

IN THE MATTER OF

RUSTEVADER CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE MAGNUSON-MOSS WARRANTY ACT AND SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket 9274. Complaint, Aug. 30, 1995--Decision, Oct. 30, 1996

This consent order prohibits, among other things, David F. McCready, a Pennsylvania-based former owner and officer of RustEvader Corporation, from representing that the products he markets are effective in preventing or substantially reducing corrosion in motor vehicle bodies or making any representation concerning the performance, efficacy or attributes of such products, unless such representations are true and the respondent possesses competent and reliable evidence to substantiate such claims, and from misrepresenting the existence or results of any test or study. In addition, the consent order requires the respondent to pay \$200,000 in consumer redress.

Appearances

For the Commission: *Michael Milgrom, John Mendenhall, Brinley H. Williams and Dana C. Barragate.*

For the respondents: *Keith Whann and Jay McKirahan, Whann & Associates, Dublin, OH. Mark Wendekier, Patton, PA.*

COMPLAINT

The Federal Trade Commission, having reason to believe that RustEvader Corporation, and David F. McCready, individually and as an officer of RustEvader Corporation (referred to collectively herein as "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 RustEvader Corporation a/k/a Rust Evader Corporation, sometimes d/b/a REC Technologies ("REC") is a Pennsylvania corporation with its office and principal place of business located at 1513 Eleventh Avenue, Altoona, Pennsylvania.

At times material to the allegations of this complaint, respondent David F. McCready ("McCready") has been the president and an owner and director of REC. His business address is the same as that

of REC. Individually, or in concert with others, McCready has directed, formulated and controlled the acts and practices of REC, including the acts and practices alleged in this complaint.

PAR. 2. Respondents manufacture, label, advertise, offer for sale, sell, and distribute an electronic corrosion control device for use on automobiles, trucks and vans (hereinafter "motor vehicles") under the names Rust Evader, Rust Buster, Electro-Image, Eco-Guard and others (referred to collectively herein as "Rust Evader").

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 the Rust Evader including, but not necessarily limited to, the attached Exhibits A through E. These advertisements and promotional materials contain the following statements:

(a) Rust Buster Electronic Corrosion Control

This is the original multi-patented Electronic Corrosion Control for automobiles. Over a decade of test market experience and Consumer satisfaction guarantees our product as the best in today's hi-tech market.

MOST COMMONLY ASKED QUESTIONS

What can I expect from this product? Corrosion rate is reduced and auto body life is extended.

....

The Rust Buster C.D.O.I. interferes with the rusting process. Since the rusting process is gradual, the amount of energy consumed is very small. Rust Buster C.D.O.I. effectively reduces corrosion rate.

....

Rust Buster C.D.O.I. provides a source of free electrons that interfere with coupling of ferrous metal electrons with oxygen -- reducing the corrosion rate.

....

... complete interference in the rusting process cannot be expected, but rust retardation is dramatically demonstrated.

....

You want your car to look good while you're driving it, when you are ready to sell or trade it and particularly if you decide to give the car a major overhaul. If you lease a car, you are responsible to maintain a certain cosmetic standard or pay a penalty. Rust Buster C.D.O.I. wants your car to last and maintain its maximum value.

....

Over a decade of proven effectiveness. Thousands of satisfied customers. Inside-out & outside-in corrosion reduction. (Exhibit A)

(b) The invisible shield of protection for your vehicle!

The invisible shield of protection used worldwide!

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Complaint

Protect your car, truck or van 24 hours a day -- rain or shine -- with the world leader in electronic automotive rust control! The RustEvader * system retards rust and corrosion, and protects your vehicle with a lifetime guarantee. Common nicks, scratches and abrasions won't deteriorate into rust-through damage from the outside in -- or inside out. The RustEvader* system safeguards your investment. . .

....

- helps increase your car's value at trade-in time
- protection against rust-through damage as result of stone chips, abrasions, salt, snow, sleet and sea-spray
- the original multi-patented electronic corrosion control device
- over 10 years of consumer satisfaction

....

Your best investment in your vehicle's future value!

*See printed warranty for exact description of warranty coverage and exclusions! (Exhibit B)

(c) Rust Evader

ELECTRONIC CORROSION CONTROL

The RustEvader interferes with rusting process. Electro-chemists have made great progress in understanding corrosion. RustEvader Corp. has applied the results of this progress in developing the RustEvader Automotive Corrosion Control System and since the rusting process is gradual, the amount of energy consumed is very small -- RustEvader reduces the corrosion rate.

RustEvader Electronic Corrosion Control gives you unmatched protection from salt, snow, sleet and sea spray corrosion. Rust perforation (rust-through) from either side of the sheet metal is warranted not to occur on your vehicle.

....

THE INTELLIGENT APPROACH TO PRESERVING AUTOMOTIVE APPEARANCE

....

- * Established track record in reducing corrosion -- documented by users.
- * Recapture your investment at trade-in time. . .for New and Used cars. (Exhibit C)

(d) NOW!! ELECTRONIC CORROSION CONTROL

Rust Evader Automotive Corrosion Control

....

The Rust Evader interferes with the rusting process. . . . Environmental conditions that promote rusting also prompt a counter response from the RustEvader system. Energy for the electron bath is provided by the car's battery and since the rusting process is gradual, the amount of energy consumed is very small -- RustEvader reduces the corrosion rate. "The Logical Choice for Controlling Rust" (Exhibit D, reduced copy of dealer display board)

(e) The Rust Buster system Beats Rust!

The Rust Buster system keeps your car, truck or van beautiful for years! Common nicks, scratches and road salt won't deteriorate into rust-through damage, so you'll save on costly autobody repairs and preserve your investment!

