

IN THE MATTER OF

U.S. PIONEER ELECTRONICS CORP.

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5
OF THE FEDERAL TRADE COMMISSION ACT*Docket C-2755. Consent Order, Oct. 24, 1975 -- Modifying Order, May 19, 1992*

This order reopens the proceeding and modifies the Commission's consent order issued in 1975 (86 FTC 1002) with Pioneer Electronics (USA) Inc. so that Pioneer is no longer prohibited from unilaterally terminating a dealer who sells Pioneer home-electronics products at a price other than the suggested retail price.

ORDER REOPENING AND MODIFYING ORDER ISSUED OCTOBER 24, 1975

On December 6, 1991, Pioneer Electronics (USA) Inc., the successor corporation to U.S. Pioneer Electronics ("Pioneer"), filed a "Petition to Reopen Proceedings and to Modify Consent Order" ("Petition") in Docket No. C-2755, pursuant to Section 5(b) of the Federal Trade Commission Act, 15 U.S.C. 45(b), and Section 2.51 of the Federal Trade Commission's Rules of Practice, 16 CFR 2.51. The Petition requested that the Federal Trade Commission ("Commission") reopen the consent order issued on October 24, 1975, U.S. Pioneer Electronics Corp., 86 FTC 1002 (1975), and previously modified on March 18, 1983, 101 FTC 372 (1983), to set aside and modify several provisions contained in paragraph I of the order.

On April 8, 1992, the Commission issued an "Order Granting in Part and Denying in Part Request to Reopen and Modify Order Issued October 24, 1975, and Order to Show Cause" ("Order Modifying Order and Show Cause") which granted part of Pioneer's Petition by deleting paragraph I.6., relating to restrictions on Pioneer withholding cooperative advertising allowances, and partially modifying paragraph I.10. to remove the restrictions on Pioneer's right to terminate a dealer unilaterally because the dealer has advertised Pioneer products at prices other than those Pioneer deemed appropriate or approved. The Commission, however, denied Pioneer's request to

modify paragraphs I.2., I.5., I.8. and the other portions of I.10., which prohibit Pioneer from among other things, threatening, intimidating, coercing, delaying shipments or otherwise taking action against a dealer for not following suggested advertised prices.

At the same time, the Commission ordered Pioneer to show cause within 30 days why the 1975 order against Pioneer should not further be modified to remove the prohibition on Pioneer terminating a dealer for selling its products at prices other than Pioneer deemed appropriate or approved.

On April 21, 1992, Pioneer filed its "Answer to Federal Trade Commission's Order to Show Cause, Issued April 8, 1992" with the Commission, stating that it does not object to the modification of paragraph I.10. as stated in Part X of the April 8, 1992, Order Modifying Order and Show Cause. Accordingly,

It is ordered, That this matter be, and it hereby is, reopened; and

It is further ordered, That paragraph I.10. of the order in this matter be, and it hereby is, modified to read as follows:

Threatening, intimidating, coercing, delaying shipments, or taking any other action (other than terminating) to prevent the sale of respondent's products by a dealer because said dealer has advertised or sold, is advertising or selling, or is suspected of advertising or selling such products at other than prices that respondent may deem to be appropriate or has approved.

IN THE MATTER OF

SLENDER YOU, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3383. Complaint, May 22, 1992--Decision, May 22, 1992*

This consent order prohibits, among other things, a Tennessee company and its officers from making false and misleading representations regarding the weight loss and physical fitness benefits of any exercise machines or devices and diet or fitness programs, and would require the respondents to have competent and reliable scientific evidence to substantiate such claims at the time they are disseminated.

Appearances

For the Commission: *Thomas S. Jefferson* and *Theresa M. McGrew*.

For the respondents: *Samuel K. Crocker, Crocker & DeSha* and *C. Bennett Harrison, Jr., Cornelius & Collins*, Nashville, TN.

COMPLAINT

The Federal Trade Commission, having reason to believe that Slender You, Inc., a corporation, and Diane K. Clark and Robert E. Clark, individually and as officers of said corporation, hereinafter referred to as respondents, have violated Sections 5(a) and 12 of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint and alleges that:

PARAGRAPH 1. Respondent Slender You, Inc., is an Indiana corporation, with its principal office and place of business located at 334 Industrial Parkway, Crossville, Tennessee.

Respondents Diane K. Clark and Robert E. Clark are officers of the corporate respondent and are responsible for formulating,