

IN THE MATTER OF

AZRAK-HAMWAY INTERNATIONAL, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3653. Complaint, May 2, 1996--Decision, May 2, 1996*

This consent order prohibits, among other things, the New York-based manufacturers and distributors of toys from using deceptive demonstrations and certain other misrepresentations. In addition, the consent order requires the respondents to offer full refunds to consumers who bought Steel Tec toy vehicles, and to notify television stations that ran the challenged advertisements of the Commission action, and of the availability of guidelines for screening children's advertising.

Appearances

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

For the respondents: *Aaron Locker, Locker, Greenberg & Brainin*, New York, N.Y.

COMPLAINT

The Federal Trade Commission, having reason to believe that Azrak-Hamway International, Inc., a corporation, and Marvin Azrak and Ezra Hamway, 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 Azrak-Hamway International, Inc. is a New York corporation, with its principal office or place of business at 1107 Broadway, New York, New York.

Respondent Marvin Azrak is the Senior Executive Vice President, and an owner and director of Azrak-Hamway International, Inc. Individually or in concert with others, he formulates, directs, and controls the acts and practices of Azrak-Hamway International, Inc., including the acts and practices alleged in this complaint. His

principal office or place of business is the same as that of Azrak-Hamway International, Inc.

Respondent Ezra Hamway is the President, and an owner and director of Azrak-Hamway International, Inc. Individually or in concert with others, he formulates, directs, and controls the acts and practices of Azrak-Hamway International, Inc., including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Azrak-Hamway International, Inc.

PAR. 2. Respondents have manufactured, advertised, labeled, promoted, offered for sale, sold, and distributed toys, including the Steel Tec Steel Construction System line of toys ("Steel Tec toys"), through Azrak-Hamway International, Inc.'s Remco Toys Division, to consumers.

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 packages for Steel Tec toys, including but not necessarily limited to the attached Exhibits A-G. These advertisements and packages contain the following statements and depictions:

A. [Exhibit A, Television Advertisement]

[Audio] "Born out of steel and forging the way, the Steel Tec Construction System. Get a grip on the Power Wrench, feel the magnetic force. Because no matter how high, no matter how fast, no matter how powerful, or no matter how monstrous your imagination might be, Steel Tec is the beginning of creation."

This television advertisement contains depictions of the Steel Tec motorized helicopter, "Formula 1" race car, and "Off Road Super Sport" vehicle operating on their own power without human assistance, including the following scenes:

1. One sequence depicts an assembled Steel Tec motorized helicopter hovering, with propellers and rear rotors spinning, then ascending. The audio portion simulates the sound of a helicopter in flight, including the sound of propellers spinning.
2. Another sequence depicts an assembled Steel Tec Formula 1 race car driving at a rapid pace on a grated surface.
3. Another sequence depicts a rear wheel of an assembled Steel Tec Off Road Super Sport vehicle spinning and peeling out from a pile of dirt or sand. The ad then cuts to a scene of the Steel Tec Off Road Super Sport vehicle driving and bounding over a dirt or sand covered surface.

B. [Exhibit B, Television Advertisement]

[Audio] "Born out of steel and forging the way, the Steel Tec Construction System. Get a grip on the Power Wrench, feel the magnetic force.... Steel Tec powerful. Steel Tec cool as chrome. With Harley-Davidson. Steel Tec, the beginning of creation."

This television advertisement contains depictions of the Steel Tec "Sand Buggy" vehicle and "Harley-Davidson® Electra Glide" motorcycle operating on their own power without human assistance, including the following scenes:

1. One sequence depicts a rear wheel of an assembled Steel Tec Sand Buggy vehicle spinning and peeling out from a pile of dirt or sand. The ad then cuts to a scene of the Steel Tec Sand Buggy vehicle driving over a dirt or sand covered surface and leaving a cloud of dust behind.

2. Another sequence depicts the rear wheel of an assembled Steel Tec Harley-Davidson® Electra Glide motorcycle spinning and peeling out from a pile of dirt or sand. The audio portion simulates the sound of a motorcycle revving up. The ad then cuts to a scene showing the Steel Tec Harley-Davidson® Electra Glide motorcycle driving on two wheels on a dirt or sand covered surface. The audio portion of the ad simulates the sound of a motorcycle being driven.

C. [Exhibit C, Television Advertisement]

[Audio] "Now for a limited time, Steel Tec's Value Packed Power Command Workshop. Complete with a Steel Tec Power Wrench, storage case and all the tools and parts you need to get your dreams off the ground."

This television advertisement contains depictions of the Steel Tec "Hypersonic Fighter" plane operating on its own power without human assistance, including the following scene:

1. One sequence depicts an assembled Steel Tec Hypersonic Fighter plane flying across the television screen. The audio portion simulates the sound of a jet plane in flight.

2. A small print video-only disclosure states, "Product Does Not Fly Without Assistance."

D. [Exhibit D, Television Advertisement]

[Audio] "Born out of steel and forging the way, the Steel Tec Construction System. Get a grip on the Power Wrench, feel the magnetic force. Because no matter how fast, no matter how powerful, no matter how massive, or no matter how high your imagination might be, Steel Tec is the beginning of creation."

This television advertisement contains depictions of the Steel Tec "Off Road Super Sport," "Dozer," "Dump Truck," and motorized helicopter operating on their own power without human assistance, including the following scenes:

1. One sequence depicts a rear wheel of an assembled Steel Tec Off Road Super Sport vehicle spinning and peeling out from a pile of dirt or sand. The ad then cuts to a scene of the Steel Tec Off Road Super Sport vehicle driving and bounding over a dirt or sand covered surface.

2. Another sequence depicts an assembled Steel Tec Dozer vehicle driving forward and pushing a pile of dirt or sand on a dirt or sand covered surface.

3. Another sequence depicts an assembled Steel Tec Dump Truck vehicle driving in reverse and then stopping, and its dump body raising, tilting back, and dumping a full load of miniature canisters.

4. Another sequence depicts an assembled Steel Tec motorized helicopter hovering, with propellers and rear rotors spinning, then ascending. The audio portion simulates the sound of a helicopter in flight, including the sound of propellers spinning.

E. Exhibit E, a product package, depicts, *inter alia*, nine models, including the Steel Tec motorized helicopter, Formula 1 race car, Off Road Super Sport vehicle, and Sand Buggy vehicle. The nine models appear side-by-side in two rows in a large photograph, which makes up more than two-thirds of the front panel of the package. Copy on the package states:

1. "ROAD & AIR VEHICLES PLUS WALKING ROBOT" [appears on 5 of 6 panels];

2. "BATTERY POWERED MOTOR INCLUDED" [appears on 5 of 6 panels];
and,

3. "Requires 2 AA Alkaline Batteries (Not Included)" [appears on front panel].

