

Complaint

108 F.T.C.

IN THE MATTER OF

SAGA INTERNATIONAL, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3196. Complaint, Aug. 20, 1986—Decision, Aug. 20, 1986*

This consent order, among other things, requires a Compton, Calif. manufacturer and seller of ultrasonic pest-control devices to refund the full purchase price of its "Home Free" pest-control product to any consumer who bought the device after Dec. 31, 1983. Additionally, respondent is required to provide signs for retailers to post about the availability of refunds and advertise their availability through newspaper ads. Further, respondent is prohibited from making any performance or efficacy claims about any ultrasonic pest-control product unless it possesses and relies upon competent and reliable evidence that substantiates its claims.

Appearances

For the Commission: *Harrison J. Sheppard.*

For the respondents: *Vicki E. Baer, Holme, Roberts & Owen, Denver, Colo.*

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 Saga International, Inc., a corporation, hereinafter sometimes referred to as 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 in that respect as follows:

PARAGRAPH 1. Respondent Saga International, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, with its offices and principal place of business located at 1220 West Walnut Street, Compton, California.

PAR. 2. Respondent, at all times mentioned herein, has maintained a substantial course of business, including the acts and practices as hereinafter set forth, which are in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Respondent, advertises, offers for sale, sells and distributes ultrasonic pest control devices under the brand name of "Home Free".

PAR. 4. In the course and conduct of its business, and for the purpose of inducing the purchase of the Home Free ultrasonic pest control product, respondent has disseminated, directly and through its marketers and distributors, various promotional materials, including suggested advertisements, sales brochures and promotional pamphlets, which contain statements respecting the performance of the Home Free ultrasonic pest control product. Examples of such promotional materials, which include the Home Free package, are attached hereto as Exhibits A through J.

PAR. 5: Typical statements in said promotional materials, but not necessarily inclusive thereof, are:

A. Ultrasonic sound waves repel rats, mice, and many insects from your home . . . repels . . . roaches, flies, fleas, mosquitos, bedbugs, spiders, and ticks.

B. Electronically drives away insects and pests, with powerful pulsating blasts of sound waves. . . in a safe effective way!

C. Safe. . . eliminates dangerous poisons from your home.

D. It has been found effective on a wide range of pests including fleas, flies, mosquitos, crickets, roaches, rats, and mice. The HOME FREE, when properly used, sends out an ultrasonic signal that irritates the super sensitive auditory nerves of insects and rodents, and thereby forces them to leave the area protected by it's [sic] sound.

E. Rodents. . . will leave the area right away and results will be apparent almost at once.

F. It may take up to 4-6 weeks before the insect army is gone.

G. HOME FREE keeps your home free from bugs, insects, rats, and mice. . .

H. HOME FREE combined science and electronics to create a pest control system that is effective, and easy to use.

PART I

Pest Elimination Claims

Alleging violations of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Two, Three, Four and Five are incorporated by reference herein.

PAR. 6. Through the use of statements referred to in Paragraph Five and others not specifically set forth therein, respondent has represented, and is now representing, directly or by implication, that use of the Home Free:

a. Eliminates rats, mice, cockroaches, and other pests from a purchaser's home or place of business.

b. Eliminates rodents and insects from a purchaser's home or place of business within four to six weeks or sooner.

c. Prevents rodents and insects from remaining in or entering an area in a purchaser's home or place of business where the Home Free device is in use.

PAR. 7. In truth and in fact, use of the Home Free:

- a. Does not eliminate rats, mice, cockroaches, and other pests from a purchaser's home or place of business.
- b. Does not eliminate rodents and insects from a purchaser's home or place of business within four to six weeks or sooner.
- c. Does not prevent rodents or insects from remaining in or entering an area in a purchaser's home or place of business where the Home Free device is in use.

Therefore, the representations set forth in Paragraph Six were, and are, false and misleading.

PART II

Pest Control Claims

Alleging further violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraph One, Two, Three, Four and Five are incorporated by reference herein.

PAR. 8. Through the use of the statements referred to in Paragraph Five, and others not expressly set out therein, respondent has represented, and is now representing, directly or by implication, that use of the Home Free:

- a. Effectively controls rats and mice in the home or place of business.
- b. Effectively controls insects, such as cockroaches, in the home or place of business.
- c. Eliminates the need to use, in the home or place of business, alternative rodent or insect control products such as traps, powders, sprays or other chemicals.

PAR. 9. In truth and in fact, use of the Home Free:

- a. Does not effectively control rats and mice in the home or place of business. Any reaction by rodents to the Home Free would, at best, only be of short duration. Rodents habituate to ultrasound and will return to their chosen nesting or feeding habitats even in the presence of such ultrasonic products.
- b. Does not effectively control insects, such as cockroaches, in the home or place of business.
- c. Does not eliminate the need to use, in the home or place of business, alternative rodent or insect control products such as traps, powders, sprays, or other chemicals.

Therefore, the representations set forth in Paragraph Eight were, and are, false and misleading.

PART III

Reasonable Basis—Substantiation

Alleging further violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Two, Three, Four and Five are incorporated by reference herein.

PAR. 10. Through the use of the statements referred to in Paragraph Five, and others not expressly set out therein, respondent has represented and is now representing, directly or by implication, that at the time of making the representations set forth in Paragraphs Six and Eight respondent possessed and relied upon a reasonable basis for those representations.

PAR. 11. In truth and in fact, at such times, respondent did not possess and rely upon a reasonable basis for making those representations.

Therefore, the representation set forth in Paragraph Ten was, and is, false and misleading.

PAR. 12. The use by respondent of the aforesaid representations as set forth in Parts I – III, and the placement, in the hands of distributors and retailers, of promotional materials through which others may have conveyed those representations, have had the tendency and capacity to mislead consumers and to induce the purchase of respondent's ultrasonic pest control products.

PAR. 13. The acts and practices of respondent, as herein alleged, constituted, and now constitute unfair and deceptive acts or practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act. The acts and practices of respondent, as herein alleged, are continuing and will continue in the absence of the relief herein requested.

