

IN THE MATTER OF

GATEWAY EDUCATIONAL PRODUCTS, LTD., ET AL.

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

Docket C-3581. Complaint, June 1, 1995--Decision, June 1, 1995

This consent order prohibits, among other things, a California-based corporation and two officers from making reading and comprehension claims for their "Hooked on Phonics" reading program or any other educational program or product without possessing and relying upon competent and reliable substantiating evidence. In addition, it prohibits them from representing that any endorsement represents the typical or ordinary experience of consumers with any educational program or product without possessing and relying upon competent and reliable substantiating evidence.

Appearances

For the Commission: *Toby M. Levin* and *Dean C. Forbes*.

For the respondents: *Michael Denger, Gibson, Dunn & Crutcher*, Washington, D.C. and *Scott R. Miller, Rordan McKinzie*, Los Angeles, CA.

COMPLAINT

The Federal Trade Commission, having reason to believe that Gateway Educational Products, Ltd., a corporation, and John Shanahan and John Herlihy, individually and as officers of said corporation ("respondents"), have violated the provisions 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, alleges:

PARAGRAPH 1. Respondent Gateway Educational Products, Ltd. is a Delaware corporation, with its principal office or place of business at 1050 Katella Ave., Suite D, Orange CA.

Respondents John Shanahan and John Herlihy are officers of the corporate respondent. Individually or in concert with others, they formulate, direct, and control the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint.

Their principal office or place of business is the same as that of the corporate respondent.

PAR. 2. Respondents have manufactured, advertised, labelled, offered for sale, sold, and distributed educational products, including Hooked on Phonics and Hooked on Phonics/SRA Reading Power (collectively "HOP"), to consumers. HOP is an instructional reading program consisting of color-coded workbooks, cassette tapes, and flash cards.

PAR. 3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

PAR. 4. Respondents have disseminated or have caused to be disseminated advertisements and promotional materials for HOP, including but not necessarily limited to the attached Exhibits A through L. These advertisements contain the following statements:

A. "We've Made Learning to Read Easy & Fun! 'We're Hooked on Phonics' and Here's Why... [ellipses in original ad] [headline]

* * *

Hooked on Phonics helps new readers every step of the way. By learning the sounds of the alphabet, students can sound out and read most of the words in the English language.

* * *

Good reading comprehension is essential to success in all subjects and is the very heart and soul of education. Dr. Don Parker adapted his highly acclaimed SRA Reading Laboratory for use with Hooked on Phonics. The result: Hooked on Phonics plus SRA Reading Power...the reading program that's sweeping the nation. [ellipses in original ad]

* * *

If instruction is fun, learning is easy. This is the basic principle behind the Hooked on Phonics reading program, and it has proven true with students from most every culture, every walk of life, and every age group throughout the country. Hooked on Phonics is ideal for children or adults who are beginning readers or those who need remedial help. Hooked on Phonics is your own personal, friendly and uncritical private teacher.

[Consumer] 'This program worked for me and Tyler! I never learned to read in school, and I've tried a lot of reading programs that didn't help. I would have given anything for Hooked on Phonics when I was Tyler's age.' -- Eric Fisher and Tyler

[Text in box] It's Easy! You can listen to your Hooked on Phonics tapes: at home...in your car...or anywhere you choose! This is very important for older learners who desire their privacy. [ellipses in original ad]

Many teachers and parents have reported that Hooked on Phonics has helped those with learning disabilities such as dyslexia and attention deficit disorders. The

lessons can be repeated as often as necessary giving students the personalized repetition they need.

We're so confident of your success that we give you a 30-day written money back guarantee. If you don't see dramatic reading results within 30 days, return the program for a full refund. It's as simple as that." [Exhibit A]

B. "With Hooked on Phonics you will 'Learn to Read' [headline]

Hooked on Phonics helps teach children and adults how to read. Because all the lessons are set to music, learning to read becomes simple and fun. With Hooked on Phonics most students can work alone at their own pace and review the lessons at any time.

* * *

With SRA Reading Power you will 'Read to Learn' [headline]

* * *

SRA Reading Power includes 100 exciting stories followed by exercises to help with comprehension, vocabulary and grammar. This program will strengthen your reading skills and lead to better comprehension of all subjects." [Exhibit B, p.1]

* * *

'What Educational Experts & Parents Say About Hooked on Phonics [headline]

[Consumer] Dr. Don Parker, Ph.D., Author of SRA Reading Laboratories, California [headline]

'As author of the SRA Reading Laboratories, which is used by 61 million people in 62 countries around the world, I can say that Hooked on Phonics is a program I will recommend unconditionally for any age, in any culture around the world, seeking to learn to read.'

[Consumer] Sister Nancy Lynn McNamara, teacher, New York [headline]

'I started using Hooked on Phonics in my classroom in late October and saw phenomenal results in just a few weeks. There was success right away! I would recommend Hooked on Phonics for any age level, any nationality, anybody - because it works!'

* * *

[Consumer] Sissy Paradis, Teacher/Tutor, Massachusetts [headline]

'When I tutored one particular student, his reading was at a 1st grade level. Recently he was retested and now he's at an 8th grade level...amazing, all this in four months. Hooked on Phonics is the best thing I've ever found.' [ellipses in original ad]

* * *

[Consumer] Joan & Matt Nelson, Nebraska [headline]

'I thought our son's future was at stake because of his reading problem. But after we got Hooked on Phonics, his reading skills improved incredibly. He has so much more confidence in himself.'

[Consumer] Dr. & Mrs. R.A. Livingston, Michigan [headline]

'We purchased Hooked on Phonics when our son was four and one half years old. Within three months he was reading fluidly. Just after entering kindergarten, his reading skills were tested and showed that his reading and comprehension skills were on a 5th grade level. After his kindergarten year, he was put straight into 2nd grade and he's thriving. Believe me, people who know us know about Hooked on Phonics.'

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[Consumer] Ardie Keligond, California [headline]

'We got Hooked on Phonics for our son at the beginning of the school term. By January he was reading at a 3rd grade level. A lot of people ask me what's so special about Hooked on Phonics? Well, my son went from D's to B-'s in reading, and his spelling tests went to B+'s and A's. What's so special about Hooked on Phonics...It really works!' [ellipses in original ad]

[Consumer] Delores Coble, Oregon [headline]

'When Hooked on Phonics first arrived, my daughter was in the 7th grade with only a 2nd grade reading level. After one month she went to a 5th grade reading level. I've watched her grow. Now that we have Hooked on Phonics, it's everything they say it is. I can't say enough about it!'

[Consumer] Karol Pierce, California [headline]

'When you can make learning fun for the child, it works. It's really exciting! My son's report card went from C's and D's to almost straight A's, with an A in reading and an A in Math. Hooked on Phonics turned my son's whole school life around.'

* * *

[Consumer] Jeff Herman, California [headline]

'We bought Hooked on Phonics when our daughter was three. By the time she was five, she was reading everything in the house. She was recently tested in the 2nd grade and the results showed a reading level of 6th grade and a comprehension level of 7th grade. This program is marvelous.'