F. Exhibit F, a product package, depicts, *inter alia*, three Harley-Davidson® motorcycles, including the Electra Glide. Copy on the package states:

1. "BATTERY POWERED MOTOR INCLUDED" [appears on 5 of 6 panels];

2. "BATTERY POWERED MOTOR INCLUDED" [appears on front panel directly above circle containing a photograph of a motor, a battery holder, and batteries];

3. "Requires 2 AA Alkaline Batteries (Not Included)" [appears on front panel];
and,

4. "THE HARLEY-DAVIDSON® MOTORCYCLES IN THIS SET OPERATE ON 2-AA ALKALINE BATTERIES (NOT INCLUDED)" [appears on back panel].

G. Exhibit G, a product package, depicts, *inter alia*, nine models, including the Steel Tec Dozer and Dump Truck vehicles. Copy on the package states:

1. "HEAVY MACHINERY PLUS WALKING DINOSAUR" [appears on 5 of 6 panels];

2. "BATTERY POWERED MOTOR INCLUDED" [appears on 5 of 6 panels];

3. "Requires 2 AA Alkaline Batteries (Not Included)" [appears on front panel];
and,

4. "THE STEEL TEC™ VEHICLES IN THIS SET OPERATE ON 2-AA ALKALINE BATTERIES (NOT INCLUDED)" [appears on back panel].

PAR. 5. Through the use of the statements and depictions contained in the advertisements and on the packages referred to in paragraph four, including but not necessarily limited to the advertisements and packages attached as Exhibits A-G, respondents have represented, directly or by implication, that the demonstrations in the television advertisements of the Steel Tec:

A. Motorized helicopter hovering, with propellers and rear rotors spinning, then ascending;

B. Formula 1 race car driving at a rapid pace on a grated surface;

C. Off Road Super Sport vehicle peeling out from a pile of dirt or sand and then driving and bounding over a dirt or sand covered surface;

D. Sand Buggy vehicle peeling out from a pile of dirt or sand and then driving over a dirt or sand covered surface, leaving a cloud of dust behind;

E. Harley-Davidson® Electra Glide motorcycle peeling out from a pile of dirt or sand, and driving on two wheels on a dirt or sand covered surface;

F. Hypersonic Fighter plane flying;

G. Dozer vehicle driving forward and pushing a pile of dirt or sand on a dirt or sand covered surface; and,

H. Dump Truck vehicle driving in reverse and then stopping, and its dump body raising, tilting back, and dumping a full load of miniature canisters

were unaltered and the results shown accurately represent the performance of the actual, unaltered Steel Tec motorized helicopter, Formula 1 race car, Off Road Super Sport vehicle, Sand Buggy vehicle, Harley-Davidson® Electra Glide motorcycle, Hypersonic Fighter plane, Dozer vehicle, and Dump Truck vehicle toys under the depicted conditions.

PAR. 6. In truth and in fact, the demonstrations in the television advertisements of the Steel Tec:

A. Motorized helicopter hovering, with propellers and rear rotors spinning, then ascending;

B. Formula 1 race car driving at a rapid pace on a grated surface;

C. Off Road Super Sport vehicle peeling out from a pile of dirt or sand and then driving and bounding over a dirt or sand covered surface;

D. Sand Buggy vehicle peeling out from a pile of dirt or sand and then driving over a dirt or sand covered surface, leaving a cloud of dust behind;

E. Harley-Davidson® Electra Glide motorcycle peeling out from a pile of dirt or sand, and driving on two wheels on a dirt or sand covered surface;

F. Hypersonic Fighter plane flying;

G. Dozer vehicle driving forward and pushing a pile of dirt or sand on a dirt or sand covered surface; and,

H. Dump Truck vehicle driving in reverse and then stopping, and its dump body raising, tilting back, and dumping a full load of miniature canisters

were not unaltered and the results shown did not accurately represent the performance of actual, unaltered Steel Tec motorized helicopter, Formula 1 race car, Off Road Super Sport vehicle, Sand Buggy vehicle, Harley-Davidson® Electra Glide motorcycle, Hypersonic Fighter plane, Dozer vehicle, and Dump Truck vehicle toys under the depicted conditions. Among other things, the Steel Tec:

1. Motorized helicopter was suspended in the air from monofilament wire and was moved by humans off camera to create the effects of hovering and ascending, and the propellers and rear rotors were spun manually by humans off camera to create the effect of motorized spinning;

2. Formula 1 race car was pulled and guided in a straight line by a monofilament wire held by humans off camera to create the effect of driving at a rapid pace on a grated surface;

3. Off Road Super Sport vehicle was pulled and guided by a monofilament wire held by humans off camera to create the effects of peeling out from a pile of dirt or sand, and driving and bounding over a dirt or sand covered surface;

4. Sand Buggy vehicle was pulled and guided by a monofilament wire operated by humans off camera to create the effects of peeling out from a pile of dirt or sand and driving over a dirt or sand covered surface;

5. Harley-Davidson® Electra Glide motorcycle was moved along the dirt or sand covered surface by humans off camera using a black tube connected to the side of the vehicle and recessed out of view from the camera to create the effects of peeling out and driving on a dirt or sand covered surface;

6. Hypersonic Fighter plane was moved along a horizontally suspended monofilament wire by humans off camera to create the effect of flying;

7. Dozer vehicle was pulled and guided by a monofilament wire held by humans off camera to create the effects of pushing a pile of dirt or sand and driving over a dirt or sand covered surface; and,

8. Dump Truck vehicle was pulled and guided by a monofilament wire held by humans off camera to create the effects of driving in reverse and stopping, and the dump body was pulled upward by a monofilament wire held by humans off camera to create the effect of dumping a load of miniature canisters.

Therefore, the representations set forth in paragraph five were, and are, false and misleading.

PAR. 7. Through the use of the statements and depictions contained in the advertisements and on the packages referred to in paragraph four, including but not necessarily limited to the advertisements and packages attached as Exhibits A-G, respondents have represented, directly or by implication, that the Steel Tec:

A. Motorized helicopter can hover and ascend, and its propellers and rotors can spin in a sustained manner without human assistance;

B. Formula 1 race car can drive at a rapid pace in a sustained and directed manner without human assistance;

C. Off Road Super Sport vehicle can peel out from a pile of dirt or sand and drive and bound over a dirt or sand covered surface in a sustained and directed manner without human assistance;

D. Sand Buggy vehicle can peel out from a pile of dirt or sand and drive on a dirt or sand covered surface in a sustained and directed manner without human assistance;

E. Harley-Davidson® Electra Glide motorcycle can peel out from a pile of dirt or sand and drive on a dirt or sand covered surface in a sustained and directed manner without human assistance;

F. Hypersonic Fighter plane can fly in a sustained and directed manner without human assistance;

G. Dozer vehicle can push dirt or sand and drive on a dirt or sand covered surface in a sustained and directed manner without human assistance; and,

H. Dump Truck vehicle can drive in reverse, stop, raise the dump body, tilt it back, and then dump its load without human assistance.

PAR. 8. In truth and in fact, the Steel Tec:

A. Motorized helicopter cannot hover and ascend, and its propellers and rotors cannot spin in a sustained manner without human assistance;

B. Formula 1 race car cannot drive at a rapid pace in a sustained and directed manner without human assistance;

C. Off Road Super Sport vehicle cannot peel out from a pile of dirt or sand and drive and bound over a dirt or sand covered surface in a sustained and directed manner without human assistance;

D. Sand Buggy vehicle cannot peel out from a pile of dirt or sand and drive on a dirt or sand covered surface in a sustained and directed manner without human assistance;

E. Harley-Davidson® Electra Glide motorcycle cannot peel out from a pile of dirt or sand and drive on a dirt or sand covered surface in a sustained and directed manner without human assistance;

F. Hypersonic Fighter plane cannot fly in a sustained and directed manner without human assistance;

G. Dozer vehicle cannot push dirt or sand and drive on a dirt or sand covered surface in a sustained and directed manner without human assistance; and,

H. Dump Truck vehicle cannot drive in reverse, stop, raise the dump body, tilt it back, and then dump its load without human assistance.

Therefore, the representations set forth in paragraph seven were, and are, false and misleading.

PAR. 9. Through the use of the statements and depictions contained in the advertisements and on the packages referred to in paragraph four, including but not necessarily limited to the advertisements and packages attached as Exhibits A-G, respondents have represented, directly or by implication, that the Steel Tec Off Road Super Sport vehicle, Sand Buggy vehicle, Harley-Davidson®

Electra Glide motorcycle, Dozer vehicle, and Dump Truck vehicle can be used on dirt, sand, and similar surfaces.

PAR. 10. In truth and in fact, the Steel Tec Off Road Super Sport vehicle, Sand Buggy vehicle, Harley-Davidson® Electra Glide motorcycle, Dozer vehicle, and Dump Truck vehicle cannot be used on dirt, sand, and similar surfaces. The "Helpful Hints Manual" accompanying these products states, "OPERATE YOUR VEHICLE ON A SMOOTH, DRY SURFACE ONLY. NEVER OPERATE YOUR VEHICLE ON GRASS, DIRT, SAND, CARPET OR WATER AS THIS MAY RESULT IN DAMAGE TO YOUR VEHICLE." Therefore, the representation set forth in paragraph nine was, and is, false and misleading.

PAR. 11. Respondents have disseminated or have caused to be disseminated packages for Steel Tec toys, including but not necessarily limited to the attached Exhibits E-G. These packages contain the following statements and depictions:

A. Exhibit E depicts, *inter alia*, nine models, including the Steel Tec motorized helicopter, Formula 1 race car, Off Road Super Sport vehicle, and Sand Buggy vehicle. The nine models appear side-by-side in two rows in a large photograph, which makes up more than two-thirds of the front panel of the package. Copy on the package states:

1. "ROAD & AIR VEHICLES PLUS WALKING ROBOT" [appears on 5 of 6 panels];
2. "BUILD 9 OR MORE MODELS INDIVIDUALLY WITH THIS SET" [appears on 5 of 6 panels];
3. "348 PARTS" [appears in large red letters inside of a yellow hexagon with a red border on 5 of 6 panels]; and,
4. "ANY ONE OF THE STYLES SHOWN CAN BE BUILT ONE AT A TIME" [appears on back panel, above photographs of 9 individual packages of toys and 5 packages of sets of toys].

B. Exhibit F depicts, *inter alia*, three Harley-Davidson® motorcycles, including the Electra Glide. The three models appear side-by-side in a large photograph, which makes up more than two-thirds of the front panel of the package. Copy on the package states:

1. "BUILD 3 OR MORE MOTORCYCLES INDIVIDUALLY WITH THIS SET" [appears on 5 of 6 panels; photograph of 3 motorcycles side-by-side appears on 3 of 6 panels];
2. "545 PARTS" [appears in large red block letters inside of a yellow hexagon with a red border on 5 of 6 panels]; and,

3. "THE HARLEY-DAVIDSON® MOTORCYCLES IN THIS SET OPERATE ON 2-AA ALKALINE BATTERIES (NOT INCLUDED)" [appears on back panel].

C. Exhibit G depicts, *inter alia*, nine models, including the Steel Tec Dozer and Dump Truck vehicles. The nine models appear side-by-side in a large photograph, which makes up more than two-thirds of the front panel of the package. Copy on the package states:

1. "HEAVY MACHINERY PLUS WALKING DINOSAUR" [appears on 5 of 6 panels];
2. "BUILD 9 OR MORE MODELS INDIVIDUALLY WITH THIS SET" [appears on 5 of 6 panels];
3. "390 PARTS" [appears in large red block letters inside of a yellow hexagon with a red border on 5 of 6 panels]; and,
4. "THE STEEL TEC™ VEHICLES IN THIS SET OPERATE ON 2-AA ALKALINE BATTERIES (NOT INCLUDED)" [appears on back panel].

PAR. 12. Through the use of the statements and depictions contained on the packages of the Steel Tec toys referred to in paragraph eleven, including but not necessarily limited to the packages attached as Exhibits E-G, respondents have represented, directly or by implication, that each package contains the number of parts required to build the number of vehicles depicted on the package at the same time.

PAR. 13. In truth and in fact, the packages do not contain the number of parts required to build the number of vehicles depicted on the package at the same time. Each package contains enough parts to build a single vehicle at one time. Therefore, the representation set forth in paragraph twelve was, and is, false and misleading.

PAR. 14. 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.

507

Complaint

EXHIBIT A

TV

ADVERTISER	STEEL TEC CONSTRUCTION SYSTEMS	EXHIBIT A	74-100-14 M.
TIME	"BORN OUT OF STEEL"		
PROGRAM	FULL HOUSE	11/24/94	30
STATION	WPIX (NEW YORK)		6 25PM
	REVISION OF COMMERCIAL 94-11819		



(MUSIC) ANNCR: Born out of steel



and forging the way



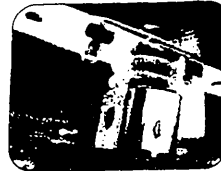
the Steel Tec Construction System.



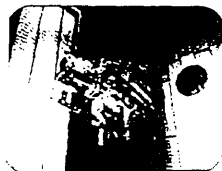
Get a grip on the Power Wrench.



feel the magnetic force.



(MUSIC)



Because no matter how high, (SFX: IN & OUT) no matter how fast.



(SFX: IN & OUT) no matter how powerful.



or no matter how



monstrous your imagination might be.



(MUSIC)



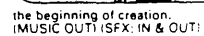
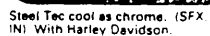
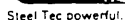
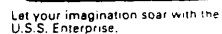
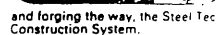
Steel Tec is the beginning of creation. (MUSIC OUT)

ALSO AVAILABLE IN COLOR VIDEO-TAPE CASSETTES
While Steel Tec Systems continues to ensure the accuracy of material supplied by it, it cannot be responsible for errors in its documents.
Attention: Steel Tec Systems, Inc. 10000 E. 1st Avenue, Suite 100, Denver, CO 80231. Tel: 303-751-1000. Fax: 303-751-1001.

121 F.T.C.

TV

PROGRAM: THE FULL HOUSE
STATION: WPTX
REVISED BY: JENNIFER ALLEN
DATE: 11/19/94
NEW YORK
EQUIPMENT: B



ALSO AVAILABLE IN COLOR VIDEO-TAPE CASSETTE

While Radio TV Express customers in secure the accuracy of material supplied by it, it cannot be responsible for inaccuracies in material supplied by Radio TV Express, nor for use by its and its subsidiaries, nor for use of its material in any other way.

507

Complaint

EXHIBIT C

			<table border="0"> <tr> <td>PRODUCT</td> <td>STEEL TEC'S VALUE PACKED POWER COMMAND WORKSHOP</td> <td></td> <td></td> </tr> <tr> <td>TITLE</td> <td>VALUE PACKED POWER COMMAND WORKSHOP</td> <td>02/09/95</td> <td>15</td> </tr> <tr> <td>PROGRAM</td> <td>FULL HOUSE</td> <td>(NEW YORK)</td> <td>5:27PM</td> </tr> <tr> <td>STATION</td> <td>WPH</td> <td></td> <td></td> </tr> </table>			PRODUCT	STEEL TEC'S VALUE PACKED POWER COMMAND WORKSHOP			TITLE	VALUE PACKED POWER COMMAND WORKSHOP	02/09/95	15	PROGRAM	FULL HOUSE	(NEW YORK)	5:27PM	STATION	WPH		
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PROGRAM	FULL HOUSE	(NEW YORK)	5:27PM																		
STATION	WPH																				
 (MUSIC)	 ANNCR: Now for a limited time.	 Steel Tec's Value Packed Power Command Workshop.																			
 (MUSIC)	 Complete with a Steel Tec power wrench, storage case	 and all the tools and parts you need to get your dreams off the ground. (MUSIC OUT)																			

ALSO AVAILABLE IN COLOR VIDEO-TAPE CASSETTE
 While Radio TV Reports continues to ensure the accuracy of material reported to it, it cannot be responsible for errors in its content.
 Material reported to Radio TV Reports may be used for its own purposes and may not be reproduced, sold or publicly disseminated in substance.

EXHIBIT D

[Television Advertisement]

[Announcer]: "Born out of steel and forging the way, the Steel Tec Construction System. Get a grip on the Power Wrench, feel the magnetic force. Because no matter how fast, no matter how powerful, no matter how massive, or no matter how high your imagination might be, Steel Tec is the beginning of creation."

This television advertisement contains depictions of the Steel Tec "Off Road Super Sport," "Dozer," "Dump Truck," and motorized helicopter operating on their own power without human assistance, including the following scenes:

1. One sequence depicts a rear wheel of an assembled Steel Tec Off Road Super Sport vehicle spinning and peeling out from a pile of dirt or sand. The ad then cuts to a scene of the Steel Tec Off Road Super Sport vehicle driving and bounding over a dirt or sand covered surface.
2. Another sequence depicts an assembled Steel Tec Dozer vehicle driving forward and pushing a pile of dirt or sand on a dirt or sand covered surface.
3. Another sequence depicts an assembled Steel Tec Dump Truck vehicle driving in reverse and then stopping, and its dump body raising, tilting back, and dumping a full load of miniature canisters.
4. Another sequence depicts an assembled Steel Tec motorized helicopter hovering, with propellers and rear rotors spinning, then ascending. The audio portion simulates the sound of a helicopter in flight, including the sound of propellers spinning.

507

Complaint

EXHIBIT E

EXHIBIT E

TEC

CONSTRUCTION SYSTEM 5

PLUS WALKING ROBOT

BATTERY POWERED MOTOR INCLUDED

348 PARTS

BUILD 9 OR MORE VEHICLES INDIVIDUALLY WITH THIS SET

STEELTEC

THE STEEL CONSTRUCTION SYSTEM

ROAD & AIR VEHICLES

AGES 8 & UP

REQUIRES 2 AA ALKALINE BATTERIES (NOT INCLUDED)