The Rust Buster system also offers unmatched protection! Unlike traditional undercoatings, it protects hard to reach, corrosively vulnerable areas by impressing electrons throughout the metal body panels of the vehicle and interfering [sic] with oxygen's natural ability to couple with these ferrous metals. (Exhibit E, reduced copy of dealer display board)

PAR. 5. Through the use of the trade names "Rust Evader" and "Rust Buster" and the statements and depictions contained in the advertisements and promotional materials referred to in paragraph four, including but not necessarily limited to the promotional materials attached as Exhibits A-E, respondents have represented, directly or by implication, that the Rust Evader is effective in substantially reducing corrosion in motor vehicle bodies.

PAR. 6. In truth and in fact, the Rust Evader is not effective in substantially reducing corrosion in motor vehicle bodies. Therefore, respondents' representation set forth in paragraph five was, and is, false and misleading.

PAR. 7. Through the use of the trade names "Rust Evader" and "Rust Buster" and the statements contained in the advertisements and promotional materials referred to in paragraph four, including but not necessarily limited to the promotional materials attached as Exhibits A-E, respondents have represented, directly or by implication, that at the time they made the representation set forth in paragraph five, respondents possessed and relied upon a reasonable basis that substantiated such representation.

PAR. 8. In truth and in fact, at the time they made the representation set forth in paragraph five, respondents 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. In connection with the promotion and sale of the Rust Evader, respondents have disseminated or caused to be disseminated to distributors and dealers materials to conduct a demonstration of the efficacy of the Rust Evader. Respondents have also disseminated depictions of the same demonstration, of which Exhibit G, attached hereto, is an example. The demonstration places two pieces of metal in a transparent tank containing salt water. One piece of metal is connected to a Rust Evader and the other is not. In connection with this demonstration, respondents make, and instruct the distributors and dealers to make the following (or similar) statements:

This Laboratory Test provides the "worst case scenario" to test RustEvader Technology. Two (2) identical pieces of sheet steel are suspended in salt bath. The RustEvader protects Sample "A" while Sample "B" rusts severely. (Exhibit G)

PAR. 10. Through the use of the depictions, materials and statements set forth in paragraph nine, respondents have represented,

directly or by implication, that the demonstration described in paragraph nine accurately represents how the Rust Evader protects motor vehicle bodies from corrosion.

PAR. 11. In truth and in fact, the demonstration described in paragraph nine does not accurately represent how the Rust Evader protects a motor vehicle body from corrosion. The process utilized in the demonstration -- impressed current cathodic protection -- is much more effective under water than under conditions that a motor vehicle would normally encounter. Therefore, respondents' representation set forth in paragraph ten was, and is, false and misleading.

PAR. 12. In connection with the promotion and sale of Rust Evader, respondents have disseminated or have caused to be disseminated, to distributors and dealers, reports of laboratory and other tests performed on the Rust Evader. Some of these reports represent, directly or by implication, that the reported test constitutes scientific proof that Rust Evader is effective in substantially reducing corrosion in motor vehicle bodies. In addition, respondents have represented orally, directly or by implication, that these tests constitute scientific proof that the Rust Evader is effective in substantially reducing corrosion in motor vehicle bodies.

PAR. 13. In truth and in fact, such tests do not constitute scientific proof that the Rust Evader is effective in substantially reducing corrosion in motor vehicle bodies. Therefore, respondents' representation set forth in paragraph twelve was, and is, false and misleading.

PAR. 14. In connection with the sale of the Rust Evader, respondents have provided purchasers with a limited warranty in the form attached hereto as Exhibit F. That warranty contains the following provision:

INSPECTIONS REQUIRED: The vehicle must be inspected every 24 months within 30 days of anniversary of installation date, by an authorized Rust Evader Dealer who may charge his current labor rate up to one hour for the inspection. FAILURE TO HAVE VEHICLE INSPECTED AS REQUIRED VOIDS THE WARRANTY.

PAR. 15. The warranty provision described in paragraph fourteen is in violation of Section 102(c) of the Magnuson-Moss Warranty--Federal Trade Commission Improvement Act (15 U.S.C. 2302(c)) because it conditions a warranty pertaining to a consumer product actually costing the consumer more than \$5 on the consumer's use of

a service (other than a service provided without charge) which is identified by brand, trade, or corporate name.

PAR. 16. In providing advertisements, promotional materials and product demonstrations, such as those referred to in paragraphs four through thirteen, to their distributors and dealers, respondents have furnished the means and instrumentalities to those distributors and dealers to engage in the acts and practices alleged in paragraphs five through thirteen.

PAR. 17. 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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EXHIBIT A

THE INTELLIGENT APPROACH TO
PRESERVING AUTOMOTIVE APPEARANCE

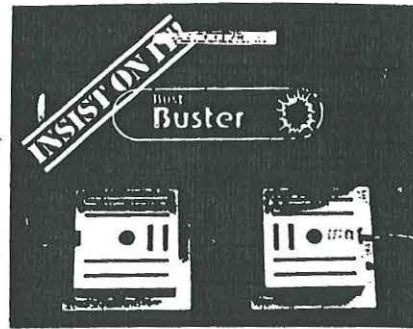
Technology That Works.
Benefits You'll Appreciate.

- Over a decade of proven effectiveness.
- Thousands of satisfied customers.
- Inside-out & outside-in corrosion reduction
- Transferrable to a second automobile.
- No interference with your vehicle's manufacturer warranty.
- Uses less power than the car's clock.
- No holes drilled - autobody integrity is preserved.
- Safe - no hazardous chemicals.
- Liability Warranties: A comprehensive \$1 million dollar product liability policy is underwritten by major insurance companies.
- Sold around the world.

EASY INSTALLATION - INSTALLS UNDER THE
HOOD IN JUST 20 MINUTES.