[Consumer] Bob Unger, Author of Tune in to Success, New York [headline]

'I immediately noticed results with my son who's five. First it was the basics, and within several weeks he was reading simplistic sentences. And now he's reading the book I wrote...college level material. What's the bottom line? Hooked on Phonics works!'" [ellipses in original ad] [Exhibit B, p.2]

C. "And now, Hooked on Phonics joins forces with SRA Reading Laboratories used by an estimated 60 million people around the world. Dr. Don Parker has adapted his SRA program, which teaches reading and comprehension for home study use. So now with Hooked on Phonics you'll learn to read and with SRA Reading Power, you'll read to learn." [Exhibit C]

D. [Consumer] "Dear Hooked on Phonics...

'My son has shown great progress in his ability to read and comprehend since we ordered Hooked on Phonics. . . . I can say without reservation that Hooked on Phonics is an outstanding program.' - J.R., New Franken, Wisconsin" [1st set of ellipses in original ad] [Exhibit D]

E. "Are you still wondering if Hooked on Phonics is right for you and your family? Here's who's getting results:

Hooked on Phonics is an excellent program for preschoolers; Hooked on Phonics is exceptional for helping older students with reading comprehension; and most adults can teach themselves to read without any help or embarrassment. From pre-school to high school, Hooked on Phonics is changing the way America learns to read!" [Exhibit E]

F. "(Phone Rings)

Hooked on Phonics...

To give your preschooler a headstart in reading, press 'A'

For help with reading comprehension, press 'B'

For older students who've fallen behind in reading, 'C'

To improve spelling skills, 'D'

For adults ready to teach themselves to read, press 'E'

For all your reading needs, call 1-800-ABCDEFGH and put Hooked on Phonics under your Christmas tree!" [ellipses in original ad] [Exhibit F]

G. "If your kids have problems reading, like guessing at words or below grade level, try Hooked on Phonics, the musical reading program the whole country's talking about. If you don't see a dramatic increase in reading skills in thirty days, just return Hooked on Phonics for a complete refund. Now is there any other reading method that will make this promise?" [Exhibit G]

H. [Consumer] "Dear Hooked on Phonics...

'In the first grade, my grandson attended a special reading program offered at a local college. It didn't help. In the second and third grades, he was enrolled in a special reading class at school. This didn't help either. Finally, we ordered Hooked on Phonics and his grades went from Cs and Ds to As and Bs. Thanks to Hooked on Phonics, my grandson got the help he needed.' - C.S., Jamaica, New York." [ellipses in original ad] [Exhibit H]

I. [Consumer] "Dear Hooked on Phonics:

'For 27 embarrassing years I had a secret. I could barely read. I tried so many reading programs but nothing worked. Then I got Hooked on Phonics.

In two short months, I went from a 3rd to a 10th grade reading level. And since Hooked on Phonics, I finished trade school and have my own business.

If you have a problem with reading, try Hooked on Phonics. It changed my life. It could change yours.'

Signed, Eric, Zainesville, Ohio." [Exhibit I]

J. [Consumer] [WRITTEN SUPERScript appearing on screen: "ADAM, AGE 6"]

"Adam: There is no excuse for illiteracy. Learning to read should be simple. Phonics makes reading simple by teaching letter sounds and syllables. I learned to read with phonics.

Announcer: Learn to read with Hooked on Phonics, the musical reading program. [WRITTEN SUPERScript appearing on screen: 'CHILDREN, REMEDIAL, ADULT'] Then, read to learn with SRA Reading Comprehension used by over 60 million people. [WRITTEN SUPERScript appearing on screen: 'USED BY OVER 60 MILLION PEOPLE']

Adam: Hooked on Phonics worked for me." [Exhibit J]

K. [Announcer: Chad Murdock] "I felt that any reading program that taught my son as quickly and as simply as 'Hooked on Phonics' is just too good not to share. And when I did, I found out that Michael's success wasn't unusual. There were many, many stories just like his. . . . So if you have a youngster beginning to read, an older student who may need some reading help, or if there is anyone in your life who has trouble reading, you should really take the next few minutes and watch these stories. [Exhibit K, p.1]

* * *

[Consumer] [Ron (Livingston)]: One of the things that impressed me the most about Blake's reading and his development in reading was the fact that when he was in kindergarten he tested at a 5th grade reading level. But what really amazed us and we were told by the teachers that tested him that he actually comprehended on a 5th grade level, which makes all the difference in the world. And as a result of

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that, they moved him directly from kindergarten straight into 2nd grade at six years old. [Exhibit K, p.5]

* * *

[Consumer] [Dr. Parker] . . . As author of the SRA Reading Laboratories, over the past forty years, which has now been used by over 61 million in 62 countries around the world, in all cultures, I can say that 'Hooked on Phonics' is a program that I would recommend unconditionally for a four year old, a forty-four year old, or in any culture around the world seeking to learn to read.

[Murdock]: Dr. Parker feels that 'Hooked on Phonics' is the missing link in helping most students learn to read. [Exhibit K, p.6]

* * *

[Murdock]: Karol's son Robert struggled through the first and second grade. She ordered 'Hooked on Phonics' and his struggles have turned to success.

[Consumer] [Karol Pierce]: His report card this semester was the best that he's ever had. It was almost straight A's. And that's exciting, you know, going from C's sometimes D's and seeing mostly A's and B's and A's in reading, you know A minus in math. . . . [I]t's like you have your own in-home tutor. [Exhibit K, pp.6-7]

* * *

[Murdock]: Ironically, Fred Carl worked for twenty years binding books that he couldn't read. Finally with the help of 'Hooked on Phonics' and his tutor, Sissy Paradis, Fred is learning to read.

[Consumers] [Sissy]: When I first got him as a student, he was classified as a first grade reader -- one/two, which is first grade, second half of the year -- and he recently has been retested and he's up to eighth grade. 'Hooked on Phonics' is the best thing I've found. If a child can't read, he can't go any further in school in any of his subjects, none of them. He can't do math because he can't read a problem. He can't do history because he can't read. He can't do science, he can't do experiments because he can't follow directions. What's he gonna do? He has to learn to how to read. If you can't read, you can't go anywhere, nowhere, nowhere.

[Fred Carl]: I can't see any reason why anybody would have any problem learning how to read or write with 'Hooked on Phonics.' . . .

[Sissy]: He's gone on for forty-eight years. He couldn't read anything when he got here -- barely anything. . . . It's unbelievable. . . . How much he's progressed in just, I would say the last four months. . . . It's gonna work. It absolutely will work. [Exhibit K, pp.7-8]

* * *

[Announcer: Randy Thomas] All the lessons are set to music. And that makes learning to read simple and fun. You can work at your own pace, in your own home, and in complete privacy. It's like having your own private tutor for a fraction of the cost. . . . Most of the [musical, p.17] lessons are only nine minutes long and they're [all, p.17] easy to learn. It's as simple as that. You'll increase your skills in reading, spelling, pronunciation, and also build confidence and self esteem. Being a better reader opens the door for job opportunities and increases your potential for success. [Exhibit K, pp.8-9, 17]

* * *

[Consumer] [Delores Coble]: Amanda's level was -- when we arrived in Oregon -- between the second and third grade level in reading. And she was put in the seventh grade which made it very difficult for her to read some of the seventh

grade books they gave her which left her a span of about four or five years to make up. With 'Hooked on Phonics' she probably came up to about a fourth or fifth grade level of reading and she's had the set, oh, I'd say about a month.