4 TOOLS INCLUDED

Item # 7022

RECO

348 PARTS

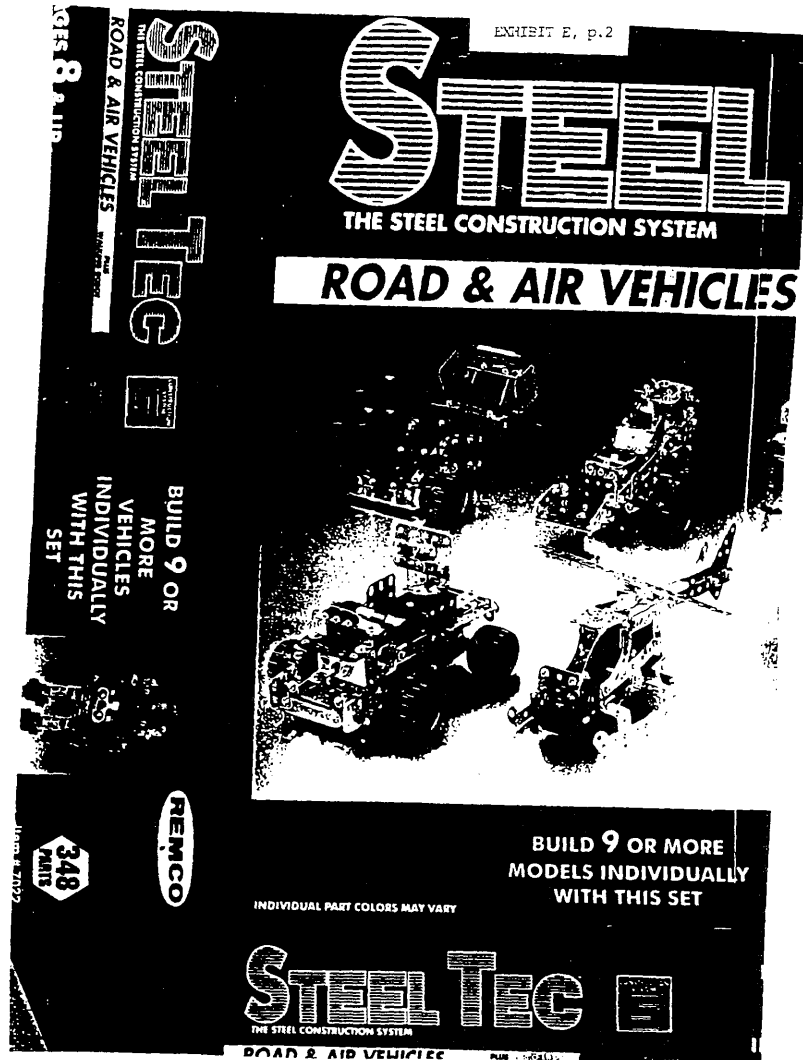
RECO

348 PARTS

Complaint

121 F.T.C.

EXHIBIT E



507

Complaint

EXHIBIT F

EXHIBIT F

ELTEC

CONSTRUCTION SYSTEM

301

CAFE RACER

BATTERY POWERED MOTOR INCLUDED

545 PARTS

4 TOOLS INCLUDED

Requires 2 AA Alkaline Batteries (Not Included)

Item # 7091

AGES 9 & UP

545 PARTS

REMCO

REMCO

545 PARTS

545 PARTS

BUILD 3 OR MORE MOTORCYCLES INDIVIDUALLY WITH THIS SET

STEELTEC

HARLEY-DAVIDSON

3 OR MORE MOTORCYCLES INDIVIDUALLY WITH THIS SET

HARLEY-DAVIDSON

STEEL TEC
THE STEEL CONSTRUCTION SYSTEM

WWII CYCLE ELECTRA GLIDE

BATTERY POWERED MOTOR INCLUDED

SPRING SUSPENSION

545
PUMP
AGES 9 & UP

REMCO

HARLEY-DAVIDSON

STEEL TEC
THE STEEL CONSTRUCTION SYSTEM

WALLACE - HIGDON - GUN - GUN

LICENSE HARLEY-DAVIDSON

STEEL TEC
THE STEEL CONSTRUCTION SYSTEM

WALLACE - HIGDON - GUN - GUN

Complaint

EXHIBIT G



Complaint

121 F.T.C.

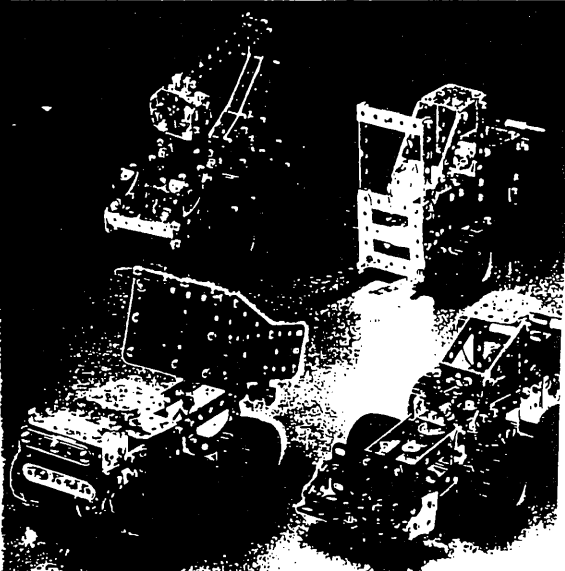
EXHIBIT G

EXHIBIT G, p.2

STEEL

THE STEEL CONSTRUCTION SYSTEM

HEAVY MACHINERY



AGES 8 & UP

STEEL Tec
THE STEEL CONSTRUCTION SYSTEM
HEAVY MACHINERY

BUILD 9 OR MORE MODELS INDIVIDUALLY WITH THIS SET

REMO

390 PARTS

Item #2023

STEEL Tec
THE STEEL CONSTRUCTION SYSTEM
HEAVY MACHINERY

AGES 8 & UP

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 the 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 attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, and 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 a 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 described 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 Azrak-Hamway International, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business at 1107 Broadway, New York, New York.

Respondents Marvin Azrak and Ezra Hamway are owners and officers of said corporation. They formulate, direct, and control the policies, acts and practices of said corporation and their address is the same as that of said corporation.

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

I.

It is ordered, That respondents, Azrak-Hamway International, Inc., a corporation, its successors and assigns, and its officers, and Marvin Azrak and Ezra Hamway, 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, labeling, advertising, promotion, offering for sale, sale, or distribution of any toy in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. In connection with any advertisement or package depicting a demonstration, experiment or test, making any representation, directly or by implication, that the demonstration, picture, experiment or test depicted in the advertisement or package proves, demonstrates or confirms any material quality, feature or merit of any toy when such demonstration, picture, experiment or test does not prove, demonstrate or confirm the representation for any reason, including but not limited to:

1. The undisclosed use or substitution of a material mock-up or prop;
2. The undisclosed material alteration in a material characteristic of the advertised toy or any other material prop or device depicted in the advertisement; or
3. The undisclosed use of a visual perspective or camera, film, audio or video technique;

that, in the context of the advertisement as a whole, materially misrepresents a material characteristic of the advertised toy or any other material aspect of the demonstration or depiction.

Provided, however, that notwithstanding the foregoing, nothing in this order shall be deemed to otherwise preclude the use of fantasy segments or prototypes which use otherwise is not deceptive.

B. Misrepresenting, directly or by implication, any performance characteristic of any toy.

C. Misrepresenting the number of toys contained in, or that can be constructed with the parts contained in, the package.

II.

It is further ordered, That for three (3) years after the last date of dissemination of any representation covered by this order, respondent Azrak-Hamway International, Inc., or its successors and assigns, shall maintain and upon request make available to the Federal Trade Commission or its staff for inspection and copying:

A. All materials that were relied upon in disseminating such representation;

B. Any and all videotapes, in complete as well as unedited form, and any and all still photographs taken during the production of any advertisement depicting a demonstration, experiment, or test;

C. Any and all affidavits or certifications submitted by an employee, agent or representative of respondent to a television network or to any other individual or entity, which affidavit or certification affirms the accuracy or integrity of a demonstration or demonstration techniques contained in an advertisement; and

D. Any toy, as well as the packaging for any toy, involved in such representation.

III.

It is further ordered, That respondent Azrak-Hamway International, Inc., or its successors and assigns, shall offer refunds to purchasers of any Steel Tec toy(s) in accordance with the provisions of this Part.

A. Within fifteen (15) days from the date of service of this order, respondents shall compile a mailing list containing the name and last known address of each purchaser in respondents' possession or control. This list shall include all purchasers who have contacted respondents, either in writing or by telephone, regarding a Steel Tec toy. Within sixty (60) days from the date of service of this order, respondents shall provide Commission staff with a computer print-out copy of the mailing list, as well as provide the list in computer

readable form, in standard MS-DOS diskettes or IBM-mainframe compatible tape.

