

IN THE MATTER OF

AMERICAN MEDICAL INTERNATIONAL, INC., ET AL.

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

Docket 9158. Final Order, July 2, 1984—Modifying Order, March 21, 1986

The Federal Trade Commission has modified, for the second time, a 1984 divestiture order with American Medical International, Inc. (104 F.T.C. 1). After first modifying the original order specifying the divestiture required (104 F.T.C. 617 (1984)), the Commission has further modified the order to allow respondent to divest French Hospital in San Luis Obispo, Calif., to Summit Health Ltd. The current modified order allows respondent to retain a security interest in French Hospital until Summit finishes payment, and retain the stock of French Hospital Corp.

ORDER MODIFYING MODIFIED ORDER TO CEASE AND DESIST

On November 9, 1984, the Commission issued its modified order in this matter requiring, *inter alia*, that respondent American Medical International, Inc. ("AMI") "divest, absolutely and in good faith, all stock, assets, properties, licenses, leases, and other rights and privileges, tangible and intangible, that AMI acquired from Central Coast Hospital Company, French Hospital Corporation and French Medical Clinic, Inc., together with any subsequent improvements." Pursuant to the terms of Paragraph II of the order, AMI submitted an application requesting prior Commission approval of AMI's divestiture of French Hospital Corporation to Summit Health Ltd. ("Summit"). The application was placed on the public record for thirty days in accordance with Section 2.41 of the Commission's Rules of Practice, and no public comments were received.

Although the proposed divestiture appeared consistent with the order's express objective of "establish[ing] French Hospital as a viable competitor in San Luis Obispo County", the agreement entered into between AMI and Summit varied from the provisions of Paragraph II of the order in certain respects. Specifically, the agreement granted AMI a security interest in the assets to be divested and an accompanying right to repossess the assets. In addition, the agreement did not provide for the transfer of the stock of French Hospital Corporation or of the data processing equipment installed by AMI at the hospital. Because it appeared that the public interest would be served by modifying the order to allow the proposed divestiture to go forward, on March 6, 1986, the Commission issued its Order To Show Cause Why Order Requiring Divestiture Should Not Be Modified ("order to show

cause”) pursuant to Section 3.72 of the Commission’s Rules of Practice. The order to show cause proposed modification of Paragraph II of the order to allow AMI to retain a security interest in the assets to be divested, to require divestiture of any assets AMI reacquires by operation of such a security interest, to delete the requirement that AMI divest the stock of French Hospital Corporation and to exclude from the assets to be divested the data processing equipment installed by AMI at French Hospital. On March 11, 1986, the order to show cause was served on AMI, and AMI answered on March 12, 1986, stating that it consents to the modifications.

After reviewing AMI’s answer and the materials submitted in connection with AMI’s divestiture application, the Commission has concluded that the public interest warrants modifying the order as proposed in the order to show cause. As the Commission observed in the order to show cause, the proposed divestiture appears likely to advance the remedial objectives of the order.

Accordingly,

It is hereby ordered, That pursuant to 15 U.S.C. 45(b), and Section 3.72 of the Commission’s Rules of Practice, 16 C.F.R. 3.72, Paragraph II of the order in this matter be modified to read as follows:

It is ordered, That within twelve (12) months from the date this order becomes final, AMI shall divest, absolutely and in good faith, all assets, properties, licenses, leases, and other rights and privileges, tangible and intangible, that AMI acquired from Central Coast Hospital Company, French Hospital Corporation and French Medical Clinic, Inc., together with any subsequent improvements except for the stock of French Hospital Corporation and the data processing equipment installed by AMI at French Hospital. The purpose of the divestiture is to reestablish French Hospital as a viable competitor in San Luis Obispo County. The divestiture shall be subject to the prior approval of the Federal Trade Commission.

Pending divestiture, AMI shall take all measures necessary to maintain French Hospital in its present condition and to prevent any deterioration, except for normal wear and tear, of any of the assets to be divested so as not to impair French Hospital’s present operating abilities or market value.

Nothing in this order shall be deemed to prohibit an eligible person from giving and AMI from accepting and enforcing a bona fide lien, mortgage, deed of trust or other form of security interest on all or any portion of the assets to be divested under the provisions of this order. If AMI accepts a security interest, in no event should such security interest be interpreted to mean that AMI has a right to participate in the operation or management of such assets. In the event that AMI,

as a result of the enforcement or settlement of any bona fide lien, mortgage, deed of trust or other form of security interest, reacquires any of the aforementioned assets, then AMI shall promptly notify the Commission in writing and shall divest the reacquired assets in accordance with the terms of this order within twelve (12) months of the reacquisition.

Commissioner Strenio did not participate.

IN THE MATTER OF
FIGGIE INTERNATIONAL, INC.

FINAL ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket 9166. Complaint, May 17, 1983—Final Order, April, 11, 1986

This final order requires, among other things, a Richmond, Va. manufacturer and seller of home heat detectors to provide notification that smoke detectors give earlier warning than heat detectors in nearly all residential fires to past purchasers of its heat detectors. Respondent must also disclose that fact in any future promotional materials that make claims about the residential fire protection provided by heat detectors. Additionally, respondent is prohibited from misrepresenting: (1) the performance characteristics of any heat or smoke detector, or any system containing both; or (2) any standard or recommendation established by the National Fire Protection Association or any other group concerning fire warning systems.

Appearances

For the Commission: *Christopher Schwartz* and *David M. Malone*.

For the respondent: *Edwin S. Rockefeller* and *Leslie Donovan, Schiff, Hardin & Waite*, Washington, D.C.

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 Figgie International, Inc., a corporation ("respondent") 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 as follows:

PARAGRAPH 1. Respondent, Figgie International, Inc., is an Ohio corporation with its principal place of business at 1000 Virginia Center Parkway, Richmond, Virginia.

PAR. 2. Respondent maintains a substantial course of business, including the acts and practices set forth hereinafter, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Respondent manufactures, advertises, offers for sale, sells and distributes residential fire alarm products including heat detectors and smoke detectors. Respondent's fire alarm products are some-