

IN THE MATTER OF
YOUNG & RUBICAM INC.

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

Docket C-3680. Complaint, August 22, 1996--Decision, August 22, 1996

This consent order prohibits, among other things, a New York-based advertising agency from making any pollution-removal claims for Ford Motor Company's MicronAir Filtration System or any similar cabin air filtration system, unless such representations are true and the respondent possesses reliable and competent scientific evidence to substantiate such representations.

Appearances

For the Commission: *Linda Badger and Jeffrey Klurfeld.*

For the respondent: *Carlos Peña*, in-house counsel, New York, N.Y.

COMPLAINT

The Federal Trade Commission, having reason to believe that Young & Rubicam Inc., a corporation ("Young & Rubicam" 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 Young & Rubicam is a New York corporation, with its principal office or place of business located at 285 Madison Avenue, New York, New York.

PAR. 2. Young & Rubicam is now, and at all times relevant to this complaint has been an advertising agency for Ford Motor Company ("Ford") and the Lincoln-Mercury Dealers Associations ("LMDAs"). Young & Rubicam has prepared and disseminated advertising materials to promote the sale of Ford's Mercury Mystique and Lincoln Continental automobiles. These advertisements have included claims regarding the efficacy of the MicronAir Filtration System, a cabin air filter installed in Mercury Mystique and Lincoln Continental automobiles.

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.

PAR. 4. Young & Rubicam has prepared and disseminated or has caused to be disseminated advertisements for the MicronAir Filtration System, including but not necessarily limited to the attached Exhibits A-H. These advertisements contain the following statements:

A. "Eat No One's Dust.

All-New Mercury Mystique With Exclusive MicronAir Filter.

Here, quite literally, is a breath of fresh air in automotive design. The new Mercury Mystique. The only car in its class with a MicronAir filter that removes virtually all dust, pollen and other impurities from the interior." (Exhibit A: print ad).

B. "MicronAir Filtration System screens out virtually all pollen, road dust and potentially harmful air pollutants before they enter the car. This means allergy sufferers, and anyone concerned with air pollution, can breathe easier." (Exhibit B: promotional material).

C. "Dear Mr. Sample,

Do you like clean air? Mystique's standard MicronAir Filtration System removes virtually all pollen, road dust and other pollutants from air entering the car. It's an especially nice feature if you happen to be bothered by allergies." (Exhibit C: promotional material).

D. "ANNCR: Introducing, the all-new Mercury Mystique. A car that can help bar pollutants and pollen from your environment. With an air filtration system ordinarily found in cars costing thousands more." (Exhibit D: television commercial).

E. "MALE ANNCR: How about the all-new Mercury Mystique...It's loaded with features unique to its class.

FEMALE ANNCR: (SARCASTICALLY) Magical features?

MALE ANNCR: Well Mystique's air filter does remove dust, pollen and harmful pollutants from the air before they reach the car's interior.

FEMALE ANNCR: Pretty impressive!" (Exhibit E: radio commercial).

F. "And you can breathe easy thanks to the MicronAir Filtration System that removes all pollen and other pollutants...a decided advantage when you're driving in dusty desert air...and an advantage you can't get from either Accord or Altima." (Exhibit F: print ad).

G. "MicronAir Filtration System

Removes virtually all pollutants from the cabin." (Exhibit G: print ad).

H. "A MicronAir Filtration System to keep the passenger compartment virtually air-pollutant and pollen free." (Exhibit H: print ad).

PAR. 5. Through the use of the statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A-H, respondent has represented, directly or by implication, that the

MicronAir Filtration System removes virtually all pollutants likely to be encountered by a driver.

PAR. 6. In truth and in fact, the MicronAir Filtration System does not remove virtually all pollutants likely to be encountered by a driver. For example, the MicronAir Filtration System has no effect on gaseous pollutants, such as hydrocarbons, carbon monoxide, and nitrogen oxides. Therefore, the representation set forth in paragraph five was, and is, false and misleading.

PAR. 7. Through the use of the statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A-H, respondent has represented, directly or by implication, that at the time it made the representation set forth in paragraph five, respondent possessed and relied upon a reasonable basis that substantiated such representation.

PAR. 8. In truth and in fact, at the time it made the representation set forth in paragraph five, respondent did not possess and rely upon a reasonable basis that substantiated such representation. Therefore, the representation set forth in paragraph seven was, and is, false and misleading.

PAR. 9. Respondent knew or should have known that the representations set forth in paragraphs five and seven were, and are, false and misleading.