B. Within sixty (60) days from the date of service of this order, respondents shall send via first-class mail, postage prepaid, a Notice of Refund Offer in the form set forth in Appendix B to this order, to all purchasers listed on the mailing list required by subpart A of this Part.

C. Respondents shall also send via first-class mail, postage prepaid, a Notice of Refund Offer, in the form set forth in Appendix B to this order, to all purchasers who contact respondents or the Commission in any manner within one hundred twenty (120) days from the date of service of this order. Each mailing shall be made within fifteen (15) business days after respondents receive the purchaser's name and address.

D. No information other than that contained in Appendix B shall be included in or added to the Notice of Refund Offer, nor shall any other material be transmitted therewith. The envelope containing the Notice of Refund Offer shall be in the form set forth in Appendix C to this order. For each mailing returned by the U.S. Postal Service as undeliverable for which respondents thereafter obtain a corrected address, respondents shall, within fifteen (15) business days after receiving the corrected address, send a Notice of Refund Offer to the corrected address.

E. Respondents shall send a refund check to each purchaser who returns the completed application form appended to the Notice of Refund Offer to respondents or who otherwise requests a refund in writing, and who returns the toy(s), or a substantial portion of the toy(s), to respondents within one hundred eighty days (180) from the date of service of this order. The amount of the refund shall equal the sum of the price for the toy(s) as set forth in Appendix A to this order and the actual cost of postage for returning the toy(s). Respondents shall send refund checks by first-class mail, postage prepaid within fifteen (15) business days after respondents receive the returned toy(s) from the purchaser. The envelope containing the refund check shall be in the form set forth in Appendix D to this order.

F. Respondents shall notify any purchaser who applies for a refund but fails to return the Steel Tec toy or to otherwise apply properly of any error in the purchaser's refund application, and shall provide a reasonable opportunity for the purchaser to rectify any such error.

G. Within two hundred forty (240) days from the date of service of this order, respondents shall furnish to Commission staff the following:

1. In computer readable form (standard MS-Dos diskettes or IBM-mainframe compatible tape) and in computer print-out form, a list of the names and addresses of all consumers who were sent refund checks pursuant to Part III of this order, and for each name included on the list, the amount, check number and mailing date of every refund check sent;
2. In computer readable form (standard MS-Dos diskettes or IBM-mainframe compatible tape) and in computer print-out form, a list of the names and addresses of all consumers who contacted respondents or were referred to respondents by the Commission in accordance with sub part C of this Part,
3. Copies of all correspondence and other communications to, from, or concerning all consumers who requested a refund but were refused, and the reason(s) for denying the refund;
4. All Notices of Refund Offer returned to respondents as undeliverable; and
5. All other documents and records evidencing efforts made and actions taken by respondents to identify, locate, contact and provide refunds to consumers requesting a refund.

For purposes of this Part, "purchaser" shall mean any person who has purchased a Steel Tec toy and who has not previously received a full refund of the purchase price. "Steel Tec toy(s)" shall mean any of the toys identified in Appendix A to this order. "Substantial portion" of the toy shall mean a majority of the parts, including the battery pack, if such is part of the toy.

IV.

It is further ordered, That respondent Azrak-Hamway International, Inc., or its successors and assigns, shall within sixty (60) days after the date of service of this order send by certified mail, return receipt requested, to the station president or manager of each television station that aired any advertisement that was the subject of the complaint issued in this matter, as identified in Appendix F to this order, a copy of the letter set forth in Appendix E to this order.

V.

It is further ordered, That respondent Azrak-Hamway International, Inc., or its successors and assigns, shall within thirty (30) days after service of this order, provide a copy of this order to 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.

VI.

It is further ordered, That respondents Marvin Azrak and Ezra Hamway 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 and of their affiliation with any new business or employment. Each such 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 respondent Azrak-Hamway International, Inc. 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 corporate change that may affect compliance obligations arising out of this order.

VIII.

This order will terminate on May 2, 2016, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any paragraph in this order that terminates in less than twenty years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

C. This order if such complaint is filed after the order has terminated pursuant to this paragraph.

Provided further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this paragraph as though the complaint was never filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

IX.

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.

Decision and Order

121 F.T.C.

APPENDIX A

STEEL TEC TOYS SUBJECT TO THE REFUND OFFER

<u>Toy or Toy Set</u>	<u>Refund Amount</u>
Helicopter (not battery operated)	
Helicopter (packaged individually)(System 203/item #7009)	\$8.99
Starter Set Copters (System 151/item #7085)	\$14.99
Street and Flying Vehicles (System 203/item #7000)	\$8.99
Helicopter (battery operated)	
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Construction & Road Vehicles Set (System 202/item #7010)	\$19.99
Road & Air Vehicles Set (System 307/item #7020)	\$29.99
Road, Rail and Air Vehicles Set (System 302/item #7024)	\$34.99
Formula 1 Race Car	
Road & Air Vehicles Set (System 307/item #7020)	\$29.99
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Off Road Super Sport	
Road & Air Vehicles Set (System 307/item #7020)	\$29.99
Construction Vehicles Set (System 306/item #7021)	\$29.99
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Sand Buggy	
Road & Air Vehicles Set (System 307/item #7020)	\$29.99
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Road, Rail and Air Vehicles Set (System 302/item #7024)	\$34.99
Excavating and Land Vehicles Set (System 303/item #7025)	\$24.99
Dump Truck (not battery operated)	
Street and Flying Vehicles (System 203/item #7000)	\$8.99
Construction and Road Vehicles (System 202/item #7010)	\$19.99
Dump Truck (battery operated)	
Heavy Machinery/Construction Vehicles Plus Walking Dinosaur Set (System 304/item #7023)	\$39.99

STEEL TEC TOYS SUBJECT TO THE REFUND OFFER (P.2)

<u>Toy or Toy Set</u>	<u>Refund Amount</u>
Dozer (bulldozer)	
Construction Vehicles Set (System 306/item #7021)	\$29.99
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Heavy Machinery/Construction Vehicles Plus Walking Dinosaur Set (System 304/item #7023)	\$39.99
Excavating and Land Vehicles Set (System 303/item # 7025)	\$24.99
Harley-Davidson® Motorcycles Set (not battery operated) (System 201 /item #7090)	\$34.99
Harley-Davidson® Motorcycles Set (battery operated) (System 301/item #7091)	\$44.99
Hypersonic Jet Fighter	
Power Command Center/Value Pack: including Fighter Jet, Power Wrench and Storage Case (item #7031)	\$19.99
Power Command Center/Value Pack: including Fighter Jet and Power Wrench but without Storage Case (item #7031A)	\$12.49
Power Command Center/Value Pack: including Fighter Jet and Storage Case but without Power Wrench (item #7031B)	\$12.49
Power Command Center/Value Pack: without Power Wrench and Storage Case [returning Fighter Jet only] (item #7031C)	\$4.99
Starter Set Airplanes Assortment (System 151/item #7085)	\$14.99

APPENDIX B

NOTICE OF REFUND OFFER

Dear Remco Toys Customer:

YOU MAY BE ENTITLED TO A CASH REFUND. We understand that you may have bought one or more Steel Tec Toys. We recently settled a dispute with the Federal Trade Commission about allegedly deceptive advertising for Steel Tec Toys. The FTC alleges that certain Steel Tec ads showed the toy vehicles flying, driving or moving in ways that they cannot actually do. Although we don't believe that our ads were deceptive, we have agreed to give a full refund to all eligible purchasers who return the toy and ask for their money back.