DISTRIBUTED BY

"Rust Buster" is a Registered Trademark of
Rust Evader Corp., Altoona, PA.
Entire contents Copyright © 1993, Rust Evader Corp., Altoona, PA.
All Rights Reserved
"Rust Buster" system U.S. Patents #4,647,353, #4,828,665,
#4,915,808, #4,921,588, #4,950,372, and #5,102,514.
Foreign Patents Pending



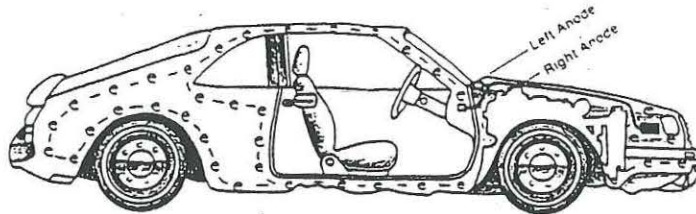
This is the original multi-patented Electronic Corrosion Control for automobiles. Over a decade of test market experience and Consumer satisfaction guarantees our product as the best in today's hi-tech market.

MOST COMMONLY ASKED QUESTIONS

- What can I expect from this product? *Corrosion rate is reduced and auto body life is extended.*
- Will this product effect any other electrical component in my vehicle? *If properly installed, No!*
- If my car has been chemically rustproofed, is this product compatible with Rust Buster? *Yes.*
- Since this product consumes a small amount of electrical energy, how long would it take to drain my battery below starting power? *Up to 30 days.*
- How long is this product guaranteed? *It is guaranteed for as long as you own it. Replacement - Free of charge.*
- What kind of vehicles can benefit from this product? *automobile manufactured after 1980, and most light trucks and vans.*
- Is it transferrable from vehicle to vehicle? *Yes, however the purchase of a reinstallation kit is necessary.*
- Do you have customer assistance available? *Yes, through a nationwide WATT's number, 1-800-458-3474.*

OUR PRIDE IS CUSTOMER SATISFACTION

EXHIBIT A



The Rust Buster® C.D.O.I. interferes with the rusting process. Since the rusting process is gradual, the amount of energy consumed is very small. Rust Buster® C.D.O.I. effectively reduces corrosion rate.

The most common way of preventing automotive corrosion is to apply a barrier between oxygen and the metal. This is why we paint automobiles. The paint is a suitable barrier. When the metal loses paint or is incompletely painted, corrosion begins and continues until all of the metal is converted to an oxide or rust. Extra barriers have been developed such as undercoatings, rustproofing and paint sealants; but they are effective only as long as they insulate the metal from oxygen. Paint, rustproofing and sealants are known as di-electrics (not permitting electron transfer). As long as these di-electrics are in place without any small breaks, cracks, or crevices, nicks, scratches or stone chips, the automotive body has a fair chance of surviving the environment. However, in the real world, a constant attack is underway to break down these barriers. Once broken, the barriers permit the migration of electrons from iron to oxygen – the result is rust and corrosion. Rust Buster® C.D.O.I. provides a source of free electrons that interfere with coupling of ferrous metal electrons with oxygen – reducing the corrosion rate.

Capacitive Discharge Oxidation Interference "CDOI"

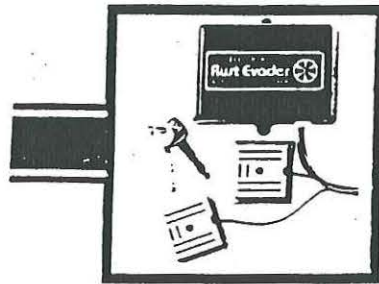
Since automobiles are produced essentially totally coated with a di-electric barrier of paint and rustproofing, the need to protect breaks in these barriers is of significant importance. The Rust Buster® C.D.O.I. forces electrons to escape or exit at the very site where the barrier has broken down or worn away "CDOI" effect. Compromises had to be considered in the Rust Buster® C.D.O.I. design. Therefore, complete interference in the rusting process cannot be expected, but rust retardation is dramatically demonstrated.

You want your car to look good while you're driving it, when you are ready to sell or trade it and particularly if you decide to give the car a major overhaul. If you lease a car, you are responsible to maintain a certain cosmetic standard or pay a penalty. Rust Buster® C.D.O.I. wants your car to last and maintain its maximum value.

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EXHIBIT B



Distributed By:



World Headquarters:

RustEvader Corporation

1513 11th Ave., Altoona, PA 16601, USA

800-458-3474 • 814/944-8700 • fax: 814/943-3752



ET
electronic technology

from
RustEvader

The
invisible
shield of
protection
for your
vehicle!

**World's Leading
Electronic Automotive
Rust Control System!**

Complaint

122 F.T.C.

EXHIBIT B

The invisible shield of protection used worldwide!

Protect your car, truck or van 24 hours a day — rain or shine — with the world leader in electronic automotive rust control! The RustEvader[®]* system retards rust and corrosion, and protects your vehicle with a lifetime guarantee. Common nicks, scratches and abrasions won't deteriorate into rust-through damage from the outside in — or inside out. The RustEvader[®]* system safeguards your investment — and helps preserve the environment!

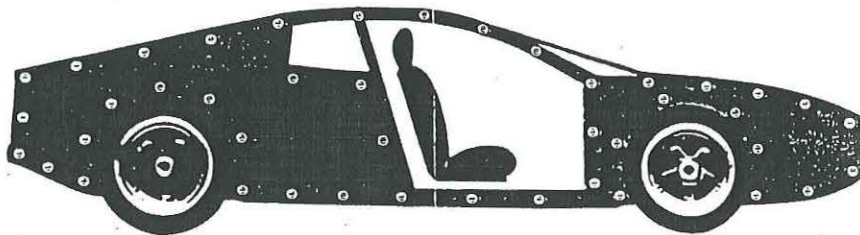
ET

electronic technology
by RustEvader[®]*

*The environmentally intelligent
approach to protecting your
automotive investment!*

- helps increase your car's value at trade-in time
- protection against rust-through damage as a result of stone chips, abrasions, salt, snow, sleet and sea-spray
- the original multi-patented electronic corrosion-control device
- over 10 years of consumer satisfaction
- nearly one million installed worldwide
- limited transferable lifetime new vehicle warranty* and used vehicle warranties* available
- insured by major international underwriters
- won't invalidate your vehicle's warranties
- won't interfere with vehicle electrical systems
- made in the USA!