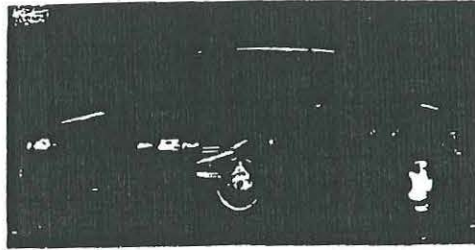
PAR. 10. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices and the making of false advertisements in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

Complaint

122 F.T.C.

EXHIBIT A

Eat No One's Dust.



All-New Mercury Mystique With Exclusive MicronAir® Filter

Here, quite literally, is a breath of fresh air in automotive design. The new Mercury Mystique. The only car in its class with a MicronAir filter that removes virtually all dust, pollen and other impurities from the interior.

The MicronAir filter is particularly useful should you ever find yourself following another car on a dusty road. Then again, given the performance of Mystique's available 24-valve Duratec V-6, such occasions could be rare. And with Duratec, Mystique is the only car in its class that goes 100,000 miles between scheduled tune-ups.

The Duratec V-6 and MicronAir filter are just two of Mystique's 21 first-in-class innovations. You'll also find things like all-speed traction control, solar tint glass and a remote locking system.*

Drive the new Mystique and you'll see why we feel it's more than just a new car. It's a whole new way of driving. For more information, call 1 800 446-8

MERCURY

Complaint

122 F.T.C.

EXHIBIT C

0001/0001

Mr. John A. Sample
123 Main Street
Anytown, US 12345-6789

Dear Mr. Sample,

Every now and then an automobile like the all-new Mercury Mystique comes along that is so different, so comfortable and so much fun to drive, you just can't wait for the next excuse to get behind the wheel.

Right now, test drive a Mercury mystique and you'll receive a \$50 U.S. Savings Bond! How's that for an excuse to drive? A \$50 U.S. Savings Bond *and* the chance to put this terrific new sedan through its paces.

We think you'll find a lot to like as you drive Mystique. It has 21 unique features never before offered by its major competitors.

Do you like clean air? Mystique's standard MicronAir Filtration System removes virtually all pollen, road dust and other pollutants from air entering the car. It's an especially nice feature if you happen to be bothered by allergies.

Speaking of being bothered, taking a car in for service probably isn't one of your top ten favorite things to do. That's why we've designed the standard Zetec DOHC 4-cylinder engine to go 60,000 miles before its first scheduled tune-up. Still too soon? The optional Duratec DOHC V-6 isn't scheduled for its first tune-up until 100,000 miles.

We even wanted to make driving in rain or snow more enjoyable. That's why Mystique is available with an Anti-lock Brake System (ABS) and All-Speed Traction Control which helps you keep from spinning your wheels on slippery surfaces.

Mystique has a few features we hope you'll never use. Like dual air bags and high-tensile, boron-steel door beams which help Mystique meet all 1997 federal safety standards, today.

So get behind the wheel of Mercury Mystique and see what all the excitement is about. Remember to bring the certificate below to the dealership named when you take your test drive and you'll receive a \$50 United States Savings Bond. One drive in Mystique and you'll understand -- it's a whole new Mercury.

Sincerely,

Keith C. Magee
Vice President, General Manager
Lincoln-Mercury Division
Ford Motor Company

P.S. A \$50 U.S. Savings Bond is yours when you test drive a 1995 Mercury Mystique, but only if you act soon. Offer expires January 31, 1995.

- Always wear your safety belt. MicronAir is a registered U.S. trademark of Freudenberg Nonwovens.

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Complaint

EXHIBIT D

YOUNG & RUBICAM DETROIT

200 Renaissance Center, Suite 1000 • Detroit, Michigan 48243 • (313) 446-8600

ILENAME: TSR.

DATE: 4/10/95

JOB #: DOA VAR J 51085

TITLE: Mys Ani Rd 229

LENGTH: :27:03 TV

CLIENT: Western LMDA

PRODUCT: Mercury Mystique

BY: SR/

NUMBER: As Recorded

MASTER: M 41985

NEW COMM'L #: LM56-0892

ORIGINAL COMM'L #: LM56-0451

RECORD DATE/PLACE: Ron Rose Productions 4/6/95

EDIT DATE/PLACE: GTN 4/10/95

VO TALENT: Steve Cassidy

OC TALENT: Kate Jackson

MUSIC:

PRODUCER: Michael Julien

VIDEO:

SUPER: The All New Mercury Mystique

SUPER: \$229 mo./24 mos.