To get a refund, here's what you need to do:

- 1) Check the attached list to make sure that the toy you bought is included in this refund offer.
- 2) Return the toy(s), assembled or unassembled, including the battery pack, if it is part of the toy. The original packaging is not required.
- 3) Fill out the attached form. Then send the form and the toy back to us by first-class mail. To be eligible for a refund, you must send us the toy by [DATE CERTAIN 180 DAYS AFTER DATE OF SERVICE OF THE ORDER].
- 4) For every eligible toy you return, we'll send you a check for the price of the toy as stated on the attached list and the return postage. We'll send you a refund check within 15 business days of receiving the toy.

If you believe that you were not deceived by the alleged deceptive advertising and you are satisfied with your Steel Tec toy, you are not required to return the toy for a refund.

To get your refund, please make sure to write your correct address on the attached form. If you have any questions, please call 1-800-243-2961.

President
Remco Toys

507

Decision and Order

____ DETACH AND RETURN THIS FORM WITH THE TOY ____

NAME _____
STREET ADDRESS _____
CITY/STATE/ZIP _____
NAME OF STEEL TEC TOY OR TOY SET _____

Return this form and the toy by first-class mail to:

Steel Tec Toy Refund
Remco Toys
36 W. 25th Street
New York, New York 10016

DEADLINE: (DATE CERTAIN 180 DAYS AFTER
DATE OF SERVICE OF THE ORDER)

FOR OFFICE USE ONLY

DATE RECEIVED _____
TOY RECEIVED _____
POSTAGE PAID _____
RECEIVER _____
REFUND \$ _____
APPROVED BY _____
CHECK DATE _____
CHECK # _____
CHECK \$ _____
MAILING DATE _____

STEEL TEC TOYS SUBJECT TO THE REFUND OFFER

<u>Toy or Toy Set</u>	<u>Refund Amount</u>
Helicopter (not battery operated)	
Helicopter (packaged individually)(System 203/item #7009)	\$8.99
Starter Set Copters (System 151/item #7085)	\$14.99
Street and Flying Vehicles (System 203/item #7000)	\$8.99
Helicopter (battery operated)	
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Construction & Road Vehicles Set (System 202/item #7010)	\$19.99
Road & Air Vehicles Set (System 307/item #7020)	\$29.99
Road, Rail and Air Vehicles Set (System 302/item #7024)	\$34.99
Formula 1 Race Car	
Road & Air Vehicles Set (System 307/item #7020)	\$29.99
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Off Road Super Sport	
Road & Air Vehicles Set (System 307/item #7020)	\$29.99
Construction Vehicles Set (System 306/item #7021)	\$29.99
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Sand Buggy	
Road & Air Vehicles Set (System 307/item #7020)	\$29.99
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Road, Rail and Air Vehicles Set (System 302/item #7024)	\$34.99
Excavating and Land Vehicles Set (System 303/item # 7025)	\$24.99

STEEL TEC TOYS SUBJECT TO THE REFUND OFFER (P.2)

<u>Toy or Toy Set</u>	<u>Refund Amount</u>
Dump Truck (not battery operated)	
Street and Flying Vehicles (System 203/item #7000)	\$8.99
Construction and Road Vehicles (System 202/item #7010)	\$19.99
Dump Truck (battery operated)	
Heavy Machinery/Construction Vehicles Plus Walking Dinosaur Set (System 304/item #7023)	\$39.99
Dozer (bulldozer)	
Construction Vehicles Set (System 306/item #7021)	\$29.99
Road & Air Vehicles Plus Walking Robot Set (System 305/item #7022)	\$39.99
Heavy Machinery/Construction Vehicles Plus Walking Dinosaur Set (System 304/item #7023)	\$39.99
Excavating and Land Vehicles Set (System 303/item # 7025)	\$24.99
Harley-Davidson® Motorcycles Set (not battery operated) (System 201/item #7090)	\$34.99
Harley-Davidson® Motorcycles Set (battery operated) (System 301/item #7091)	\$44.99
Hypersonic Jet Fighter	
Power Command Center/Value Pack: including Fighter Jet, Power Wrench and Storage Case (item #7031)	\$19.99
Power Command Center/Value Pack: including Fighter Jet and Power Wrench but without Storage Case (item #7031A)	\$12.49
Power Command Center/Value Pack: including Fighter Jet and Storage Case but without Power Wrench (item #7031B)	\$12.49
Power Command Center/Value Pack: without Power Wrench and Storage Case [returning Fighter Jet only] (item #7031C)	\$4.99
Starter Set Airplanes Assortment (System 151/item #7085)	\$14.99

Decision and Order

121 F.T.C.

APPENDIX C

REFUND NOTICE LETTER ENVELOPE

FORWARDING AND RETURN POSTAGE GUARANTEED

Remco Toys
36 W. 25th Street
New York, New York 10016

Window Envelope

[The following statement is to appear in a box, on the left hand side of the envelope
in red, in extra large, bold type face]

**ATTENTION: IMPORTANT
REFUND INFORMATION
INSIDE**

APPENDIX D

REFUND CHECK ENVELOPE

FORWARDING AND RETURN POSTAGE GUARANTEED

Remco Toys
36 W. 25th Street
New York, New York 10016

Window Envelope

(indicates a check is enclosed)

507

Decision and Order

APPENDIX E

(Azrak-Hamway stationery)

Dear Station President/Manager:

This letter notifies you that Azrak-Hamway International, Inc. ("Azzrak-Hamway") has entered into a consent agreement with the Federal Trade Commission ("FTC") regarding certain advertising for its Remco Toys Steel Tec toy line. We have agreed as part of the settlement to send you this letter. It will advise you of how you may obtain information recognized by many organizations as useful in reviewing children's advertising to avoid misleading the public.