*Your best investment in your
vehicle's future value!*



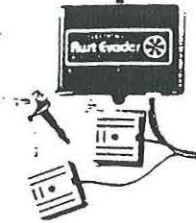
*See printed warranty for exact description of warranty coverage and exclusions!
© 1992 • "RustEvader" is patented and trademarked by RustEvader Corporation, Altoona, PA.

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Complaint

EXHIBIT C

RUSTEVADER® ET "EXTENDED TECHNOLOGY"

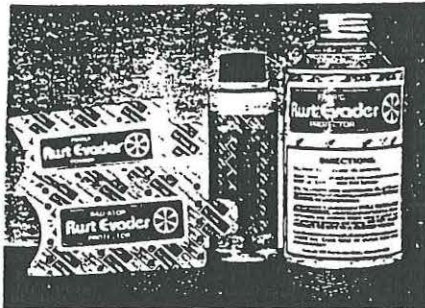


Specifications:
Input Voltage: 12 Volt DC
Ground: (-) Negative
Current Draw: 23.4 ma

Anode Composition "Carbostil™ Capsules" non sacrificial
Command Module Size: 3 1/2" x 3" x 1 1/4"
Anode: 2" x 2" (2)
Weight: 8 oz.

RustEvader® Wants Your Car To Last

RustEvader® products were designed for people who care about their car and understand the value of careful maintenance and effect on their pocketbook. RustEvader® wants your car to last and maintain it's maximum value.



- Ask your dealer about RustEvader®
- Paint Protector
 - Radiator Protector
 - Fabric Protector
 - Engine Oil Additive

DISCLAIMER

The warranty discussed in this brochure is for informational purposes only. Your warranty application provides the details of the warranty. Please read it thoroughly

RustEvader Corp 1513 11th Avenue P.O. Box 351
Allioma, PA 16603 814-944-8700
1 800-458-3474

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RustEvader®, AEL®, "Power Powder" are registered trademarks of RustEvader Corp.
Alioma, PA.
Rust Evader® System U.S. Patent # 4,921,588; 4,950,372; Power Powder® additive U.S. Patent # 4,886,122
Foreign Patents Pending

The Original Patented

Rust Evader®

Made in the U.S.A.

The World's Leading Electronic Rust Control System

U.S. Patents 4, 921, 588
4, 950, 372

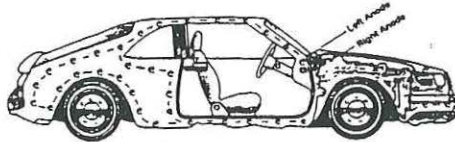
EXHIBIT

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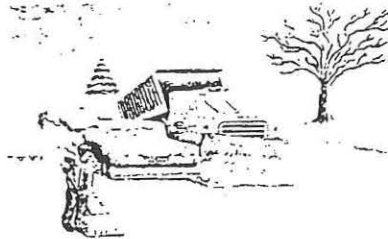
EXHIBIT C

Rust Evader®

ELECTRONIC CORROSION CONTROL

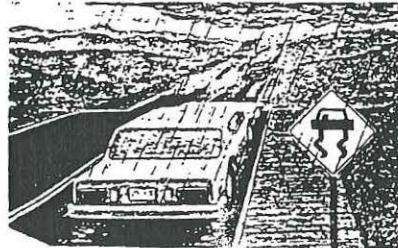


The "RustEvader" interferes with rusting process. Electro-chemists have made great progress in understanding corrosion. RustEvader® Corp. has applied the results of this progress in developing the RustEvader® Automotive Corrosion Control System and since the rusting process is gradual, the amount of energy consumed is very small—RustEvader® reduces the corrosion rate.



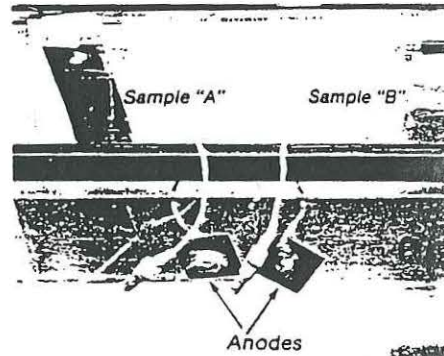
RustEvader® Electronic Corrosion Control gives you unmatched protection from salt, snow, sleet and sea spray corrosion. Rust perforation (rust-through) from either side of the sheet metal is warranted not to occur on your vehicle. (see actual warranty for details).

This is the original multi-patented Electronic Corrosion Control for automobiles. Over 10 years of consumer satisfaction and test market experience guarantees your dealing with the best and with the respect of the marketplace.



THE INTELLIGENT APPROACH TO PRESERVING AUTOMOTIVE APPEARANCE

- ★ RustEvader® emphasizes customer satisfaction thousands in service worldwide.
- ★ Established track record in reducing corrosion — documented by users.
- ★ Recapture your investment at trade-in time...for New Used cars.
- ★ Used car warranty available depending upon age of ve and mileage.
- ★ Limited lifetime new car warranty, transferable to a se owner.
- ★ RustEvader® warrants that should the sheet metal of vehicle be perforated with/by rust, we will fix the ho
- ★ Consult RustEvader® Warranty Application for e description of coverage and exclusions.
- ★ Insured by major insurance companies.
- ★ RustEvader® is transferable from car to car.
- ★ Limited lifetime new car warranty available in the and Canada.
- ★ Optional 10 year limited new car warranty avai worldwide.