* * *

[Murdock] . . . It doesn't matter if you have a child with reading difficulties, a child who is ready to learn, or an adult who never learned to read. 'Hooked on Phonics' may be the answer. [Exhibit K, p.14]

* * *

[Consumer] [Jeff Herman]: We got the program when she was three and by the time she was five, she was reading everything in the house. She's in the third grade now, but we had her tested last year in the second grade and she was reading at a sixth grade level at that point and she has a seventh grade comprehension. . .

After Kia finished the program, a friend of ours [sic] son couldn't read and they were taking a cross country trip from California to New York. They were moving there and we gave them our 'Hooked on Phonics' program and on the four week trip, he took the whole program, he was five years old. By the time they got to New York he could read." [Exhibit K, pp.14-15]

L. "Hooked on Phonics has helped nearly one million students learn to read at home." [Exhibit L]

PAR. 5. Through the use of the statements contained in the advertisements and promotional materials referred to in paragraph four, including but not necessarily limited to the advertisements and promotional materials attached as Exhibits A through L, respondents have represented, directly or by implication, that:

A. HOP will quickly and easily teach persons with reading problems or disabilities to read, regardless of the nature of the problem or disability;

B. HOP is effective for teaching persons with learning disabilities, including dyslexia and attention deficit disorders, to read;

C. HOP will cause users with reading problems or disabilities to achieve significant improvement in reading levels and classroom grades;

D. HOP is effective for teaching persons in a home setting to read, without the need for additional assistance such as a teacher or tutor;

E. HOP is effective for teaching reading comprehension skills;

F. HOP has helped nearly one million students to learn to read at home;

G. The testimonials or endorsements from consumers appearing in advertisements for HOP reflect the typical or ordinary experience of members of the public who use HOP.

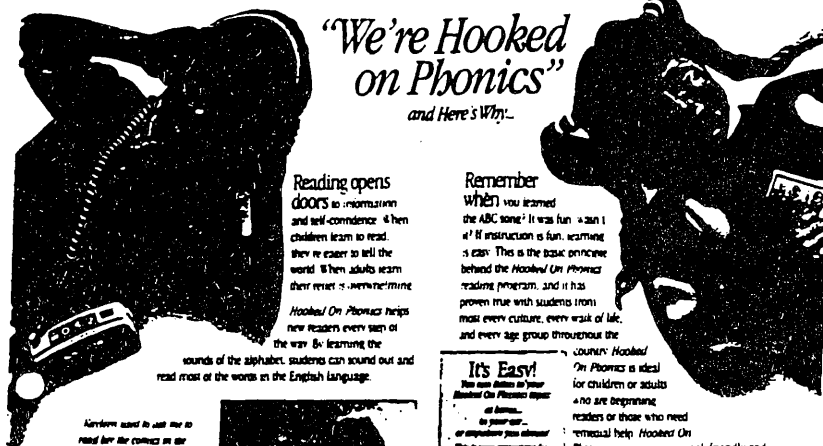
PAR. 6. Through the use of the statements contained in the advertisements and promotional materials referred to in paragraph four, including but not necessarily limited to the advertisements and promotional materials attached as Exhibits A through L, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph five, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 7. In truth and in fact, at the time they made the representations set forth in paragraph five, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph six was, and is, false and misleading.

PAR. 8. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

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We've Made Learning to Read Easy & Fun



"We're Hooked on Phonics"
and Here's Why...

Reading opens doors to information and self-confidence. When children learn to read, they are able to tell the world. When adults learn their secret is... *reading!*

Hooked On Phonics helps new readers every step of the way. By learning the sounds of the alphabet, students can sound out and read most of the words in the English language.

Remember when you learned the ABC's? It was fun. So is it now! If instruction is fun, learning is easy. This is the basic principle behind the Hooked On Phonics reading program, and it has proven true with students from most every culture, every walk of life, and every age group throughout the country. Hooked On Phonics is ideal for children or adults who are beginning readers or those who need remedial help. Hooked On Phonics is your own personal, friendly and unobtrusive private teacher.

It's Easy!
You can follow the Hooked On Phonics steps at home... in your car... or anywhere you choose! This is very important for older learners who don't have a group.

Good reading comprehension is essential to success in all subjects and is the very heart and soul of education. Dr. Don Parker adapted his highly acclaimed SRA Reading Laboratory for use with Hooked On Phonics. The result: Hooked On Phonics plus SRA Reading Power, the reading program that's sweeping the nation.

There is a reason why over one million people have ordered Hooked On Phonics and thousands of schools are using it in their classrooms! It works and it's fun.



"Hooked On Phonics is a wonderful teacher in my classroom. We have so many nonverbal children who have poor language skills, and I can never give them all the help they need. But Hooked On Phonics can. They can learn without me, or on their own, make progress and not feel ashamed."

—Glen Barker

Hooked On Phonics is perfect for the classroom and has been endorsed by the National Rights to Read Foundation as the exemplary instructional program for teaching children and adults to read.

Hooked On Phonics

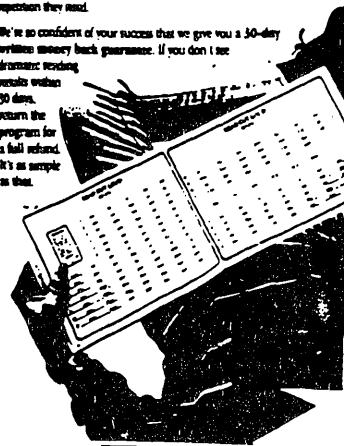
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"The program worked for me and Tyler. I never learned to read in school, and I've tried a lot of reading programs that didn't help. I would have given up for good if I hadn't seen Tyler's sign."

—Lara Fisher & Tyler

Many teachers and parents have reported that Hooked On Phonics helped those with learning disabilities such as dyslexia and attention deficit disorder. The lessons can be repeated as often as necessary giving students the personal repetition they need.

We're so confident of your success that we give you a 30-day written money back guarantee. If you don't see dramatic reading results within 30 days, return the program for a full refund. It's as simple as that.



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EXHIBIT B



With
Hooked on Phonics
you will
“Learn to Read”

Hooked on Phonics helps teach children and adults how to read. Because all the lessons are set to music, learning to read becomes simple and fun. With *Hooked on Phonics* most students can work alone at their own pace and review the lessons at any time.

Phonics teaches the sounds of all the letters in the alphabet. After learning these sounds with *Hooked on Phonics*, it's possible to sound out and read most of the words in the English language. Learning by phonics also helps with spelling. It's as simple as that!

Hooked on Phonics includes 8 audio cassettes, 5 reading books, and 9 decks of color-coded flash cards.

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With
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SRA Reading Power
you will
“Read to Learn”

SRA Reading Power is adapted for home study by Dr. Don Parker, author of the *SRA Reading Laboratories* used by over 61 million in 62 countries around the world.

SRA Reading Power includes 100 exciting stories followed by exercises to help with comprehension, vocabulary and grammar. This program will strengthen your reading skills and lead to better comprehension in all subjects.

SRA Reading Power includes 4 audio cassettes, 100 Power Builder stories, a student record book and an answer book.

We're so confident you'll be successful, you have a
**30-Day Unconditional
Money Back Guarantee!**

Over half a million people have ordered Hooked on Phonics

EXHIBIT B

Hooked on Phonics

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Dr. Don Parker, Ph.D., Author of SRA Reading Laboratories, California

"As author of the SRA Reading Laboratories, which is used by 61 million people in 62 countries around the world, I can say that *Hooked on Phonics* is a program I will recommend unconditionally for any age, in any culture around the world, seeking to learn to read."

Sister Nancy Lynn McNamara, Teacher,
New York

"I started using *Hooked on Phonics* in my classroom in late October and saw phenomenal results in just a few weeks. There was success right away! I would recommend *Hooked on Phonics* for any age level, any nationality, anybody - because it works!"

Maria Daniel, Teacher, Texas

"*Hooked on Phonics* doesn't just promise, it delivers! I have studied its phonetic structure and it's foolproof."

Sissy Paradis, Teacher/Tutor, Massachusetts

"When I tutored one particular student, his reading was at a 1st grade level. Recently he was retested and now he's at an 8th grade level...amazing, all this in four months. *Hooked on Phonics* is the best thing I've ever found."

Dorothy Raab, M.A., Teacher, California

"It's amazing. I watch my four-year old daughter turn on the tape and learn to read without any help from me. When you come across a program this wonderful that makes the child want to learn to read, I can say as an educator and a parent that I would buy another *Hooked on Phonics* and use it in my own classroom."

Joey Toney, School Board President,
California

"My daughter was just an average student. After going through *Hooked on Phonics* just one time, Jill experienced a dramatic increase in her ability to read. Now she's the best reader in her 1st grade class."

Richard Martinik, Age 52, Connecticut

"*Hooked on Phonics* has made the greatest difference in my life. It has turned it around 100% because now I can read. But reading is only half of it. It has also taken an emotional burden off of my back and made my life easier."

Twila Morris, Indiana

"Now I can read and I'm using the skills I've learned with *Hooked on Phonics* to write stories for my children."

Joan & Matt Nelson, Nebraska

"I thought our son's future was at stake because of his reading problem. But after we got *Hooked on Phonics*, his reading skills improved incredibly. He has so much more confidence in himself."

Dr. & Mrs. R.A. Livingston, Michigan

"We purchased *Hooked on Phonics* when our son was four and one half years old. Within three months he was reading fluidly. Just after entering kindergarten, his reading skills were tested and showed that his reading and comprehension skills were on a 5th grade level. After his kindergarten year, he was put straight into 2nd grade and he's thriving. Believe me, people who know us know about *Hooked on Phonics*."

Ardie Keligond, California

"We got *Hooked on Phonics* for our son at the beginning of school term. By January he was reading at a 3rd grade level. A lot of people ask me what's so special about *Hooked on Phonics*? Well, my son went from D's to B's in reading, and his spelling tests went to B+'s and A's. What's so special about *Hooked on Phonics*...It really works!"

Delores Coble, Oregon

"When *Hooked on Phonics* first arrived, my daughter was in the 7th grade with only a 2nd grade reading level. After one month she went to a 5th grade reading level. I watched her grow. Now that we have *Hooked on Phonics* it's everything they say it is. I can't say enough about it."

Karol Pierce, California

"When you can make learning fun for the child, it works. It's really exciting! My son's report card went from C's and D's to almost straight A's, with an A in reading and an A in Math. *Hooked on Phonics* turned my son's whole school life around."

Ken Fuchs, Washington

"At the beginning of the 1st grade, our daughter was tested and the results showed her at the 15th percentile. Then I got *Hooked on Phonics*, and after six months she was tested again and she was at the 65th percentile. She has made great strides in the little amount of time working with *Hooked on Phonics*. It's fantastic! We have a new child now."

Jeff Herman, California

"We bought *Hooked on Phonics* when our daughter was three. By the time she was five, she was reading everything in the house. She was recently tested in the 2nd grade and the results showed a reading level of 6th grade and comprehension level of 7th grade. This program is marvelous."

Bob Unger, Author of *Tune in to Success*,
New York

"I immediately noticed results with my son who's five. First it was the basics, and within several weeks he was reading simplistic sentences. And now he's reading the book wrote...college level material. What's the bottom line? *Hooked on Phonics* works!"

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EXHIBIT C

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**GATEWAY EDUCATIONAL PRODUCTS, LTD.
HOOKED ON PHONICS**

And now, Hooked on Phonics joins forces with SRA Reading Laboratories used by an estimated 60 million people around the world. Dr. Don Parker has adapted his SRA program, which teaches reading and comprehension for home study use. So now with Hooked on Phonics you'll learn to read and with SRA Reading Power, you'll read to learn.

For information call 1-800-ABCDEFG

0530.

GEP 0295:

EXHIBIT D

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30 Second Radio Spot for *Hooked on Phonics*:
J.R., New Franken, Wisconsin

Dear Hooked on Phonics...

"My son had shown great progress in his ability to read and comprehend since we ordered *Hooked on Phonics*. His motivation to do well is much improved, as well as his self-confidence. Now I no longer need to read his homework instructions to him. I can say without reservation that *Hooked on Phonics* is an outstanding program." – J.R., New Franken, Wisconsin

For *Hooked on Phonics* plus SRA Reading Laboratories, call 1-800-ABCDEFG.

30 Second Radio Spot for *Hooked on Phonics*:
Reasons

Are you still wondering if *Hooked on Phonics* is right for you and your family? Here's who's getting results:

Hooked on Phonics is an excellent reading program for pre-schoolers; *Hooked on Phonics* is exceptional for helping older students with reading comprehension; and most adults can teach themselves to read without any help or embarrassment.

From pre-school to high school, *Hooked on Phonics* is changing the way America learns to read!

Call 1-800-ABCDEFG.

EXHIBIT F

EXHIBIT F

HOOKEO ON PHONICS
CHRISTMAS '92

(Phone Rings)

Hooked on Phonics...

To give your preschooler a headstart in reading, press "A"

For help with reading comprehension, press "B"

For older students who've fallen behind in reading, "C"

To improve spelling skills, "D"

For adults ready to teach themselves to read, press "E"

For all your reading needs, call 1-800-ABCDEFGH and put Hooked on
Phonics under your Christmas tree!

**GATEWAY EDUCATIONAL PRODUCTS, LTD.
HOOKED ON PHONICS
Spot "Guessing at Words"**

If your kids have problems reading, like guessing at words or below grade level, try Hooked on Phonics, the musical reading program the whole country's talking about. If you don't see a dramatic increase in reading skills in thirty days, just return Hooked on Phonics for a complete refund. Now is there any other reading method that will make this promise?

*For Hooked on Phonics plus SRA Reading Power, call
1-800-ABCDEFG*

EXHIBIT H

CONFIDENTIAL

30 Second Radio Spot for *Hooked on Phonics*:
C.S., Jamaica, New York

Dear Hooked on Phonics...

"In the first grade, my grandson attended a special reading program offered at a local college. It didn't help. In the second and third grades, he was enrolled in a special reading class at school. This didn't help either. Finally, we ordered *Hooked on Phonics* and his grades soon went from Cs and Ds to As and Bs. Thanks to *Hooked on Phonics*, my grandson got the help he needed." – C.S., Jamaica, New York.

For *Hooked on Phonics* plus SRA Reading Laboratories, call 1-800-ABCDEFG.