FEDERAL TRADE COMMISSION DECISIONS

Complaint

EXHIBIT A

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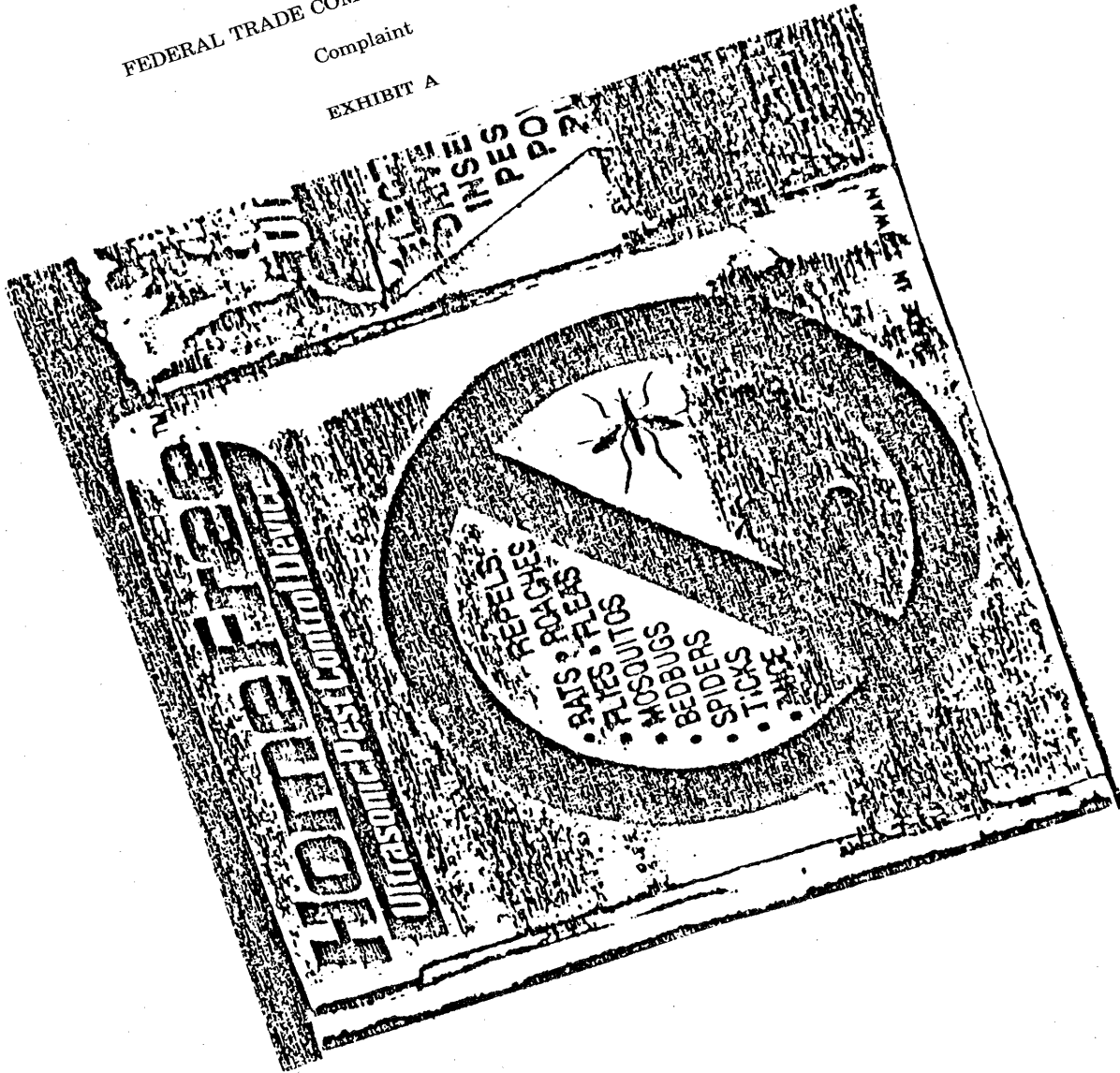
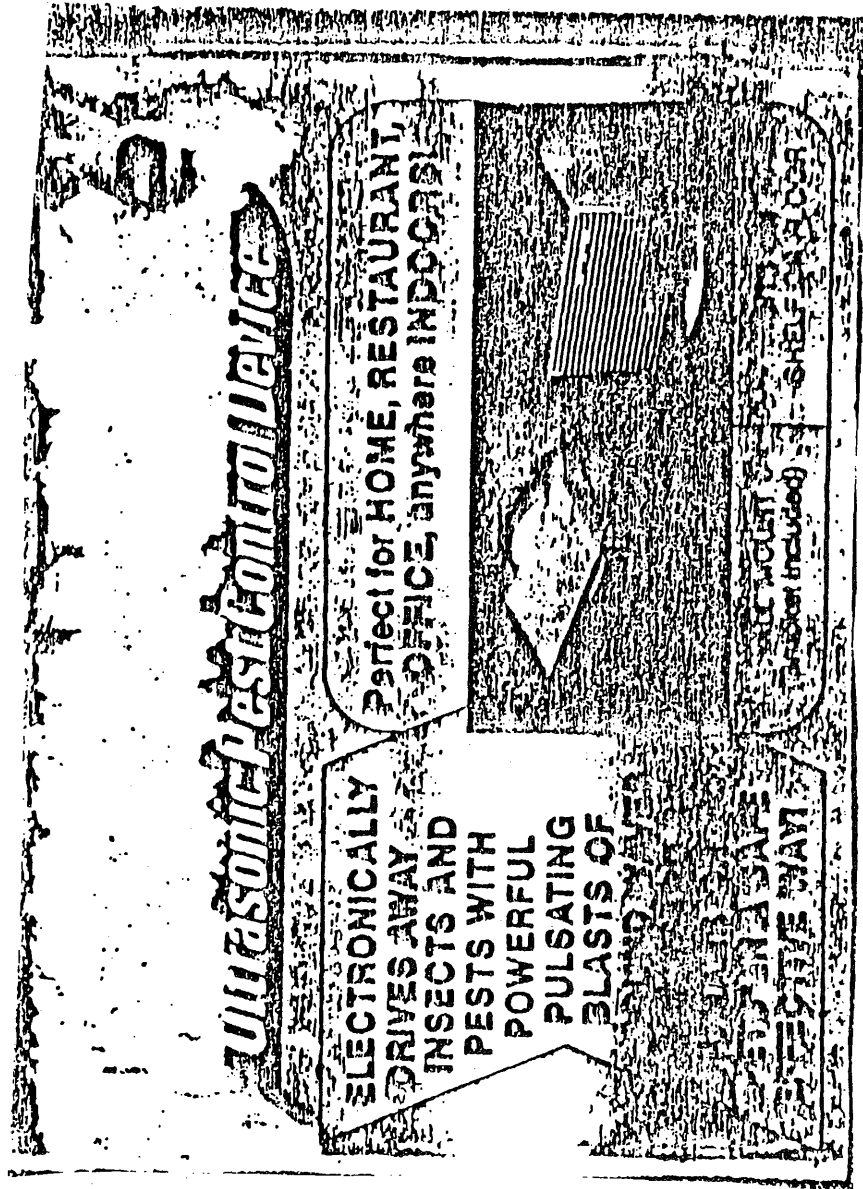