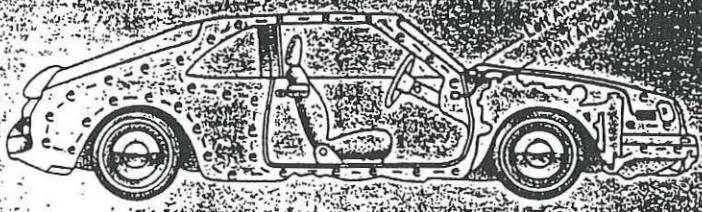


This Laboratory Test* provides the "worst case scenar to test RustEvader® Technology. Two (2) identu pieces of sheet steel are suspended in salt bath. T RustEvader® protects Sample "A" while Sample " rusts severely.

EXHIBIT D

ELECTRONIC CORROSION CONTROL

RustEvader AUTOMOTIVE CORROSION CONTROL



THE INTELLIGENT APPROACH TO PRESERVING AUTOMOTIVE APPEARANCE

The RustEvader® overcomes the rusting process. Electronic phenomena have made great progress in understanding corrosion. RustEvader® Corp.™ has applied the results of this progress in developing the RustEvader® Automotive Corrosion Control System. The RustEvader® imposes its system onto the vehicle's surface that interferes with oxygen's ability to combine with ferrous metals. Environmental conditions that promote rusting also prompt a counter response from the RustEvader® system. Energy for the electron path is provided by the car's battery and since the rusting process is gradual, the amount of energy consumed is very small — RustEvader® reduces the corrosion rate.

The Logical Choice for Controlling Rust™

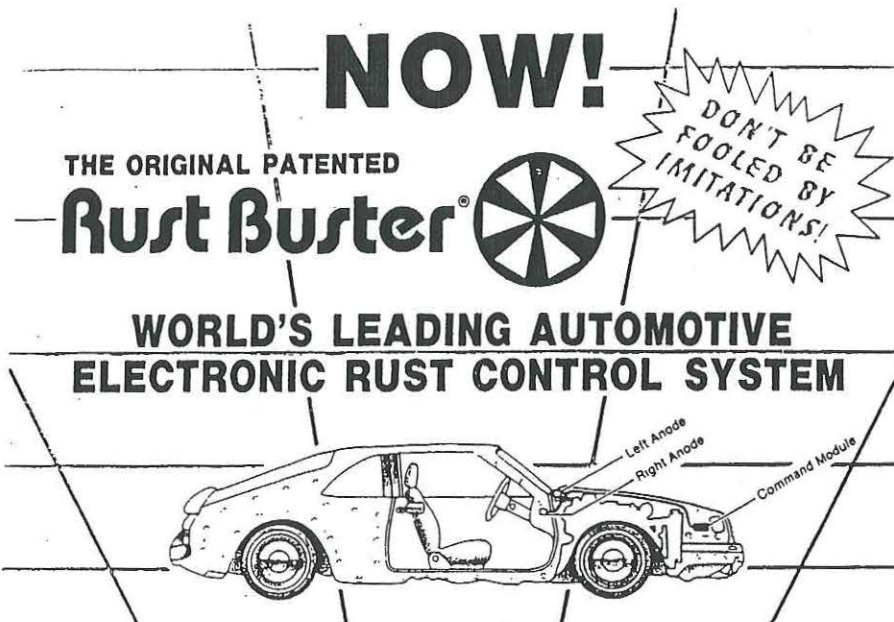
- Recapture your investment at trade-in time for New and Used cars
- RustEvader® emphasizes customer satisfaction: thousands in service worldwide
- Limited lifetime new car warranty, transferable to a second owner
- Used car warranty available depending upon age of vehicle and mileage
- Insured by a major insurance company
- RustEvader® the original patented protection
- Protection you can keep and take with you when you sell your car

Exhibit D

Complaint

122 F.T.C.

EXHIBIT E



The Rust Buster® System Beats Rust!

The Rust Buster® system keeps your car, truck or van beautiful for years! Common nicks, scratches and road salt won't deteriorate into rust-through damage, so you'll save on costly auto-body repairs and preserve your investment.

The Rust Buster® system also offers unmatched protection! Unlike traditional undercoatings, it protects hard-to-reach, extremely vulnerable areas by impressing throughout the metal body panels of the vehicle and interfering with oxygen's natural ability to couple with these ferrous metals.

- eliminates the need for other costly rustproofing methods
- uses less battery power than your car's clock
- won't void your vehicle's warranties
- transferable to a second vehicle
- protects rain or shine
- installs in 30 minutes
- small & compact device
- no chemical mess or smell
- year-after-year protection
- for 1977 and newer models
- environmentally safe

Exhibit E

RUST EVADER

Electronic Corrosion Control

LIMITED WARRANTY

Plastic Cards

1

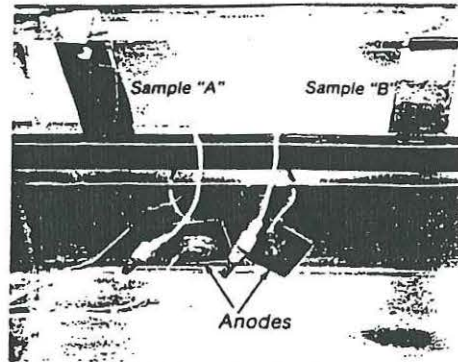
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EXHIBIT G

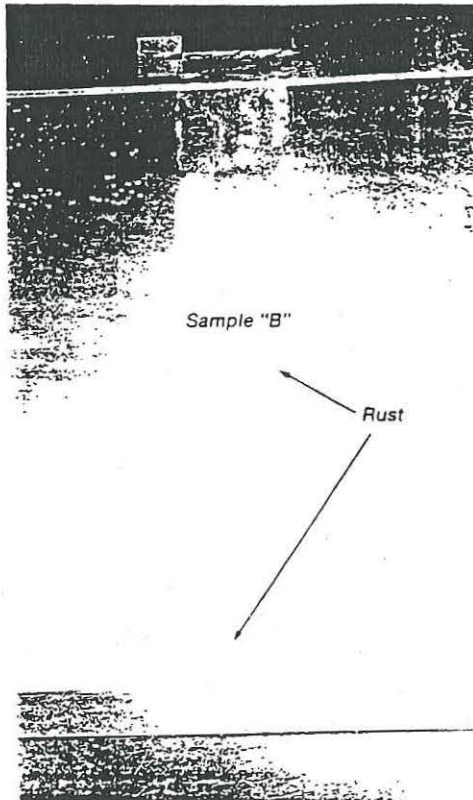
This Laboratory Test provides the "worst case scenario" to test RustEvader Technology. Two(2) identical pieces of sheet steel are suspended in salt bath. The RustEvader protects Sample "A" while Sample "B" rusts severely.



4½ gallons of 10% NaCl Solution. 70° F



Sample "A" is made cathodic (-) No Rust



Sample "B" after 24 hours

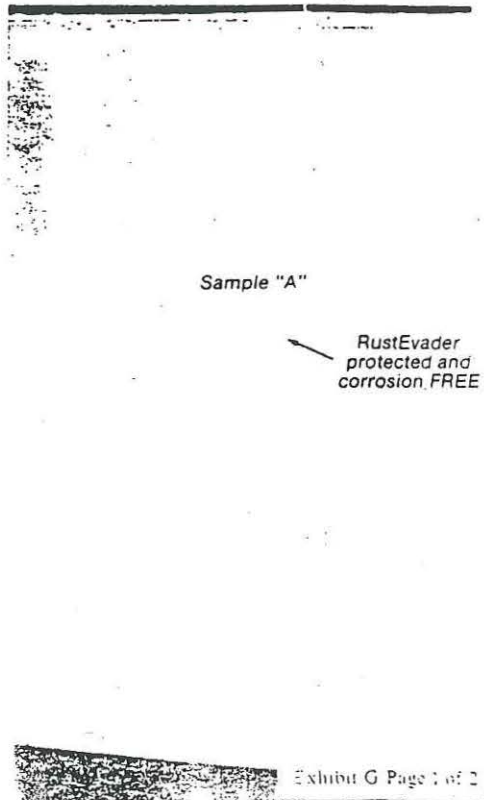


EXHIBIT G

For Your Information!

How do you judge an automotive value? Ask those in the industry and they will tell you that condition and appearance are paramount in the evaluation. If you are purchasing a new car, its value several years down the road is important, so condition and appearance dictate the value of the car at any point beyond the day it was manufactured. A RustEvader and good maintenance will pay off by increasing the projected value of your car by reducing the rate of corrosion and retard rusting. The RustEvader was designed specifically to retard cosmetic corrosion. The normal imperfections in the paint along with small scratches, nicks and scars are less susceptible to cancerous body corrosion, or that ugly, scabby appearance. It is hard to imagine that your new car is so vulnerable but just look at any car that is two or three years old and you can see the devastation that has already begun.

It is easy to understand how hidden corners, bends and shapes of sheet metal body parts are consumed by a hostile environment. Abrasions from sand, stone and salt and freezing and thawing of water activate microscopic corrosion sites and pores in the paint that rapidly advance into body panel failure. Even galvanized sections that have been welded or bent in the factory-forming process are open to attack.

Rust and corrosion occur when the three essential ingredients interact: oxygen, metal and moisture, (H_2O). The metal provides the electrons to satisfy oxygen's craving for electrons. Moisture is needed to provide the pathway of electron transfer from iron to oxygen. The most common way of preventing automotive corrosion is to apply a barrier between oxygen and the metal. This is why we paint automobiles. The paint is a suitable barrier. When the metal loses paint or is completely painted corrosion begins and continues until all of the metal is converted to an oxide or rust. Extra barriers have been developed such as undercoatings, rustproofing and paint sealants; but they are effective only as long as they insulate the metal from oxygen and water. Paint, rustproofing and sealants are known as di-electrics (not permitting electron transfer). As long as these di-electrics are in place without any small breaks, cracks or crevices, nicks, scratches or stone chips, the automotive body has a fair chance of surviving the environment. However, in the real world, a constant attack is underway to break down these barriers. Once broken, the barriers permit the migration of electrons from iron over a moist pathway to oxygen—the result is rust and corrosion. RustEvader provides a source of free electrons that interferes with the migration and coupling of ferrous metal electrons with oxygen—reducing the corrosion rate.

Capacitive Discharge Oxidation Interference "CDOI"

Since automobiles are produced essentially totally coated with di-electric barrier of paint and rustproofing, the need to detect breaks in these barriers is of significant importance. The RustEvader forces the impressed electrons to escape or exit at

the very site where the barrier has broken down or worn away. "CDOI" effect. RustEvader only works where and when needed. This is accomplished by pumping excess electrons to the car body creating a condenser effect (when the electric is essentially intact) between the car body and RustEvader anodes. Electrons repel each other resulting in their desire to return to a more positive home (anodes in atmosphere). In their escape from the automotive body through breaks or pores in the di-electric coatings, these impressed electrons interfere with the rusting process and retard rusting at local corrosion sites. There are variables that effect this interfering process: the composition of the metal, the type and concentration of the electrolyte, temperature and humidity. Generally speaking, increases in humidity and moisture increases the rate and quantity of electron escape. However, even when the relative humidity is very low electrons will frequently escape into the atmosphere. The impressed electrons escape in two ways: by displacing other electrons and by direct individual movement. If a continuous electrolyte exists (such as complete submersion in salt water) between the breaks in the coating on the car body and anodes, displacing electrons will move from the negative car body to the positive anode. In this condition the greatest rust retardation effect will exist. RustEvader works best where and when it is needed most, under mild conditions. Compromises had to be considered in the RustEvader design. Therefore, complete interference in the rusting process cannot be expected but rust retardation dramatically demonstrated.

Unibody construction and modern autobody panel design are extremely vulnerable to corrosion; therefore, they are naturally presented to the consumer for use in a totally coated (painted) form. RustEvader has been designed to assist in the car maintenance program by retarding corrosion at breaks in the coating. The smaller the break, the more concentrated the RustEvader effect. Most of the protection is provided at the perimeter (interface) of the paint and the abrasion. Therefore, components such as exhaust systems and suspension components, which are normally not coated, are not protected. Body panel abrasions are not normally neglected by the owners and are repainted (coated) soon after abraded, therefore, the RustEvader was designed to assist the owner who is conscious of careful maintenance.

You want your car to look good while you're driving it, when you are ready to sell or trade it and particularly if you decide to give the car a major overhaul. If you lease a car, you are responsible to maintain a certain cosmetic standard or pay a penalty.

RustEvader was designed for people who care about their car and understand the value of careful maintenance and effect on their pocketbook. RustEvader wants your car to last and maintain its maximum value.

Rust Evader

CDOI™ RustEvader Corp.
1513 11th Avenue P.O. Box 351
Altoona, PA 16603
800-458-3474 in PA 814-944-8700
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DECISION AND ORDER

The Commission having heretofore issued its complaint charging David F. McCready (hereinafter "respondent") and RustEvader Corporation with violation of Section 5 of the Federal Trade Commission Act, as amended, and respondent having been served with a copy of that complaint, together with a notice of contemplated relief; and

Respondent, his 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 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 alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Secretary of the Commission having thereafter withdrawn this matter from adjudication in accordance with Section 3.25(c) of its Rules; and

The Commission having considered the matter 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 3.25(f) of its Rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. RustEvader Corporation, a/k/a Rust Evader Corporation, sometimes d/b/a REC Technologies(REC)is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at 1513 Eleventh Avenue, Altoona, Pennsylvania.

Respondent David F. McCready has been an owner, officer and director of said corporation. At times material to the complaint herein, he formulated, directed, and controlled the policies, acts, and practices of said corporation. His address is RD 4 Box 92 B, Altoona, Pennsylvania.

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

DEFINITIONS

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

A. *"Electronic corrosion control device"* shall mean any device or mechanism that is intended, through the use of electricity, static or current, to control, retard, inhibit or reduce corrosion in motor vehicles.

B. *"Rust Evader"* shall mean the electronic corrosion control device sold under the trade names Rust Evader, Rust Buster, Electro-Image, Eco-Guard, and any other substantially similar product sold under any trade name.

C. *"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.

I.

It is ordered, That respondent David F. McCready, individually and as an officer of RustEvader Corporation, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, packaging, labeling, advertising, promotion, offering for sale, sale, or distribution of the Rust Evader, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall forthwith cease and desist from representing, in any manner, directly or by implication, that such product is effective in preventing or substantially reducing corrosion in motor vehicle bodies.

II.

It is further ordered, That respondent David F. McCready, individually and as an officer of RustEvader Corporation, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, packaging, labeling, advertising,

promotion, offering for sale, sale, or distribution of any product for use in motor vehicles in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall forthwith cease and desist from making any representation, directly or by implication, concerning the performance, efficacy or attributes of such product unless such representation is true and, at the time such representation is made, respondent possesses and relies upon competent and reliable evidence, which, when appropriate, must be competent and reliable scientific evidence, that substantiates the representation.

III.

It is further ordered, That respondent David F. McCready, individually and as an officer of RustEvader Corporation, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, packaging, labeling, advertising, promotion, offering for sale, sale, or distribution of any product for use in motor vehicles in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall forthwith cease and desist from misrepresenting, in any manner, directly or by implication, the existence, contents, validity, results, conclusions, interpretations or purpose of any test, study, or survey.

IV.

It is further ordered, That respondent David F. McCready, individually and as an officer of RustEvader Corporation, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, packaging, labeling, advertising, promotion, offering for sale, sale, or distribution of any product for use in motor vehicles in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall forthwith cease and desist from misrepresenting, in any manner, directly or by implication, that any demonstration, picture, experiment or test proves, demonstrates or confirms any material quality, feature or merit of such product.

V.

It is further ordered, That respondent David F. McCready, individually and as an officer of RustEvader Corporation, directly or

through any corporation, subsidiary, division or other device, in connection with the manufacturing, packaging, labeling, advertising, promotion, offering for sale, sale, or distribution of the Rust Evader in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall forthwith cease and desist from employing the terms Rust Evader or Rust Buster in conjunction with or as part of the name for such product or the product logo.

VI.

It is further ordered, That respondent David F. McCready, individually and as an officer of RustEvader Corporation, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, packaging, labeling, advertising, promotion, offering for sale, sale, or distribution of any consumer product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act and actually costing the consumer more than five dollars (\$5.00), shall forthwith cease and desist from conditioning any written or implied warranty of such product on the consumer's purchase or use, in connection with such product, of any article or service (other than article or service provided without charge under the terms of the warranty) which is identified by brand, trade, or corporate name.

VII.