Complaint

119 F.T.C.

EXHIBIT I

RADIO

EXHIBIT I

CONFIDENTIAL

30 Second Radio Spot for *Hooked on Phonics*:
Eric

Dear Hooked on Phonics:

"For 27 embarrassing years I had a secret. I could barely read. I tried so many reading programs but nothing worked. Then I got *Hooked on Phonics*.

In two short months, I went from a 3rd to a 10th grade reading level. And since *Hooked on Phonics*, I finished trade school and have my own business.

If you have a problem with reading, try *Hooked on Phonics*. It changed my life. It could change yours."

Signed, Eric, Zainesville, Ohio.

Call 1-800-ABCDEFG.

729

Complaint

EXHIBIT J

TELEVISION

EXHIBIT J

Title - "No Excuse" - Adam
QQEN 1805

Adam, age 6

Adam: There is no excuse for illiteracy. Learning to read should be simple. Phonics makes reading simple by teaching letter sounds and syllables. I learned to read with phonics.

Announcer: Learn to read with Hooked on Phonics, the musical reading program. Then, read to learn with SRA Reading Comprehension used by over 60 million people.

Adam: Hooked on Phonics worked for me.

Announcer: Call 1-800-ABCDEFG

Complaint

119 F.T.C.

EXHIBIT K

INFOMERCIAL

Hello. My name is Chad Murdock. I've been producing and directing television and film for over ten years now and it's kind of unusual for me to find myself on this side of the camera. But I'm here today because of this little guy. My son Michael.

It was about a year ago that Michael showed some signs of wanting to learn to read and at that time I heard these ads on the radio for a reading program called "Hooked on Phonics." I was especially curious because I learned to read phonetically. I was always a very good reader and I wanted the best for my son. So, I ordered the "Hooked on Phonics" program for Michael and in no time he started reading almost everything he could get his hands on. Thanks pal.

I was so impressed that I went to "Hooked on Phonics" to tell them my story because I felt that any reading program that taught my son as quickly and as simply as "Hooked on Phonics" is just too good not to share. And when I did, I found out that Michael's success wasn't unusual. There were many, many stories just like his. So many, in fact, that I convinced the "Hooked on Phonics" people to do this television show. So we took our camera crews all across America -- from California to New York, from Oregon to Texas -- so that we could show you a few of the people, both kids and adults, who learned to read with "Hooked on Phonics." So if you have a youngster beginning to read, an older student who may need some reading help, or if there is anyone in your life who has trouble reading, you should really take the next few minutes and watch these stories. Because "Hooked on Phonics" just might be the answer to your reading problems.

We went to a school in South Bronx, New York, to meet a remarkable second grade class and their teacher, Sister Nancy McNamara.

[Sr. McNamara]: I had heard the ads for "Hooked on Phonics" for years and the idea that it was somehow connected with music or tied in with the music. I said that maybe something would work. Nothing short of a miracle was going to work with these kids that I have. This year I got first seventeen students the class that size was later doubled to thirty-two students. All non-readers. I had started using the phonics around mid-October and I had begun to see pretty phenomenal results and if you reach . . . the level of self-confidence is just incredible, I mean they want to read. They see the "Hooked on Phonics" tapes, they sing along with the music. Kids took to the phonics program like ducks to water. They had materials to listen, materials to look at, materials to manipulate, and materials that they really got excited about. And they began to see progress in their own lives that they had never seen before. They began to get a sense of, uh, I guess self-value, self-worth. They were getting someplace. So there was success. You know, right away. Parents night is usually a disaster. I had 100% of the parents come to see me. 100% of the parents Monday night and some came back on Tuesday. They were fascinated with this program. The "Hooked on Phonics" program is the only program that has the visual and auditory input simultaneously. It's a logical, sequential program and it works. I would recommend "Hooked on Phonics" for any age level, any nationality, anybody.

* * *

Our next story comes from Connecticut where Richard Martinik, for more than fifty years of his life did not know how to read -- kept it a secret and thought he would never be able to read. Then he ordered "Hooked on Phonics."

[Martinik]: Every morning of my life, I would look in the mirror, shaving, and probably one of the first thoughts that ever crossed my mind in the morning was, "Am I gonna get caught today? Is somebody gonna find out?"

And turning 50, my wife gave a surprise party for me. All my friends, relatives came from oh, a hundred miles away. They sat me down in a nice chair in the back yard and a card table in front of me covered with greeting cards. I showed a little bit of emotion and my daughter promptly took over the reading of those greeting cards for me because I didn't know what to do. I couldn't possibly stand up in front of all those people and tell them, "You know I've been lying to you. I can't read." I just couldn't do that.

[His wife Mona]: I never really realized what an impact that had on his life. One day I went down the stairs, 'cause he would be in the basement, and he said to me, "Mona, this is the key. Do you know how many years I have been waiting for this? It's finally here."

[Martinik]: This product, "Hooked on Phonics," came along. It's a godsend. You can make every mistake in the world. You can make as many mistakes as necessary because it's just between you and the tape recorder. That's the success of "Hooked on Phonics" and that's what makes it work. It takes all that shame, fear, embarrassment and all that tension out of your life. The tension that's involved when you're sitting with your wife, the woman that you love, and saying, "Help me, I'm stupid."

[His wife Mona]: So I didn't know that this man, until he learned to read through "Hooked on Phonics," that this man was really in agony every day of his life.

[Martinik]: "Hooked-on Phonics" has made the greatest difference in my life. It's turned it around 100%. I feel better about myself. I can read. But reading is only half of it. What it's done for me emotionally -- it's just taken the burden off my back. It's just made life so much easier to cope with because I feel good about myself. And I contribute that to "Hooked on Phonics."

[His wife Mona]: I get kinda choked up with this because I know the hurt and what he went through and because I didn't understand, he suffered by himself. And if I knew now all that -- I'd say, if I had to mortgage the house to buy that product to make this man what he is today, I would.

* * *

Just outside of Detroit, Ron and Glenna live with their son Blake. At age 4½, Blake was ready to start learning to read.

[Ron]: One of the things that impressed me the most about Blake's reading and his development in reading was the fact that when he was in kindergarten he tested at a 5th grade reading level. But what really amazed us and we were told by the teachers that tested him that he actually comprehended on a 5th grade level, which makes all the difference in the world. And as a result of that, they moved him directly from kindergarten straight into 2nd grade at six years old. And he's done well. He's thrived in the second grade. I can remember one of the first little school productions he had and Glenna was videotaping and when we got it home and I was in the background telling Blake to slow down because he was reading too fast.

[Glenna]: We're not biased. But we're very proud of him.

[Ron]: Yeah. We're extremely proud of him and I don't want to sound like I'm bragging, but sometimes I can't help it. I have to let him know what's going on, you know, because this is too good not to share. And believe me, people who know us know about "Hooked on Phonics."

* * *

[Murdock]: Now I'd like to introduce Dr. Don Parker, who has over forty years experience in reading research and listed in "Who's Who In America." In addition to many achievements in the fields of psychology and education, Dr. Parker is author of the SRA Reading Laboratory, which has been used by over 60 million students in 62 countries around the world.

[Dr. Parker]: I spent six hours over a period of two days fine tooth combing, going through all the motions of learning, just like the program said. And I tell you, I was amazed that my responses to my ear, my eye, my hand, movement of the cards, total body feeling of the rhythm and the music, the clear spoken voices on the tapes, it's a program that had to work. As author of the SRA Reading Laboratories, over the past forty years, which has now been used by over 61 million in 62 countries around the world, in all cultures, I can say that "Hooked on Phonics" is a program I would recommend unconditionally for a four year-old, a forty-four year old, or in any culture around the world seeking to learn to read.