First Month's Payment \$229

Refundable Security Deposit \$250

Down Payment (Net of RCL Cash) \$1,500

Cash Due at Signing \$1,979

'95 Mercury Mystique GS with PEP 371A

MSRP excluding title, taxes, licens fee. Lease

payment based on average capitalized cost of

96.00% of MSRP for 24-mo. closed-end Ford

Crédit Red Carpet Leases purchased in the

Western Region through _____. Some

payments higher, some lower. See dealer for

payment/terms. Lessee may have option to

buy vehicle at lease end wear/tear and

mileage over 30,000 at \$.11/mile. Credit

approval/insurability determined by Ford

Credit. Take new retail delivery from dealer

stock by 5/14/95. Total amount of monthly

payments is \$5,496. For special lease terms

and \$700 RCL cash, take new retail delivery

stock by 5/14/95.

Brand Sign (NEW)

SUPER: See Your Lincoln-Mercury Dealer.

AUDIO:

- 1 MUSIC: UNDER
- 2 ANNCR: Introducing, the all-new Mercury Mystique. A car that can
- 3 help bar pollutants and pollen
- 4 from your environment.
- 5 With an air filtration system ordinarily found in cars costing
- 6 thousands more.
- 7 It also has an available V-6, Duratec engine that goes 100,000
- 8 miles between scheduled tune-ups. Mercury Mystique. It won't be
- 9 spending much time in any garages--including your own
- 10
- 11
- 12 Lease a Mystique now for just \$229 a month
- 13 Hurry. Offer ends May 14th.
- 14 See your Lincoln-Mercury dealer.
- 15
- 16
- 17
- 18
- 19
- 20

LM56-0892

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Complaint

122 F.T.C.

EXHIBIT E

YOUNG & RUBICAM DETROIT

200 Renaissance Center, Suite 1000 • Detroit, Michigan 48243 • (313) 446-8600

FILENAME: RFH

DATE: 3/1/95

JOB #: LDVARR50776

TITLE: a5 Less Than Accord & Altima Prod.

LENGTH: : 60 Radio

CLIENT: SE/JAX

PRODUCT: Mystique

BY: DMH

NUMBER: As Recorded

MASTER: RR#38500

NEW COMM'L #:

ORIGINAL COMM'L: LMR56-276

RECORD DATE/PLACE: Ron Rose Productions 3/1/95

EDIT DATE/PLACE: Ron Rose Productions 3/1/95

VO TALENT: Steve Cassidy

VO TALENT: Lynne Woodison

MUSIC: "Put Me In A Mercury"--Sing RR#38500

PRODUCER: Tom Hillebrand

AUDIO:

MUSIC UP FULL
AT BEGINNING
THEN UNDER
TO END

1 SINGERS: Put me in a Mercury now.

2 MALE ANNCR: It's March Magic at your Mercury dealer...

3 FEMALE ANNCR: (Interrupting) Magic? Gonna pull something out of a
4 hat?5 MALE ANNCR: How about the all-new Mercury Mystique...It's loaded with
6 features unique to its class.

7 FEMALE ANNCR: (SARCASTICALLY) Magical features?

8 MALE ANNCR: Well Mystique's air filter does remove dust, pollen and
9 harmful pollutants from the air before they reach the car's interior.

10 FEMALE ANNCR: Pretty impressive!

11 MALE ANNCR: Car and Driver thought so, too. It judged Mystique to be
12 one of its ten best for '95.

13 FEMALE ANNCR: Must be magical to get on that list.

14 MALE ANNCR: It is! Plus, Mystique is priced more than 15 hundred
15 dollars less than Nissan Altima. And over \$2,300 less than Honda Accord.
16 Yet Mystique has more standard features than either of them.

17 FEMALE ANNCR: Wow! So how long does this magic last?

18 MALE ANNCR: March Magic ends April 3. MSRP comparison of
19 comparably equipped Mystique GS with PEP 371A and Nissan Altima GXE
20 with value option package and Honda Accord LX. Better hurry to your
nearest Mercury dealer today... and say (SNAPS FINGERS)

SINGERS: Put me in a Mercury now.

sclaimer:

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Complaint

EXHIBIT F

TEST DRIVE THE NEW MERCURY MYSTIQUE AND GET A PHONE CARD GOOD FOR 30 MINUTES OF FREE LONG-DISTANCE PHONE TIME.

FREE PHONE TIME

Sound like a dream come true? Well, pinch yourself. It's true. But Lincoln-Mercury dealers are old hands at making dreams come true. Even free phone time.

HOW IT WORKS

Simply stop in to your Lincoln-Mercury dealer and test drive the new Mercury Mystique. Not only will you have the automotive experience of your life, your dealer will give you a calling card, good for 30 minutes of free phone calls anywhere in the continental United States, compliments of Lincoln-Mercury.

