctors' Hospital, the Commission has concluded that the public interest warrants reopening and modification of the order. In the context of HCA's September 26, 1985, divestiture proposal, elimination of the requirement that HCA divest the parcel of land owned by Doctors' Hospital would facilitate the proposed divestiture which, in turn, will help achieve the remedial purposes of the order. HCA proposes to divest Doctors' Hospital to ClayDesta Corporation, an acquirer who intends to locate Doctors' Hospital on a site of its own choosing within the relevant geographic market. Therefore, ClayDesta does not desire to acquire the Doctors' Hospital land. Consequently, divestiture of the parcel of land currently owned by Doctors' Hospital is not essential to achieving the remedial goals of the order. Eliminating the requirement that HCA divest the Doctors' Hospital parcel of land, in the context of the proposed divestiture, does not appear to have any adverse competitive significance.

Accordingly,