[Murdock]: Dr. Parker feels that "Hooked on Phonics" is the missing link in helping most students learn to read.

* * *

[Murdock]: Karol's son Robert struggled through the first and second grade. So she ordered "Hooked on Phonics" and his struggles have turned to success.

[Karol Pierce]: His report card this semester was the best that he's ever had. It was almost all straight A's. And that's exciting, you know, going from C's sometimes D's and seeing mostly A's and B's and A's in reading, you know A minus in math. The spelling test that he would have before he would maybe get C's on, but after using the phonics course, he gets A's, this is the truth, on every single spelling test. When you have a program such as this that you can take advantage of every single day, seven days a week, it's like you have your own in-home tutor. That's probably the most important thing about the "Hooked on Phonics" program is knowing that it really turned my son's whole school situation, whole school life around.

[Murdock]: Ironically, Fred Carl worked for twenty years binding books that he couldn't read. Finally with the help of "Hooked on Phonics" and his tutor, Sissy Paradis, Fred is learning to read.

[Sissy]: When I first got him as a student, he was classified as a first grade reader -- one/two, which is first grade, second half of the year-- and he recently has been retested and he's up to eighth grade. "Hooked on Phonics" is the best thing I've found. If a child can't read, he can't go any further in school in any of his subjects, none of them. He can't do math because he can't read a problem; He can't do history because he can't read. He can't do science, he can't do experiments because he can't follow directions. What's he gonna do? He has to learn how to read. If you can't read, you can't go anywhere, nowhere, nowhere.

[Fred Carl]: I can't see any reason why anybody would have any problem learning how to read or write with "Hooked on Phonics."

[Sissy]: People that know how to read don't understand that people who don't know how to read are in a world all their own -- a closed world, a world with no light, no where to go. They're just in the dark forever. It's like being blind almost. You can see, but you don't know where you're going. He's gone along for forty-eight years. He couldn't read anything when he got here -- barely anything.

[Fred]: It's worth it all. Worth the weight in gold. If I had ever made a decision that affected my life more it's getting help.

[Sissy]: It's unbelievable. It really is. How much he's progressed in just, I would say the last four months. Like Fred said, what he's learned now he wouldn't be able to replace for a million dollars. Try it. They give you a thirty day trial. I know they'll like it. It's gonna work. It absolutely will work.

* * *

Hi. I'm Randy Thomas and you've probably heard me on the radio talking about "Hooked on Phonics." You know -- call 1-800-ABCDEFGH. Well that's me. And I'm really proud to be involved with this program because it's helped so many people learn to read. In fact, thousands of schools and almost half a million people have ordered "Hooked on Phonics". What is "Hooked on Phonics"? It's a program that helps teach children and adults how to read by teaching the sounds of the letters in the alphabet. All the lessons are set to music. And that makes learning to read simple and fun. You can work at your own pace, in your home, and in complete privacy. It's like having your own private tutor for a fraction of the cost. "Hooked on Phonics" includes five books, eight cassettes, and nine decks of flash cards, all color coded. That means, when you use the yellow book, you use the yellow tape and the yellow cards. Purple book, purple tape and purple cards. Most of the lessons are only nine minutes long and they're easy to learn. It's as simple as that. You'll increase your skills in reading, spelling, pronunciation, and also build confidence and self esteem. Being a better reader opens the door for job opportunities and increases your potential for success. Call 1-800-ABCDEFGH. We're waiting for your call.

[Murdock]: Just outside New York City in Great Neck, lives a wonderful family, the Ungers. Bob is an accomplished attorney and author of a new book, Tune Into Success.

[Bob]: A lot of people try to criticize phonetics but it's like a house. In order to build a house you've got to have a strong foundation. And what "Hooked on Phonics" provides is an unbelievably solid foundation to build upon for the future. And really it carries over to any part of life. Enthusiasm level is absolutely incredible and it's every day, "Daddy, I want to do Hooks, I want to do Hooks." He calls it "Hooks." Some times it's "Hooks."

[Phyllis]: The other thing I find, he's starting to teach Sammy. And she's learning better from him with "Hooks" than just from me. I don't -- so he's having fun passing it on to her.

[Adam]: She knows a lot of letters. I think all she needs to know. She knows A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y -- she needs to learn Z.

[Bob]: I remember he called me on the phone when he finished the program and he said, "Daddy, daddy, I did it, I did it. I finished Hooks. I finished Hooks. I did it." It's a tremendous self esteem builder. And this success with that program will lead to other successes. Now he can read my book.

Complaint

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[Adam]: What do two lawyers who have made a name for themselves singing a national anthem before baseball games. Robert Unger and John _____ not only sing the song of success but . . .

[Bob]: Adam is a product of the product and if anybody wants to come here and see him read, they're welcome, any time. It works, that's the bottom line.

* * *

[Murdock]: Dorothy Raab, who has her Master's Degree in education, has been teaching school for many years. Yet to balance between the distractions of her other children at home and her daughter's intense desire to learn to read, she needed another tool to help. "Hooked on Phonics" was that tool.

[Dorothy]: I would say this program is one of the best that I've come across as an educator and as a parent. If any parent feels their child is ready to read, this is a perfect program because it doesn't push a child. It lets the child learn at their own speed. I think "Hooked on Phonics" could be used by anyone and just watching my daughter, who's four, do it without any problems, without any explanation from me, just turn on the tape and follow the directions. When you come across a program that really tries to hit the very basic for the child, give simple directions, give a positive approach, and help the child feel good about themselves so that they want to learn to read and they want to do it, you know . . . I mean, I'd buy this program and use it in my class room. That's what I'd do.

* * *

This story comes from Coperopolis in the hills of Northern California. Joey and Rita heard about "Hooked on Phonics" from their friends and ordered it for their daughter Jill. Joey, by the way, is president of the local elementary school board. Here's what happened.

[Joey Toney]: After going through the program just one time, Jill experienced a dramatic increase in her ability to read and in fact now she's the best reader in her first grade class.

[Rita Toney]: I think what amazes me the most is not only can she read much better, but the spelling. She's great in her spelling and she aces all of her tests and we're real proud of her. Since we've been working with Jill on "Hooked on Phonics," she volunteers now to read in front of the class which is great and the teacher even commented on that.

[Joey]: One of the real impressive aspects of "Hooked on Phonics" is how effective it is yet at the same time, it's very simple to use. I'm a very skeptical nuts and bolts kind of a person and if I think something is over rated or I think I've been had, I'll be the first one to speak up.

[Rita]: It has a money back guarantee. You can always send it back. But you wouldn't want to.

[Joey]: You know, I've told the school teachers, I've told the other members of the board, I've told parents at meetings and so on, you know, I'm always raving about "Hooked on Phonics" because it works.

* * *

Next we go to Los Angeles, California where Ardie Keligond talks about her son Jamar when he started to fall behind in school.