It is further ordered, That respondent David F. McCready, individually and as an officer of RustEvader Corporation, his successors and assigns, shall be liable for consumer redress in the amount of two hundred thousand dollars (\$200,000.00) as provided herein:

A. Not later than five (5) days from the date this order becomes final, respondent shall deposit into an escrow account to be established by the Commission for the purpose of receiving payment due under this order ("Commission escrow account"), the sum of two hundred thousand dollars (\$200,000.00).

B. Provided however, that if, at the time this order becomes final, respondent has not completed the sale of respondent's property known as RD 4 Box 92B, Altoona, Pennsylvania, then respondent shall deposit, into the Commission escrow account, not later than five

(5) days from the date this order becomes final, the sum of forty thousand dollars (\$40,000.00). Respondent shall deposit the remaining one hundred sixty thousand dollars (\$160,000.00) into the Commission escrow account upon the sale of respondent's property known as RD 4 Box 92B, Altoona, Pennsylvania at the time of the sale of said property or six months from the date that this order becomes final, whichever first occurs. Respondent shall provide security for the one hundred sixty thousand dollars (\$160,000.00) by means of a mortgage on the property known as RD 4 Box 92B, Altoona, Pennsylvania. Such mortgage shall be in a form, and shall be entered into by such date as agreed to by the parties, but no later than five (5) days from the date this order becomes final.

C. In the event of any default in payment to the Commission escrow account, which default continues for more than ten (10) days beyond the date of payment, respondent shall also pay interest as computed under 28 U.S.C. 1961, which shall accrue on the unpaid balance from the date of default until the date the balance is fully paid.

D. The funds deposited by respondent in the Commission escrow account, together with accrued interest, shall, in the discretion of the Commission, be used by the Commission to provide direct redress to purchasers of the Rust Evader in connection with the acts or practices alleged in the complaint, and to pay any attendant costs of administration. If the Commission determines, in its sole discretion, that redress to purchasers of this product is wholly or partially impracticable or is otherwise unwarranted, any funds not so used shall be paid to the United States Treasury. Respondent shall be notified as to how the funds are distributed, but shall have no right to contest the manner of distribution chosen by the Commission. No portion of the payment as herein provided shall be deemed a payment of any fine, penalty, or punitive assessment.

E. At any time after this order becomes final, the Commission may direct the agent for the Commission escrow account to transfer funds from the escrow account, including accrued interest, to the Commission to be distributed as herein provided. The Commission, or its representative, shall, in its sole discretion, select the escrow agent.

F. Respondent relinquishes all dominion, control and title to the funds paid into the Commission escrow account, and all legal and equitable title to the funds vests in the Treasurer of the United States and in the designated consumers. Respondent shall make no claim to

or demand for return of the funds, directly or indirectly, through counsel or otherwise; and in the event of bankruptcy of respondent, respondent acknowledges that the funds are not part of the debtor's estate, nor does the estate have any claim or interest therein.

VIII.

It is further ordered, That for five (5) years after the last date of dissemination of any representation covered by this order, respondent David F. McCready, or his 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 their possession or control that contradict, qualify, or call into question such representation, or the basis relied upon for such representation, including complaints from consumers.

IX.

It is further ordered, That respondent David F. McCready shall, for a period of ten (10) years from the date of issuance of this order, notify the Federal Trade Commission within thirty (30) days of the discontinuance of his present business or employment and of his affiliation with any new business or employment. 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.

X.

It is further ordered, That this order will terminate on October 30, 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 complaint will not affect the duration of:

A. Any paragraph in this order that terminates in less than twenty (20) 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.

XI.

It is further ordered, That respondent David F. McCready shall, within sixty (60) days after the date of service of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

IN THE MATTER OF

DEL MONTE FOODS COMPANY, ET AL.

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3569. Consent Order, April 11, 1995--Modifying Order, Oct. 31, 1996

This order reopens a 1995 consent order -- that required the Del Monte Corporation and Pacific Coast Producers to terminate the purchase option agreement and certain provisions of the supply agreement, and also required respondents to obtain Commission approval before acquiring any stocks or assets of a U.S. canned fruit manufacturer and before entering into agreements with competitors -- and this order modifies the consent order by ending Del Monte's obligation to obtain Commission approval before making certain acquisitions or entering into certain marketing agreements and co-pack arrangements. The Commission substituted the prior-approval requirement with a requirement that Del Monte provide to the Commission prior notice of the specified transactions.

ORDER REOPENING AND MODIFYING ORDER

On May 24, 1996, Del Monte Foods Company and its wholly-owned subsidiary Del Monte Corporation ("Del Monte"), respondents named in the consent order issued by the Commission on April 11, 1995, in Docket No. C-3569 ("order"), filed a Petition To Reopen and Modify Consent Order ("Petition") in this matter. On October 3, 1996, Pacific Coast Producers ("PCP"), a respondent subject to the requirements of paragraphs VII and VIII of the order, filed a Statement In Support of Petition to Reopen and Modify Consent Order ("Statement"). Del Monte and PCP ("respondents"), in their Petition and Statement, respectively, ask that the Commission reopen and modify the order pursuant to Section 5(b) of the Federal Trade Commission Act, 15 U.S.C. 45(b), and Section 2.51 of the Commission's Rules of Practice and Procedure, 16 CFR 2.51, and consistent with the Statement of Federal Trade Commission Policy Concerning Prior Approval And Prior Notice Provisions, issued on June 21, 1995 ("Prior Approval Policy Statement").¹ Del Monte's Petition requests that the Commission reopen and modify the order to remove the prior approval requirements and replace them with prior notice requirements by deleting paragraphs III, VI.A and VII in

¹ 60 Fed. Reg. 39,745-47 (Aug. 3, 1995); 4 Trade Reg. Rep. (CCH) ¶ 13,241.