The FTC complaint in this matter alleges that advertisements for the Steel Tec toys included false demonstrations and representations of the performance of the depicted toys. More specifically, the FTC alleges that the ads depicted Steel Tec vehicles driving, flying, or otherwise moving in ways they cannot do in actual use. Azrak-Hamway does not admit to the alleged violations. The FTC action does not allege any liability on the part of the television stations that broadcast our ads.

Under Section 5 of the Federal Trade Commission Act (15 U.S.C. 45), advertisers are prohibited from disseminating false or deceptive advertising. As you may be aware, the advertising industry has undertaken various self-regulatory efforts to assist companies to comply with the law and to promote other industry goals. The Children's Advertising Review Unit ("CARU") was established in 1974 by the advertising industry to promote responsible children's advertising and to respond to public concerns. CARU reviews and evaluates child-directed advertising in all media. It is not affiliated with the Federal Trade Commission, but is part of the Council of Better Business Bureaus.

CARU has issued Guidelines on Children's Advertising that many industry members use to screen child-directed advertising. The Guidelines address many issues relating to advertising to children, some of which include deceptive advertising. For additional information regarding the CARU Guidelines, or a copy of the Guidelines, you may write to Elizabeth Lascoux, Esq., Director of CARU, at 845 Third Avenue, New York, N.Y. 10022, or call her at (212) 705-0111.

If you need further information regarding deceptive advertising under the Federal Trade Commission Act, you may write to Dean C. Forbes, Esq., Division of Advertising Practices, Federal Trade Commission, 6th and Pennsylvania Ave., N.W., Washington, D.C. 20580, or call him at (202) 326-2831.

Sincerely,

[Azzrak-Hamway representative to be identified]

APPENDIX F

LIST OF TELEVISION STATIONS TO RECEIVE LETTER

<u>Station</u>	<u>Channel</u>	<u>Location</u>
KABB-TV	29	San Antonio, TX
KCAL-TV	09	Los Angeles, CA
KCPQ-TV	13	Seattle-Tacoma, WA
KDAF-TV	33	Dallas-Ft. Worth, TX
KDEB-TV	27	Springfield, MO
KDNL-TV	30	St. Louis, MO
KHTV-TV	39	Houston, TX
KITN-TV	29	Minneapolis-St. Paul, MN
KLGT-TV	23	Minneapolis-St. Paul, MN
KMSP-TV	09	Minneapolis-St. Paul, MN
KNXV-TV	15	Phoenix-Flagstaff, AZ
KOKH-TV	25	Oklahoma City, OK
KPDX-TV	49	Portland, OR
KPLR-TV	11	St. Louis, MO
KPHO-TV	05	Phoenix-Flagstaff, AZ
KPRC-TV	02	Houston, TX
KPRL-TV	11	St. Louis, MO
KSHB-TV	41	Kansas City, MO
KSMO-TV	62	Kansas City, MO
KSTU-TV	20	Salt Lake City, UT
KSTW-TV	11	Seattle-Tacoma, WA
KTLA-TV	05	Los Angeles, CA
KTTV-TV	11	Los Angeles, CA
KTVD-TV	20	Denver, CO
KTVT-TV	11	Dallas-Ft. Worth, TX
KTXH-TV	20	Houston, TX
KWGN-TV	02	Denver, CO
WBFS-TV	33	Miami-Ft. Lauderdale, FL
WCCB-TV	18	Charlotte, NC
WCNC-TV	36	Charlotte, NC
WFLD-TV	32	Chicago, IL
WFXI-TV	08	Greenville, New Bern-Washington, NC
WFXT-TV	25	Boston, MA
WGBS-TV	57	Philadelphia, PA
WGN-TV	09	Chicago, IL
WGNX-TV	46	Atlanta, GA
WGRZ-TV	02	Buffalo, NY
WHNS-TV	21	Greenville-Asheville-Spartanburg, NC

LIST OF TELEVISION STATIONS TO RECEIVE LETTER (P.2)

<u>Station</u>	<u>Channel</u>	<u>Location</u>
WIVB-TV	04	Buffalo, NY
WJZY-TV	03	Charlotte, NC
WKBD-TV	50	Detroit, MI
WKCF-TV	18	Orlando-Daytona, FL
WKFT-TV	40	Raleigh-Durham, NC
WKRN-TV	02	Nashville, TN
WLBZ-TV	02	Bangor, ME
WLFL-TV	22	Raleigh-Durham, NC
WLVI-TV	56	Boston, MA
WNUV-TV	54	Baltimore, MD
WOFL-TV	35	Orlando-Daytona, FL
WOIO-TV	19	Cleveland-Akron, OH
WPGH-TV	53	Pittsburgh, PA
WPHL-TV	17	Philadelphia, PA
WPIX-TV	11	New York, NY
WPTT-TV	22	Pittsburgh, PA
WPWR-TV	60	Chicago, IL
WSBK-TV	38	Boston, MA
WSTR-TV	64	Cincinnati, OH
WSYT-TV	68	Syracuse, NY
WTBS-TV	17	Atlanta, GA
WTEN-TV	10	Albany-Schenectady, NY
WTIC-TV	61	Hartford-New Haven, CT
WTOG-TV	44	Tampa-St. Petersburg, FL
WTTG-TV	05	Washington, DC
WTTV-TV	04	Indianapolis, IN
WTVZ-TV	33	Norfolk-Portsmouth, VA
WTXF-TV	29	Philadelphia, PA
WUAB-TV	43	Cleveland-Akron, OH
WXIX-TV	19	Cincinnati, OH
WXMI-TV	17	Grand Rapids-Kalamazoo, MI
WXON-TV	62	Detroit, MI
WYFF-TV	04	Greenville-Asheville-Spartanburg, NC
WZTV-TV	17	Nashville, TN

Complaint

121 F.T.C.

IN THE MATTER OF

STARWOOD ADVERTISING, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3654. Complaint, May 2, 1996--Decision, May 2, 1996*

This consent order prohibits, among other things, a Colorado-based advertising agency and its officer from using deceptive demonstrations and certain other misrepresentations in future advertising campaigns.

Appearances

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

For the respondents: *Aaron Locker, Locker, Greenberg & Brainin*, New York, N.Y.

COMPLAINT

The Federal Trade Commission, having reason to believe that Starwood Advertising, Inc., a corporation, and Les Towne, individually and as an officer 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 Starwood Advertising, Inc., is a Colorado corporation, with its principal office or place of business at 600 North Starwood Drive, Aspen, Colorado.

Respondent Les Towne is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, and controls the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of the corporate respondent.

PAR. 2. Respondent Starwood Advertising, Inc. is now, and has been at all times relevant to this complaint, an advertising agency of Azrak-Hamway International, Inc. Respondents have prepared and disseminated advertisements to promote the sale of the Steel Tec Steel Construction System line of toys ("Steel Tec toys").