[Ardie]: "Hooked on Phonics" wasn't like a lot of the other programs that I've researched and I've had a lot of people ask me that same question. What is so special about "Hooked on Phonics"? It works. That's what's special about it and

you know, you can't get anything cheaper. I've called private tutors and, you know, you can pay two hundred bucks a month for a private tutor, so it's well, well worth the cost. And when he starts fourth grade, then he'll be the one that's on top getting the A's. He went from D's and he's at probably about C pluses and B minuses. But his spelling tests have gone to B plus and A's. So that's what "Hooked on Phonics" has done for him, and I'm proud of that, I really am. I can't even give you one word that would just tell you how good I feel about "Hooked on Phonics."

[Jamar]: It feels good.

[Ardiel]: Yes. That's a good one. It feels good.

* * *

[Dr. Parker]: The greatest strength of "Hooked on Phonics" is that it goes right to the point of connecting the ear and the eye, the sound and the sight. The fundamentals of what reading really is.

* * *

[Murdock]: Maria Daniel is another teacher who has seen the profound impact that "Hooked on Phonics" has had on her students.

[Maria Daniel]: The advantage that "Hooked on Phonics" delivers. It doesn't promise. I mean, twenty years of teaching I've heard of a lot of programs and I looked into them and they promised, but they didn't deliver. I really have studied it, as a phonetic structural program and I feel that the soundness that the way it develops, that the progressive way it presents, is foolproof.

* * *

[Murdock]: In a small Oregon town, we visited with Amanda Coble who has shown extraordinary courage. And yet she has never lost sight of her dreams.

[Delores Coble]: Amanda's level was -- when we arrived in Oregon -- between the second and third grade level in reading. And she was put in the seventh grade which made it very difficult for her to read some of the seventh grade books they gave her which left her a span of about four or five years to make up. With "Hooked on Phonics" she probably came up to about a fourth or fifth grade level of reading and she's had the set, oh, I'd say about a month.

[Amanda]: I was the one that saw it on TV and I said "Mom, call that and get me on 'Hooked on Phonics' because I want help and learn how to read."

[Delores]: I can't say I've prayed enough praise for it. Because I've watched it and now that I've got it, it's everything they say it is. It's really good. Get "Hooked on Phonics."

[Amanda]: And I want to get into college -- and when you get into college, go to a different college -- get married, and do whatever I want to do. And like I said, just again. Thank you. Thank you so much.

[Murdock]: Amanda's goals are now within reach. It doesn't matter if you have a child with reading difficulties, a child who is ready to learn, or an adult who never learned to read. "Hooked on Phonics" may be the answer.

* * *

[Jeff Herman]: We got the program when she was three and by the time she was five, she was reading everything in the house. She's in the third grade now, but we had her tested last year in the second grade and she was reading at a sixth grade level at that point and she has a seventh grade comprehension.

Complaint

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[Kia Herman]: In kindergarten, the principal came to our class and tested everybody for reading and since I was the only one who could really read, I was able to read in front of the class, because the principal told me to.

[Jeff]: After Kia finished the program, a friend of ours son couldn't read and they were taking a cross country trip from California to New York. They were moving there and we gave them our "Hooked on Phonics" program and on the four week trip, he took the whole program, he was five years old. By the time they got to New York he could read. It was marvelous.

[Kia]: I think they should learn how to read if they don't already know because it's fun.

* * *

[Murdock]: Next, I had an opportunity to interview Twila Morris, a 32-year-old mother from Fort Wayne, Indiana, who as a child ran crying from her class room when asked to read. From that day on until she got "Hooked on Phonics," she struggled through life as a non-reader.

[Twila]: I'd walk into a store, not knowing how to read, and I'd see the Pine Sol that I always see, you know, it had the tree. And I seen this white bottle sitting by it and I thought, "Oh, a new kind of Pine Sol." Well, I opened up that thing it's embarrassing -- there were about four or five people around -- and I opened it up and smelled it to see how good the pine would smell -- was ammonia. Knocked me right down on the floor. The ammonia went everywhere. And the guy at the store's mad and he said -- "What in the world would ever make you smell something like that?" And I didn't want to say because I couldn't read it. Both my girls know, knew, that I had a problem. It took my baby girl to say, "Hey Mom, it's time." And she had seen "Hooked on Phonics" on a commercial. And on the way home I was crying. She said, "Well, don't cry. Just order 'Hooked on Phonics.'" And she looked at me in the eyes and I knew that it was time for her Mom to learn.

[Patricia]: I needed help on some of my school work, and she couldn't help me. Until she got "Hooked on Phonics." And she started listening to them and it just turned out great. She started helping me with my homework. Now she's written stories.

[Twila]: Now I can read and I'm using the skills I've learned from "Hooked on Phonics" to write stories.

[Patricia]: I'm proud of her. I just can't think of another word to go over that word. I am really proud of her.

* * *

Hi, I'm Randy Thomas, and you've probably heard me on the radio talking about "Hooked on Phonics." You know, call 1-800-ABCDEFGH. Well, that's me. And I am really proud to be involved with this program because it's helped so many people learn to read. In fact, thousands of schools and almost half a million people have ordered "Hooked on Phonics." What is "Hooked on Phonics"? It's a program that can help teach children and adults to read by teaching the sounds of the letters in the alphabet. All the lessons are set to music, and that makes learning to read simple and fun. You can work at your own pace, in your own home, and in complete privacy. It's like having your own private tutor for a fraction of the cost. "Hooked on Phonics" includes five books, eight cassettes and nine decks of flash cards, all color coded. That means when you use the yellow book, you use the yellow tape and the yellow cards. Purple book, purple tape and purple cards. Most

of the musical lessons are only nine minutes long and they're all easy to learn. It's as simple as that. You'll increase your skills in reading, spelling, pronunciation, and also build confidence and self esteem. Being a better reader opens the doors for job opportunities and your potential for success. Call 1-800-ABCDEFGH. We're waiting for your call.

* * *

[Murdock]: Well, we're just about out of time now. And you have seen the difference that "Hooked on Phonics" has made in these peoples' lives. And I know how they feel because as a father it was wonderful to see my son gain such self confidence while learning how to read. Now he believes he can do anything in life and so do I. And I'd like to say one more thing to you. If there's someone you know who might need some help with reading, try "Hooked on Phonics." It worked for my son Michael. It could work for you. Thank you for watching.

[Film Participant]: For what it's done for our daughter is just fantastic. I can't say enough about it.

[Film Participant]: It was a success for us to use the program.

[Film Participant]: We have a new child now and she's just wonderful.

EXHIBIT L

HOOKED ON PHONICS CLASSROOM PACKAGE.

CUSTOMIZED KITS FOR GROUPS OF FIVE TO FIT ANY CLASSROOM SIZE.

Hooked On Phonics has helped nearly one million students learn to read at home.

NOW WE'RE READY FOR SCHOOL.

For the very first time, *Hooked On Phonics* has been designed especially for your classroom. Each kit allows you to offer one-on-one instruction to five students at a time. With more kits you can offer this unique method of instruction to your entire class.

The kits are convenient to set up and very easy to use. In fact, you'll receive a comprehensive user's guide that, among other things, will show you how to identify each student's specific needs for individual application of the program.

We've also improved *Hooked On Phonics*'s overall efficiency. Our flash cards now come with a special binding so you won't have to worry about cards being out of sequence or worse, lost. Still, if flash cards are worn or lost, or a single tape is misplaced, replacement parts are now available.

PHONICS IS YOUR PERFECT PARTNER.