THE EXPERIENCE

All Mystique. But no mystery. Just another sure thing: a real winner. *Car and Driver* put Mystique on its Ten Best list. *Automobile Magazine* chose Mystique to be one of its All-Stars. Mystique, with

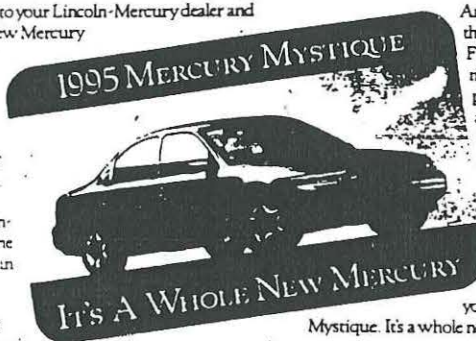
style, stamina and inspirational moves. You'll understand what we mean about "style" as soon as you walk around Mystique, examining its clean, crisp lines. Stamina? The available 170-horsepower 24-valve Duratec V-6 DOHC engine won't need its first scheduled tune-up until the 100,000-mile mark...an offer the competition can't match.

And you can breathe easy thanks to the Micron Air® Filtration System that removes all pollen and other pollutants...a decided advantage when you're driving in dusty desert air...and an advantage you can't get from either Accord or Altima. Why inspirational? Because this Mercury Mystique not only gets you where you want to go, it gets you there in a special way.

Mystique. It's a whole new Mercury.

DON'T WAIT. DON'T WONDER.

Test drive the new Mystique right now and walk away with 30 free minutes of telephone time. It's exciting...and profitable...and you'll find out in the best way why the competition isn't even close to matching this Mercury Mystique. But hurry! This offer ends March 31st.



Micron Air is a registered U.S. trademark of Procter & Gamble.

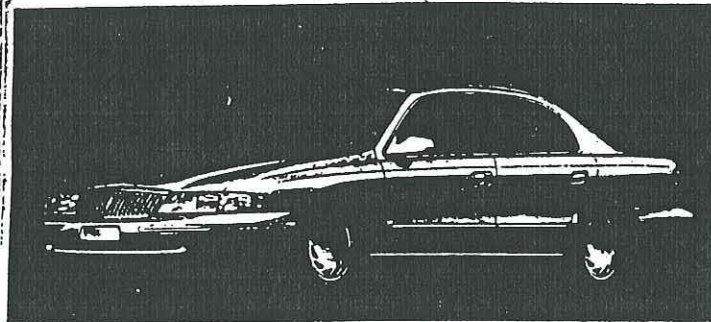
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Complaint

122 F.T.C.

EXHIBIT G

Introducing The All-New Lincoln Continental.



The Perfect Balance Of Luxury And Technology.

| Front-wheel drive | 32-valve V-8 InTech™ system

Goes 100,000 miles between scheduled tune-ups

| 12-function Memory Profile Adjusts twelve func-

tions, from radio stations to seat positions, for two

drivers. | MicronAir® Filtration System Removes vir-

tually all pollutants from the cabin | Dual air bags¹

| Anti-lock brakes | Power lumbar support

**LINCOLN**

What A Luxury Car Should Be

Landmark Lincoln-Mercury
Lakewood, CO
238-0551

Emich Lincoln-Mercury
Aurora, CO
360-8000

Kumpf Lincoln-Mercury
Englewood, CO
701-1560

Always wear your safety belt.

Complaint

EXHIBIT H

79

1995 Is Going To Be A V

The All-New Lincoln Continental

Introducing the all new Lincoln Continental for 1995. A new look, a new feel, a new way to drive. The new Lincoln Continental is a new kind of car. A smooth, a wealth of standard features including a remote keyless entry system. ABS and driver and front passenger air bags. Seating surfaces of plush leather. A Navigation System to keep the passenger compartment virtually air pollution and pollen free. An optional anti-theft alarm system and an available