EXHIBIT B



Ultrasonic Pest Control Device

**ELECTRONICALLY
DRIVES AWAY
INSECTS AND
PESTS WITH
POWERFUL
PULSATING
BLASTS OF
ULTRASONIC WAVES**

**PERFECT FOR HOME, RESTAURANT,
OFFICE, anywhere INDOORS!**



**SAFE AND
EFFECTIVE WAY**

SHOULD BE IN EVERY HOME, OFFICE, RESTAURANT, ETC. (Product included) - SHELF AND CORD

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EXHIBIT C

HomeFree™
Ultrasonic Pest Control Device

EPA EST. NO. 50769 TTY-DI

SAFE: ELIMINATES DANGEROUS POISONS IN YOUR HOME.

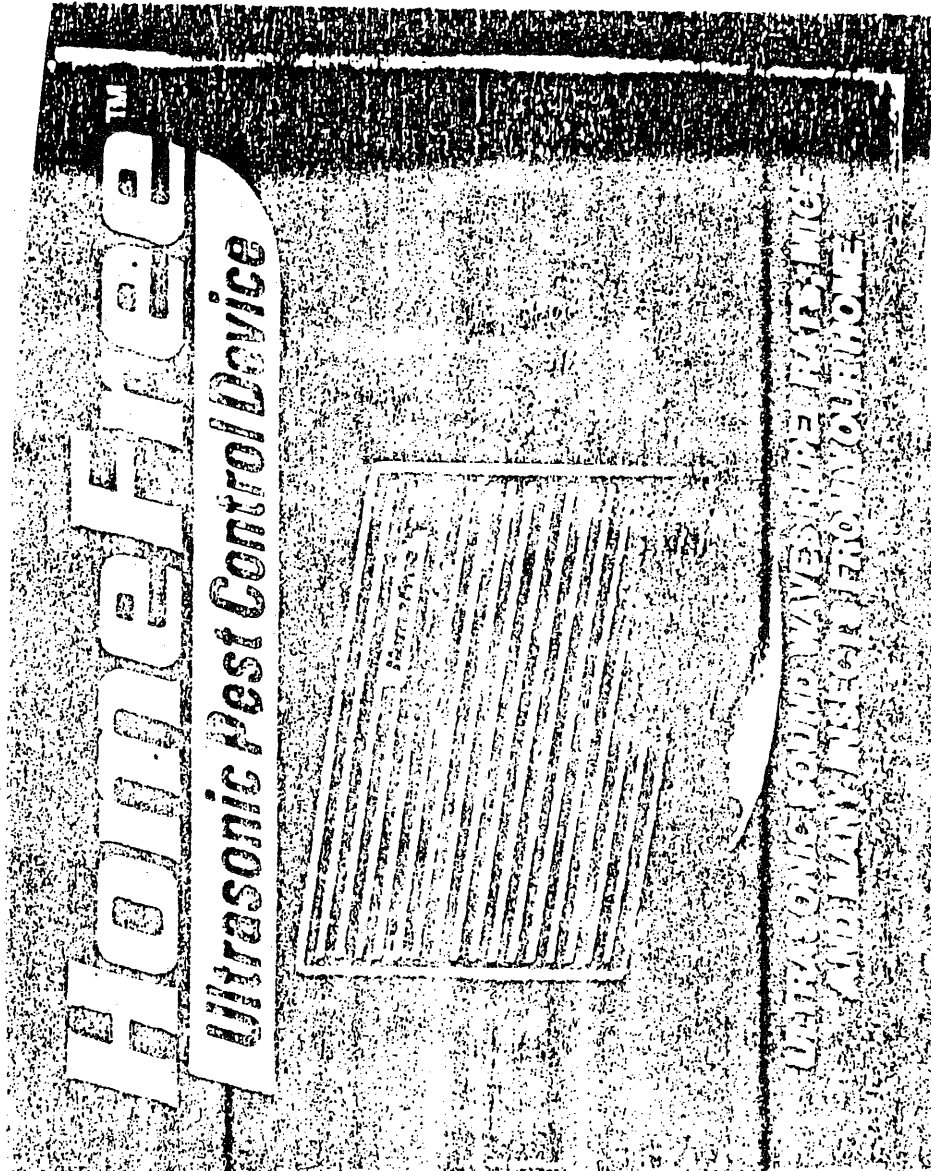
EASY TO INSTALL: JUST PLUG IT IN ON WALL MOUNT.

ECONOMICAL: USES LITTLE ENERGY WHILE GIVING 24 HR. PROTECTION.

WARRANTY: We warrant the product to be free from defects in material or workmanship for a period of 90 days from date of original purchase. Seaga International, Inc. will repair or replace the unit free of charge during this period. If the product is damaged, a replacement unit will be provided.

MODEL 7500

EXHIBIT D



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EXHIBIT E

LIMITED WARRANTY

SAGA INTERNATIONAL INC. the makers of HOME FREE warrant the unit to be free of defects in material or workmanship for 90 days from date of original purchase. If you experience a problem, send the HOME FREE prepaid to the address below with proof of purchase from the store and we will repair or replace it free of charge and send it back to you freight prepaid.

This warranty does not cover damage of any kind of mis handling or misuse. Be sure to pack any returns carefully so damage does not occur.

SAGA

SAGA INTERNATIONAL INC.
1220 WEST WALNUT ST.
COMPTON, CALIFORNIA 90220
U. S. A.

HomeFreeTM
Ultra Sonic Pest Control Device

- Repels Rats, Mice and many insects from your home.
- Ultra Sonic Sound Waves can't be heard by humans or most pets.
- Economical, uses only 4 Watts of power, costs only pennies a day.
- Eliminates the need for costly and dangerous pest killing chemicals.
- Gives long lasting relief after 4-6 weeks of operation.

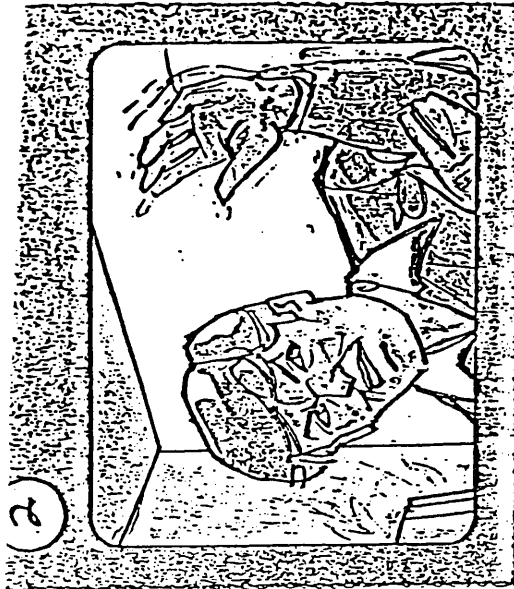
Model
1600



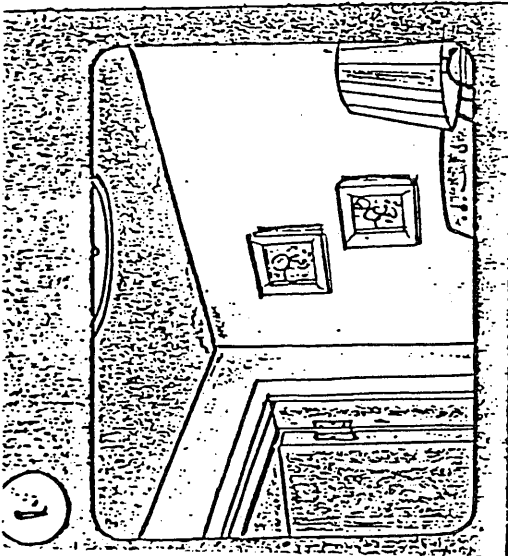
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EXHIBIT G

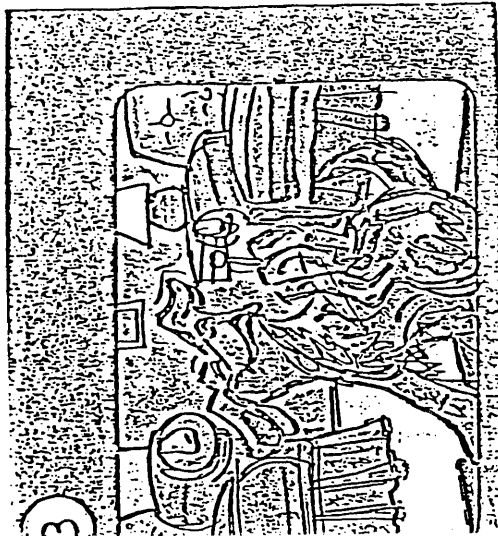


SFX: Loud buzzing...then SLAP!



VIDEO: CLOSE-UP of man, eyes rolling,

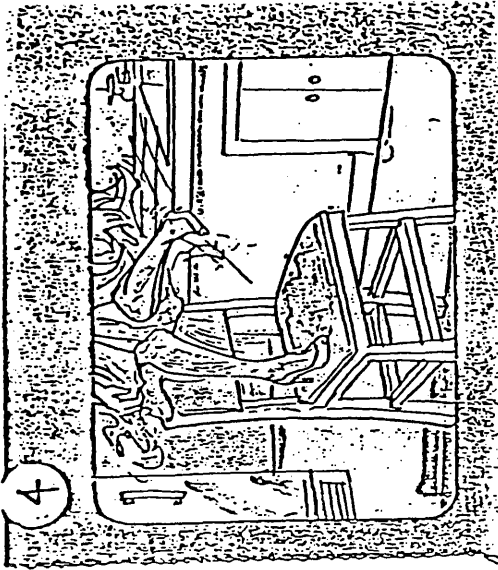
EXHIBIT G



NCR: "Tired of being bugged by bugs?"

Fight back with the new electronic
pest control that gets rid of fleas,
flies, bugs, and..."

IDE0: Camera catches a dog scratching;
man next to dog (also scratching)



SFX: woman's screeching.

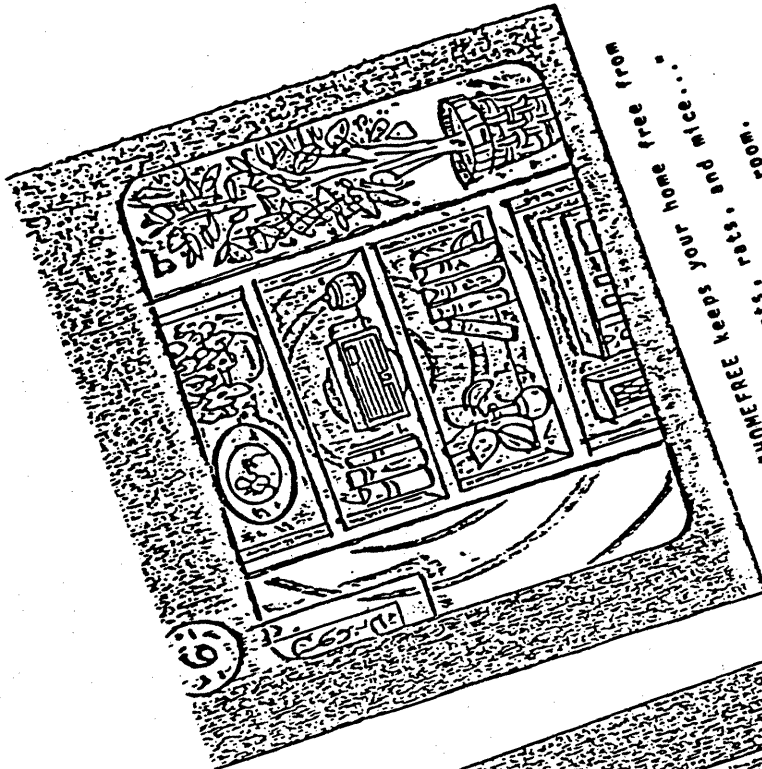
ANCR: "...even rats and mice."

VIDEO: Woman on chair

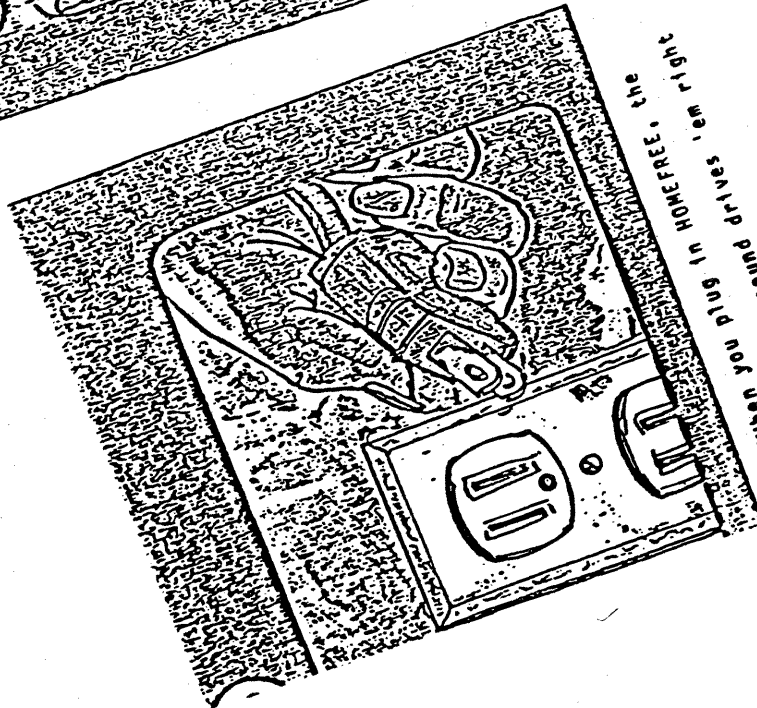
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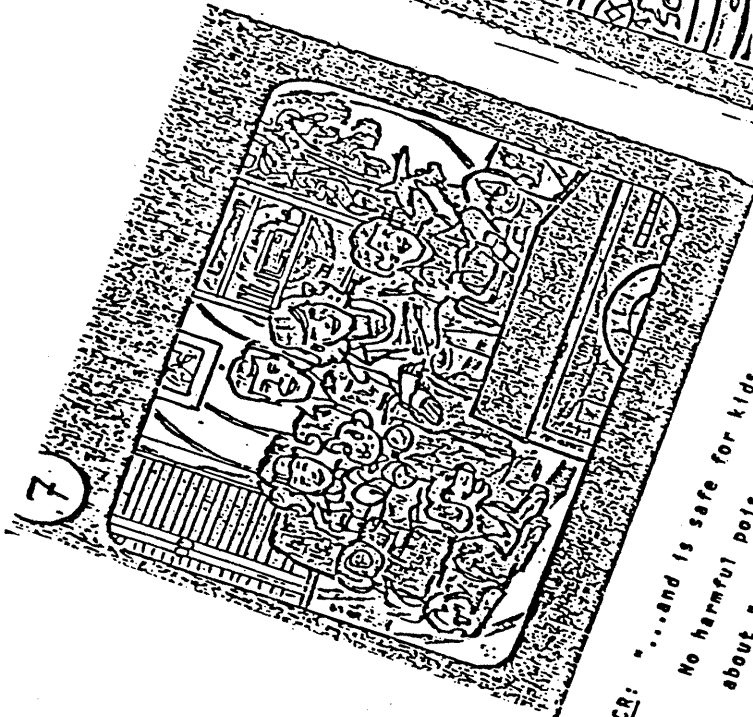


ANNEX: 00011
"HOMEFREEE keeps your home
free of bugs, insects, rats, and mice."
"HOMEFREEE keeps your home
free of bugs, insects, rats, and mice."



100: Blank wall with AC outlet.
out of your house."
"When you plug in HOMEFREEE, the
ultrasonic sound drives 'em right
out of your house."

Complaint



INCR:

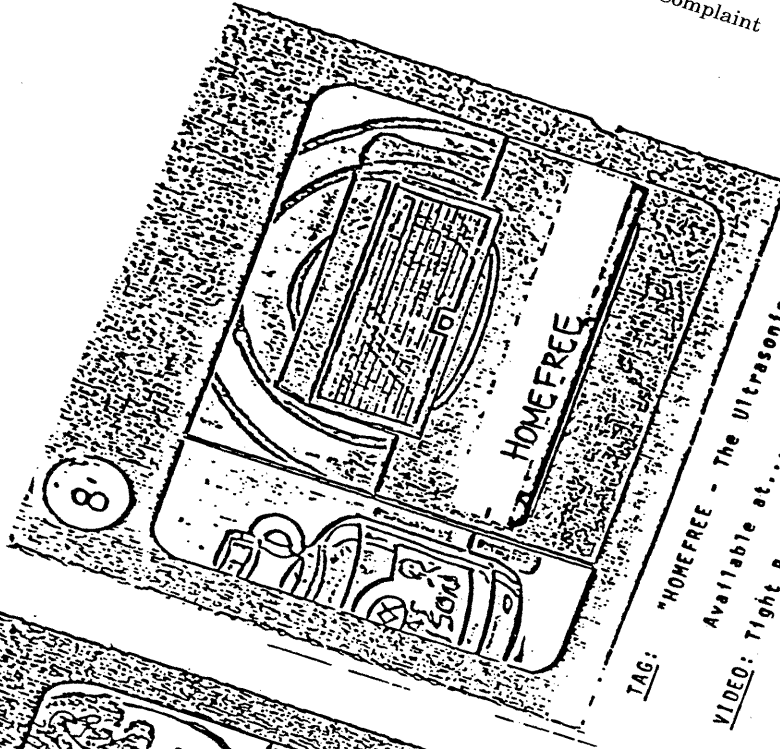
"...and is safe for kids and pets.
No harmful poisons or sprays to worry
about."

deo:

Family enjoying their peace in the
room.

IPER:

100% non-toxic



TAG:

"HOMEFREE - The Ultrasonic Pest Control
Available at..."

VIDEO:

Tight Beauty Shot, list of stores.

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EXHIBIT H

HOMEFREE :55/:05

LISTEN CAREFULLY.

YOU ARE ABOUT TO HEAR THE SOUND OF A REVOLUTION IN HOME
PEST CONTROL. THE SOUND OF ULTRASONIC WAVES UNLEASHED BY
THE HOMEFREE ULTRASONIC PEST CONTROL WYWTEN.

ARE YOU LISTENING?

HERE WE GO:

(THREE-FOUR SECONDS SILENCE)

YOU DIDN'T HEAR IT, DID YOU?

YOU WON'T. AND YOUR KIDS AND PETS WON'T.

BUT FLEAS, FLIES, BUGS, EVEN RATS AND MICE WILL.

AND THAT SOUND WE CAN'T HEAR, WILL DRIVE THEM

CRAZY, AND OUT OF YOUR HOUSE FOR GOOD.

THE HOMEFREE BLANKETS YOUR HOME WITH HIGH

FREQUENCY ULTRASONIC SOUND ONLY PESTS, BUGS, AND RODENTS CAN
HEAR

HOMEFREE COMBINED SCIENCE AND ELECTRONICS TO CREATE A PEST
CONTROL SYSTEM THAT IS EFFECTIVE, AND EASY TO USE.

ALL YOU DO IS PLUG IT IN.

AND REMEMBER, YOU CAN'T HEAR IT WORK.

YOU CAN ONLY SEE THE RESULTS!

HOMEFREE ULTRASONIC.

(:05 TAG)

EXHIBIT I

HOMEFREE :55/:05

LISTEN VERY CAREFULLY.

YOU ARE ABOUT TO HEAR THE SOUND OF THE HOMEFREE ULTRASONIC
PEST CONTROL SYSTEM HARD AT WORK, DRIVING BUGS AND RODENTS
CRAZY, AND OUT OF YOUR HOUSE FOR GOOD.

ARE YOU LISTENING?

HERE IT IS:

(THREE-FOUR SECONDS SILENCE)

YOU DIDN'T HEAR IT, DID YOU?

YOU WON'T.

AND YOUR KIDS AND PETS WON'T.

BUT FLEAS, FLIES, BUGS, EVEN RATS AND MICE WILL.

AND THAT SOUND WE CAN'T HEAR, IRRITATES THEM

SO MUCH, THEY LEAVE YOUR HOME IN DROVES.

THE HOMEFREE BLANKETS YOUR HOME WITH HIGH FREQUENCY

ULTRASONIC SOUND WAVES ONLY PESTS, BUGS AND RODENTS CAN HEAR.

BY COMBINING SCIENCE AND ELECTRONICS, HOMEFREE HAS MADE

PEST CONTROL EFFECTIVE, AND EASY TO USE.

NO CHEMICALS, ODORS, OR SPILLS.

ALL YOU DO IS PLUG IT IN.

AND REMEMBER, YOU CAN'T HEAR IT WORK.

YOU CAN ONLY SEE THE RESULTS.

HOMEFREE ULTRASONIC.

(:05 TAG)

FEDERAL TRADE COMMISSION DECISIONS
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EXHIBIT J

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HomeFree

Ultrasonic Pest Control Device

REPELS RODENTS AND INSECTS ELECTRONICALLY
HARMLESS TO HUMANS AND MOST PETS

- Repels Rats, Mice and many insects from your home.
- Ultrasonic soundwaves can't be heard by humans or most pets.
- Economical, uses only 4 watts of power costs only pennies a day.
- Eliminates the need for costly and dangerous pest killing chemicals.

MODEL	DESCRIPTION	PACK	WT.
1600	ULTRA SONIC PEST CONTROL DEVICE	12-inner Display 24-Master Ctn.	9 oz.

SAGA
SAGA INTERNATIONAL INC.
COMPTON, CA 90220

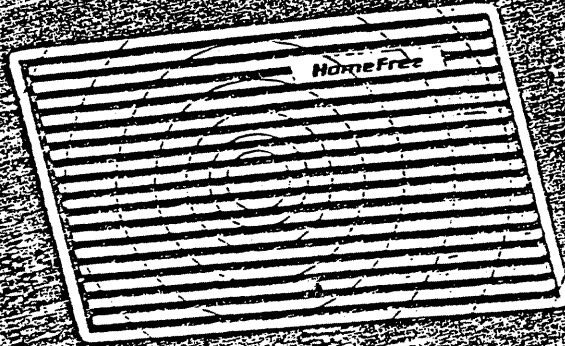
Exh. B-5



Complaint

HomeFree

Ultrasonic Pest Control Device



**Repels Rodents and Insects Electronically.
Harmless to Humans and most Pets!**

- Repels rats, mice and many insects from your home.
- Ultrasonic soundwaves can't be heard by humans or most pets.
- Economical, uses only 4 watts of power, costs only pennies a day.
- Eliminates the need for costly and dangerous killing chemicals.

Available at these fine Retailers:



Exhibit 1

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 the draft complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by 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 also containing waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated 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, now in further conformity with the procedure prescribed in Section 2.34 of the Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Saga International, Inc., is a California corporation with its offices and principal place of business located at 1220 West Walnut Street, Compton, California.
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

I.

It is ordered, That respondent Saga International, Inc., a corporation, its successors and assigns and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of the "Home Free" ultrasonic pest control device or any other ultrasonic pest control product or device in

or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication, that the Home Free or any other ultrasonic pest control product will:

(1) eliminate cockroaches, rats, mice or other pests from a home or place of business;

(2) eliminate rodents or insects from a home or place of business within four to six weeks, or within any other specified period of time;

(3) protect an area where said product is in use in a home or place of business from rodents or insects, or will cause an area to be free of rodents or insects; or

(4) serve as an effective alternative to the use of conventional products such as sprays, powders, traps or other chemicals in providing protection from insect and rodent infestation.

B. Representing, directly or by implication, any performance characteristic of any ultrasonic pest control product, unless at the time of making such representation respondent possesses and relies upon competent and reliable evidence which substantiates the representation. Evidence in the form of tests, experiments, analyses, research studies, or other evaluations shall be competent and reliable only if they are conducted in an objective manner by persons qualified to do so, using procedures generally accepted in the relevant professions or sciences to yield accurate, reliable, and reproducible results.

C. Representing, directly or by implication, that any ultrasonic pest control product is effective in providing protection from insect or rodent infestation in a home or place of business, unless at the time of making such representation respondent possesses and relies upon competent and reliable evidence which either directly relates to such home or place of business use conditions, or which can properly be applied to such conditions. Evidence in the form of tests, experiments, analyses, research studies, or other evaluations shall be competent and reliable only if they are conducted in an objective manner by persons qualified to do so, using procedure generally accepted in the relevant professions or sciences to yield accurate, reliable, and reproducible results.

II.

It is further ordered, That respondent, its successors and assigns, and its officers, employees, agents and representatives shall provide consumer refunds in accordance with the provisions of this paragraph to any retail purchaser of the Home Free device who purchased the

Home Free device from any retail outlet at any time on or after January 1, 1984.

A. Notification of Consumers

1. Respondent shall:

(a) Within sixty (60) days from the date of service of this order, cause to be distributed to each of respondent's distributors, and to each retail outlet which is known by respondent or its distributors to have purchased the Home Free device for resale to the public, the "Notice" set out in Attachment A to this order, to which respondent shall cause to be affixed in tablet format (in sufficient quantities to anticipate foreseeable consumer demand) the form set out in Attachment B to this order;

(b) Within sixty (60) days from the date of service of this order, cause to be disseminated to each retail outlet identified in response to Paragraph II A.1(a), a request that said retail outlet prominently display said "Notice" and tablet forms;

(c) Within sixty (60) days from the date of service of this order, as to those retail outlets which together have accounted for at least 75% of respondent's sales of the Home Free device, take all steps necessary to cause said "Notices" to be placed in public areas within each such retail outlet where such "Notices" are most likely to be seen by customers, particularly past purchasers of the Home Free device; and take all steps necessary to cause such "Notices" to remain in said public areas for a continuous period of six months from the date on which such "Notices" are first placed in each such retail outlet; and

(d) Within ninety (90) days from the date of service of this order, but no sooner than respondent has complied with the provisions of Paragraphs II.A.1.(a), (b) and (c), cause to be published, clearly and prominently, the text of the "Notice" set out in Attachment A of this order, in display advertising format in the weekend or Sunday edition of each local newspaper in which each retailer identified in Paragraph II.A.1.(c) regularly advertises.

2. The "Notice" referred to in Paragraph II.A.1. above shall consist of a free standing sign or mounted wall poster of at least (8-½ by 11 inches) in dimension, on which is written, *verbatim*, in clear and prominent print of no less than 24 point print, the text as shown in Attachment A to this order.

3. Respondent shall, within ninety (90) days from the date of service of this order, cause to be published the text of the "Notice" set out in Attachment A to this order in each market area in which respondents caused newspaper, magazine, radio, or television advertisements for the Home Free to be placed at any time from January 1, 1983 to the

date of service of this order. The text of the "Notice" shall be published in a clear and prominent form in display advertising format in the newspaper of greatest general circulation in the market area in which each such advertisement appeared.

B. Consumer Refund Procedures

1. Any purchaser of the Home Free shall be entitled to a refund in accordance with the provisions of this order upon: (a) return of a Home Free device to any retailer who has sold the Home Free on or after January 1, 1984, and submission of either a sales receipt for the device issued by that retailer and dated on or after January 1, 1984, or a signed "affidavit" (as hereinafter defined and described); Or (b) shipment of the Home Free device to respondent with either a sales receipt for purchase of the device issued by a retailer and dated on or after January 1, 1984, or a signed "affidavit" (as hereinafter defined and described).

2. The "affidavit" referred to in Paragraph II.B.1. shall consist of either: (a) the form affixed in tablet format to the Notices furnished to all retailers in accordance with paragraph II.A.1.(a) above, or (b) at the discretion of the person claiming the refund, a substantially equivalent written and signed statement.

3. Where a consumer returns the purchased Home Free device(s) to respondent or to a participating retailer for refund(s), and the claim for refund is accompanied by some statement other than the affidavit form referred to herein (as permitted by Paragraph II.B.2.(b) above), and respondent or a participating retailer rejects the alternate statement as not "substantially equivalent" to the affidavit, respondent shall immediately provide the consumer, or shall cause the consumer to be provided, with an affidavit form so that the consumer may promptly obtain the refund to which the consumer is entitled under the provisions of this order.

C. Respondent's Consumer Redress Obligations

Respondent or its successors or assigns shall: (1) cause consumer refunds to be made by retailers to any purchaser of the Home Free device who returns the device and submits to the retailer either (a) a sales receipt issued by a retailer and dated on or after January 1, 1984, or (b) a signed affidavit (or its equivalent) as described in Paragraph II.B.2. above; and (2) make direct consumer refunds, including the cost of postage, to any purchaser of the Home Free device who returns the device and submits either (a) a sales receipt issued by the retailer and dated on or after January 1, 1984, or (b) a signed affidavit (or its equivalent) as described in Paragraph II.B.2. above. Any claim in compliance with Part II of this order shall be valid if made within

one calendar year of the date of service of this order and, when made directly to respondent, shall be honored by respondent within thirty (30) days of receipt of the claim.

D. Amount of Individual Refund

Any consumer shall be entitled to a refund of the full amount of the purchase price paid for each Home Free device purchased as proven by a sales receipt issued by a retailer. In the absence of such a receipt, consumers shall be entitled to a refund of no more than \$19.95 plus postage if the device has been shipped to respondent at the consumer's expense.

E. Respondent's Reporting Requirements

Respondent shall report to the Federal Trade Commission the status of the consumer redress program required by this agreement in accordance with the following schedule:

(1) One hundred and twenty (120) days from the date of service of this order, respondent shall advise the Commission, in writing, of the number and location (by retail establishment address) of notices placed as required by Paragraph II.A.1. of this agreement and shall provide the Commission with a sample of each advertisement caused by respondent to be disseminated in accordance with the provisions of Paragraphs II.A.1.(d) and II.A.3. of this order, along with the schedule of publication of such advertisements; and

(2) Fifteen (15) months from the date of service of this order, respondent shall provide the Commission with a summary report of the consumer redress program which shall include, but shall not necessarily be limited to, a tabulation, on a total cumulative basis, of the number of former purchasers of the Home Free who have claimed a refund as authorized by this agreement, the dollar amount of consumer refunds given (either by respondent directly or by retailers), and the number, name, and last known address of each claimant, if any, whose claim for refund has been denied by respondent.

F. Respondent's Record-Keeping Requirements

Respondent shall for at least two (2) years after service of this order, maintain and upon requests make available to the Federal Trade Commission at a place it designates for inspection and copying, sufficient records to identify:

(1) The name and last known address of each purchaser of the Home Free who received reimbursement and the amount of such reimbursement; and

(2) The name and last known address of each purchaser of the Home

Free who requested reimbursement and was refused, and the reason for each refusal to reimburse.

III.

It is further ordered, That for a period of three (3) years after the last date of dissemination of any representation concerning the performance characteristics or efficacy of any product covered by this order, respondent shall maintain and upon request make available to the Federal Trade Commission for inspection and copying copies of all materials relied upon to substantiate such representation, and copies of all documents in respondent's possession that contradict, qualify, or otherwise call into question said representation, including complaints from consumers.

IV.

It is further ordered, That respondent shall for a period of three (3) years distribute, or cause to be distributed, a copy of this order to all present and future managerial employees, distributors, independent sales agents, and former, present, and future direct purchasers from respondent of any product covered by this order.

V.

It is further ordered, That for a period of ten years:

A. Respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the respondent that may affect compliance obligations arising out of this order, such as dissolution, assignment of the ultrasonic pest control business, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries.

VI.

It is further ordered, That respondent shall, within one-hundred and twenty (120) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

Decision and Order

108 F.T.C.

ATTACHMENT A

REFUND ANNOUNCEMENT
FOR PURCHASERS OF THE

"HOME FREE" PEST CONTROL DEVICE

UNDER THE TERMS OF A FEDERAL TRADE COMMISSION ORDER, YOU ARE ENTITLED TO A REFUND FOR ANY "HOME FREE" PEST CONTROL DEVICE BOUGHT ON OR AFTER JANUARY 1, 1984, UPON RETURN OF THE PRODUCT AT ANY TIME UNTIL [Date to Be Supplied: One Year From Date of Service of Order by Commission Upon Respondent]. THE FEDERAL TRADE COMMISSION HAS CHARGED THAT SUCH DEVICES ARE NOT EFFECTIVE FOR THE PURPOSES ADVERTISED. SEE YOUR RETAILER ABOUT OBTAINING THE REFUND OR CALL 1-800-624-3083 (if you are in California) or 1-800-344-4522 (if you are outside of California).

ATTACHMENT B

STATEMENT OF PURCHASE

TO OBTAIN A REFUND FROM A PARTICIPATING RETAILER, YOU MUST RETURN THE "HOME FREE" TO THE RETAILER AND SUBMIT EITHER (1) A DATED SALES RECEIPT OR (2) THIS FORM, COMPLETED AND SIGNED.

I purchased a HOME FREE pest control device from _____

on or after

January 1, 1984.

Name of Retailer

On penalty of perjury I certify that all of the above information is true and correct to the best of my knowledge. (See 28 *United States Code* §1746 (1985).

Date

Signature

Address

IF YOUR RETAILER IS NOT A PARTICIPATING RETAILER, OR YOU ARE UNABLE TO OBTAIN A REFUND FROM THE RETAILER FOR ANY REASON, YOU MAY OBTAIN A REFUND FROM THE MANUFACTURER BY SUBMITTING A DATED SALES RECEIPT OR THIS FORM (COMPLETED AND SIGNED) AND SHIPPING THE HOME FREE TO: 2055 University Drive, Compton, CA 90220, ATTN: Customer Service Department. YOU MAY SHIP THE DEVICE C.O.D. OR THE MANUFACTURER WILL REIMBURSE YOU FOR THE COST OF SHIPMENT. EACH REFUND FOR A HOME FREE PURCHASE IS LIMITED TO \$19.95 UNLESS YOU SUBMIT A SALES RECEIPT SHOWING YOU PAID A HIGHER PRICE.

IN THE MATTER OF
INDEPENDENT INSURANCE AGENTS OF AMERICA, INC.

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

Docket C-3197. Complaint, Aug. 25, 1986—Decision, Aug. 25, 1986

This consent order, among other things, prohibits a New York City-based insurance agent association from encouraging its members to refuse to deal with companies based on the companies' sales policies.

Appearances

For the Commission: *Michael E. Antalics.*

For the respondent: *Mark F. Horning, Steptoe & Johnson, Washington, D.C.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended (15 U.S.C. 41 *et seq.*), and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the respondent named in the caption hereof has violated the provisions of Section 5 of the Federal Trade Commission Act and that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint, stating its charges as follows:

Definition

PARAGRAPH 1. For purposes of this complaint, the term *direct marketing* shall mean attempts by insurance companies to sell insurance directly to consumers, together with any other insurance company actions—including but not limited to attempts by insurance companies to acquire or obtain a controlling interest in an independent agency, attempts by insurance companies to obtain exclusive agency agreements with independent agents or agencies, or other insurance company efforts to limit the independent agent's role in counselling insureds, servicing accounts, or controlling expirations—to facilitate the sale of insurance directly to consumers.

Respondent

PAR. 2. Respondent Independent Insurance Agents of America, Inc. is a corporation organized and existing under the laws of the State of