Still, the best reason to order *Hooked On Phonics* is that it works. Based on systematic phonics, your students will learn vital reading skills such as letter recognition, decoding and spelling.

It can be integrated into any whole language program to reinforce previously learned skills without interference.

Teaching our program requires no special skills on your part. It's as easy to teach as it is to learn.

Your students will easily remember their lessons because *Hooked On Phonics* is set to music with rhythm and rhyme.

Careful materials appear clearly and inviting while stimulating interest and participation.

More importantly, everyone who uses our program can progress at their own pace without feeling inhibited by peer pressure. This way, even your slow learners can benefit from the program privately. Our program also stresses repetition so rules and patterns of language are quickly acquired. Great alternatives enable students to learn on their own.

TEACH MORE FOR LESS.

Even better, the program that has taught so many at home is now available with an educator's discount.

Your order will receive a 12% to 40% discount depending on the number of kits you buy in a quantity.

Compared to other reading supplemental programs, *Hooked On Phonics* will cost your classroom considerably less.

YOU CAN PUT THE FUN BACK INTO LEARNING.

When was the last time you had to tell your students to have fun? Children have fun naturally, and our program lets them learn while having fun. Learning to read becomes an exciting process when all the pieces start to fall into place as they will with every *Hooked On Phonics* lesson.

So give yourself something to smile about: a classroom full of happy and accomplished boys and girls.

And reading will just "go to it" as it's critical. As a teacher, the last gift you can give students is the knowledge of who they are, where they came from and where they're going.

To receive more information about the *Hooked On Phonics* Classroom Package or to speak with a consultant about pricing, call 1-800-READING... because learning to read with *Hooked On Phonics* isn't just easy, it's fun.



Hooked On Phonics
1-800-READING

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of 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 respondents with violation of the Federal Trade Commission Act; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the 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, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and 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 respondents have violated the 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, and having duly considered the comments received, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Gateway Educational Products, Ltd. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1050 Katella Ave., Suite D, in the City of Orange, State of California.

Respondents John Shanahan and John Herlihy are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above stated address.

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

DEFINITIONS

For purposes of this order, the following definitions shall apply:

A. "*HOP*" means the reading program known as "Hooked on Phonics/SRA Reading Power" marketed by Gateway Educational Products, Ltd.

B. "*Educational program or product*" means any program or product that provides instruction in any field of study, including but not limited to any aspect of reading.

C. "*Competent and reliable scientific evidence*" means tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

I.

It is ordered, That respondents Gateway Educational Products, Ltd., a corporation, its successors and assigns, and its officers, and John Shanahan and John Herlihy, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labelling, advertising, promotion, offering for sale, sale, or distribution of HOP or any other educational program or product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, in any manner, directly or by implication, that such program or product:

A. Can or will quickly and easily teach persons with reading problems or disabilities to read, regardless of the nature of the problem or disability;

B. Is effective for teaching persons with learning disabilities, including dyslexia and attention deficit disorders, to read;

C. Can or will cause users with reading problems or disabilities to achieve significant improvement in reading levels or classroom grades;

D. Is effective for teaching persons in a home setting to read, without the need for additional assistance such as a teacher or tutor;

E. Is effective for teaching reading comprehension skills;

F. Has helped nearly one million or any other number of students to learn to read; or

G. Provides any other educational benefit, unless at the time of making such representation, respondents possess and rely upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates such representation.

II.

It is further ordered, That respondents Gateway Educational Products, Ltd., a corporation, its successors and assigns, and its officers, and John Shanahan and John Herlihy, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labelling, advertising, promotion, offering for sale, sale, or distribution of any educational program or product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that any endorsement (as "endorsement" is defined in 16 CFR 255.0(b)) of the program or product represents the typical or ordinary experience of members of the public who use the program or product, unless at the time of making such representation, respondents possess and rely upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates such representation.

III.

It is further ordered, That respondents Gateway Educational Products, Ltd., a corporation, its successors and assigns, and its

officers, and John Shanahan and John Herlihy, individually and as officers of said corporation, shall for five (5) years after the date of the last dissemination to which they pertain, maintain and upon request make available to the Federal Trade Commission or its staff for inspection and copying:

A. Any advertisement making any representation covered by this order;

B. All materials that were relied upon by respondents in disseminating any representation covered by this order; and

C. All reports, tests, studies, surveys, demonstrations or other evidence in any respondent's possession or control that contradict, qualify, or call into question such representation, or the basis upon which respondents relied for such representation, including complaints from consumers.

IV.

It is further ordered, That respondent Gateway Educational Products, Ltd., its successors and assigns, shall:

A. Within thirty (30) days after service of this order, provide a copy of this order to each of its current principals, officers, directors, and managers, and to all personnel, agents, and representatives having sales, advertising, or policy responsibility with respect to the subject matter of this order; and

B. For a period of five (5) years from the date of entry of this order, provide a copy of this order to each of its principals, officers, directors, and managers, and to all personnel, agents, and representatives having sales, advertising, or policy responsibility with respect to the subject matter of this order within three (3) days after the person commences his or her responsibilities.

V.

It is further ordered, That respondent Gateway Educational Products, Ltd., its successors and assigns, shall notify the Federal Trade Commission at least thirty (30) days prior to any proposed change in its corporate structure, including but not limited to dissolution, assignment, or sale resulting in the emergence of a

successor corporation, the creation or dissolution of subsidiaries or affiliates, the planned filing of a bankruptcy petition, or any other change in the corporation that may affect compliance obligations arising out of this order.

VI.

It is further ordered, That respondents John Shanahan and John Herlihy shall, for a period of ten (10) years from the date of entry of this order, notify the Commission within thirty (30) days of the discontinuance of their present business or employment with respondent Gateway Educational Products, Ltd., or its successors and assigns, and of their affiliation with any new business or employment in connection with the manufacturing, labelling, advertising, promotion, offering for sale, sale, or distribution of any educational program or product. Each notice of affiliation with any new business or employment shall include the respondent's new business address and telephone number, current home address, and a statement describing the nature of the business or employment and his duties and responsibilities.

VII.

It is further ordered, That respondents shall, within sixty (60) days after service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Complaint

119 F.T.C.

IN THE MATTER OF

HÄAGEN-DAZS COMPANY, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3582. Complaint, June 2, 1995--Decision, June 2, 1995*

This consent order prohibits, among other things, a New Jersey-based ice cream and frozen yogurt corporation from misrepresenting the existence or amount of fat, saturated fat, cholesterol, or calorie content of any of its frozen food products in the future, and requires the respondent to meet the Food and Drug Administration qualifying amount for any nutrient-content claim.

Appearances

For the Commission: *Anne V. Maher* and *Michelle K. Rusk*.

For the respondent: *Basil Culyba* and *Kirsten Wolfe*, *Howrey & Simon*, Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Häagen-Dazs Company, Inc., a corporation ("Häagen-Dazs" or "respondent"), has violated the provisions 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, alleges:

PARAGRAPH 1. Respondent Häagen-Dazs is a New Jersey corporation, with its principal office or place of business at Glenpointe Centre East, Teaneck, NJ.

PAR. 2. Respondent has manufactured, advertised, labeled, offered for sale, sold and distributed Häagen-Dazs Frozen Yogurt, a "food" within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

PAR. 3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.