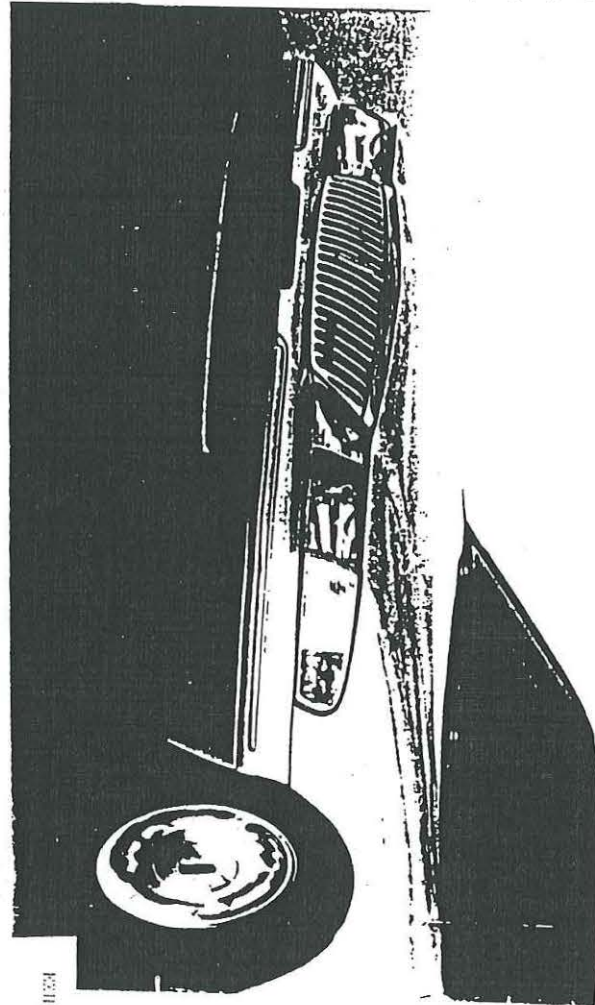
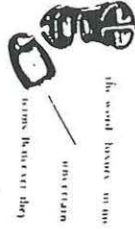


EXHIBIT H

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the San Francisco Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, 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 respondent has 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, and having duly considered the comment filed thereafter by an interested person pursuant to Section 2.34 of its Rules, 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 Young & Rubicam Inc., 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 located at 285 Madison Avenue, in the City of New York, State of New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I.

It is ordered, That respondent, Young & Rubicam, a corporation, its successors and assigns, and its officers, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising or promotion of the MicronAir Filtration System as configured in the 1995 Lincoln Continental and the 1995 Mercury Mystique or any substantially similar product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from making any representation, directly or by implication, that such products remove virtually all pollutants. For the purposes of this order, "substantially similar product" shall mean any automotive cabin air filter which is an electrostatic filter, consisting of layers of non-woven fabric, with at least one layer that has been electrically charged.

II.

It is further ordered, That respondent, Young & Rubicam, a corporation, its successors and assigns, and its officers, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising or promotion of any household or automotive cabin air filter, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from making any representation, in any manner, directly or by implication, about the efficacy of any such product in reducing or removing pollutants, unless such representation is true, and at the time of making such representation, respondent possesses and relies upon competent and reliable scientific evidence, that substantiates such representation. For purposes of this order, "competent and reliable scientific evidence" shall mean 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.

Provided, however, that it shall be a defense hereunder that the respondent neither knew nor had reason to know of an inadequacy of substantiation for the representation.

III.

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

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

B. All tests, reports, studies, surveys, demonstrations or other evidence in its possession or control that contradict, qualify, or call into question such representation, or the basis relied upon for such representation, including written complaints from consumers.

IV.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

V.

It is further ordered, That respondent shall, within ten (10) days from the date of service of this order upon it, distribute a copy of this order to each of its officers, agents, representatives or employees engaged in the preparation or review of advertising or other materials covered by this order.

VI.

It is further ordered, That this order will terminate on August 22, 2016, or twenty 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.

VII.

It is further ordered, That respondent shall, within sixty (60) days from the date of service of this order upon it, and at such other times as the Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

Complaint

122 F.T.C.

IN THE MATTER OF

RAYTHEON COMPANY

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-3681. Complaint, Sept. 3, 1996--Decision, Sept. 3, 1996*

This consent order requires, among other things, a Massachusetts-based high technology company to erect an information "firewall" for the duration of the Navy competition, and prohibits the dissemination of any non-public information concerning Raytheon's procurement of Chrysler Technologies Holding, Inc. ("CTH") officials or employees, or receiving any non-public information concerning the bid.

Appearances

For the Commission: *James H. Holden.*

For the respondent: *Robert D. Paul, White & Case, Washington, D.C.*

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that respondent, Raytheon Company ("Raytheon"), a corporation subject to the jurisdiction of the Commission, has agreed to acquire all of the voting securities of Chrysler Technologies Holding, Inc. ("CTH"), a corporation subject to the jurisdiction of the Commission, in violation of Section 5 of the Federal Trade Commission Act ("FTC Act"), as amended, 15 U.S.C. 45, and that such acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18 and Section 5 of the FTC Act, as amended, 15 U.S.C. 45; and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

I. DEFINITIONS

For purposes of this complaint the following definitions apply: