

IN THE MATTER OF

JEANETTE L. DOUGLASS

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3727. Complaint, March 24, 1997--Decision, March 24, 1997*

This consent order prohibits, among other things, Jeanette L. Douglass, an officer of Computer Business Services, Inc. ("CBSI"), from misrepresenting the earnings or success rate of CBSI investors; the existence of a market for CBSI's products or services; the amount of time it takes investors to recoup their investments; and from making any representation regarding the performance, benefits, efficacy or success rate of any product or service unless she possesses reliable evidence to substantiate the claims. The consent order also prohibits the use of misleading testimonials or endorsements and requires certain disclosures to investors.

Appearances

For the Commission: *C. Steven Baker, Evan Siegel, Alan Krause and Mary Tortorice.*

For the respondent: *Lewis Keiler, Sonnenschein, Nath & Rosenthal, Chicago, IL.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Jeanette L. Douglass, individually and as an officer and director of Computer Business Services, Inc. ("CBSI"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Jeanette L. Douglass is an officer and director of CBSI. Individually or in concert with others, she formulates, directs, controls, or participates in the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. Her principal office or place of business is at 19348 Flippen Rd., Westfield, Indiana.

2. Respondent, in concert with CBSI, has advertised, offered for sale, sold, and distributed to the public home-based business ventures. Prospective consumers who purchase home-based business ventures from CBSI come to be known by the company as "Center Owners." A "center" ordinarily consists of computer hardware, software,

training manuals, marketing materials, and available technical assistance which, together, are represented to enable the owner to create products and services that can be resold profitably to the general public.

3. Beginning no later than April 1988, and continuing through the present, respondent, in concert with CBSI, has disseminated or has caused to be disseminated magazine, newspaper and postcard advertisements, including but not necessarily limited to the attached Exhibit A, to induce consumers nationwide to call a toll-free number to order a free information kit. Respondent, in concert with CBSI, represents through these advertisements that consumers can expect to earn \$4,000 per month using CBSI's "proven turnkey business." Exhibit A.

4. Respondent, in concert with CBSI, has also disseminated or has caused to be disseminated advertisements for home-based business ventures through commercial online services, including, but not limited to, CompuServe and America Online. Respondent, in concert with CBSI, represents through these advertisements that consumers can expect to earn \$4,000 per month through CBSI's home-based business ventures. Exhibit B.

5. Respondent, in concert with CBSI, has disseminated or has caused to be disseminated several information packets containing brochures and an audio cassette tape recording by the co-founders of CBSI, George and Jeanette Douglass. These materials, which are sent to prospective purchasers of home-based business ventures, contain the following statements:

(a) In the last 13 years, we've identified over 30 needs and wants. Each one of them is easy to run, helps other people, and provides you a good profit. Computer Business Services has not only identified these 30 needs, but has developed the technology to perform these services easily and profitably. Along with the technology, we've developed all the strategies to perform these services, plus the ways to find the people that need these services, and you can do it all from your home.

(b) Most of the couples and individuals that we've helped start their business have been extremely successful. . . .

(c) Each one of the programs I'm about to explain to you provides a needed service to the people or organizations in your community. Each service adds value to the people's lives you serve, and you can be proud to provide these services. Each program is a proven money-maker, and is now being operated successfully by our present center owners.

(d) Once you start to advertise your CBSI center, people know about it immediately and start coming to you for your services. Every business or

organization needs to contact people and you have the only way to contact people quickly, inexpensively and effectively. Once this word gets out, you'll have to expand your services very rapidly, just as we did.

(e) Now we've already helped thousands of couples and individuals turn into successful business people, and we believe we can help you, too.

(f) If you get our CBSI computer program and follow our proven strategies, I really don't believe that you can do it badly enough not to be successful. Once you get the word out that you've got these programs available, people will come to you.

(g) We right now have 30 services you can perform. We have thousands of center owners already earning good money, and I believe you can, too.

(h) Now you have 24 hours in a day. You work 8, sleep 8, and have 8 free hours. If you take 8 free hours times 7 days a week, you have 56 hours. Divide that by two, and you have 28 hours that you can use in this business. Now I realize I've not included weekends. If you use 28 hours per week to do this program, you will be extremely successful.

(i) I can't guarantee your success. I can't guarantee that you'll make \$4,000 to \$10,000 a month. I don't know what's inside of you. But I do know this. Our services are needed in every community in the United States. Our programs really work, and you can earn more money than you ever dreamed possible if you will work our programs.

(j) Most of the couples and individuals that we've helped start their business have been extremely successful and our relationship with them has been exhilarating.

(k) This is a business that you can build a few customers at a time and reap the profits for a long time to come. I call it stack up income. You set it up once and get paid for it every month. So after a few years, you have big money coming in every month, even if you take a month off.

(l) Each of these services is a proven money-maker in large cities, small towns and rural communities throughout the country.

(m) Now some of our center owners use the computer dialing equipment for telemarketing on the unattended mode. Some just don't like to use the computer for telemarketing at all, and in some states, there are regulations that limit the use in the unattended mode. . . . Again, you must make the decision how you use your equipment. Some center owners do very well using their computer dialing equipment for finding people who want their products. Others use the unattended mode to find qualified prospects for insurance, real estate, chimney cleaning and so forth. If they call from 9:00 a.m. to 9:00 p.m., they usually can call around 1,000 people a day.

6. Respondent, in concert with CBSI, also has disseminated or has caused to be disseminated materials containing endorsements by and photographs of purported Center Owners who convey the impression that ordinary consumers can successfully start and operate one or a combination of CBSI's home-based business ventures. These materials include but are not necessarily limited to the attached Exhibit C. For example, these materials contain the following statements and depictions:

(a) "LEE STOUT: I am a very satisfied CBSI Center Owner. Without my involvement with CBSI the opportunities that have become realities would not have been possible. The CBSI telecommunications program has enabled me to grow my business to the point where I can make \$100,000+ per year. . . . If I can be successful at this, anyone can!"

(b) "DOUG STROUD: I earned \$101,865 in one year with my own CBSI business. I am running Voice Mail and Computer Home Monitor. CBSI software is the best available."

(c) "CURTIS MAPP: I now have 258 subscribers to the CBSI Computerized Monitor Service program. Each subscriber is billed at \$30.00 per month, which means I'm earning over \$7,700 per month with this program alone."

7. Beginning no later than January 1991, and continuing through the present, respondent, in concert with CBSI, has sold home-based business ventures to approximately 15,000 consumers. Center Owners ordinarily spent between \$3,000 and \$16,000 on CBSI's products and services.

Profitability

8. Through the means described in paragraphs two through seven, respondent, in concert with CBSI, has represented, expressly or by implication, that CBSI Center Owners ordinarily operate profitable businesses out of their own homes.

9. In truth and in fact CBSI Center Owners do not ordinarily operate profitable businesses out of their own homes. Indeed, it is rare for CBSI Center Owners to recoup even their initial investments.

10. Therefore, the representation set forth in paragraph eight was, and is, false or misleading.

Substantial Income

11. Through the means described in paragraphs two through seven, respondent, in concert with CBSI, has represented, expressly or by implication, that:

- a. CBSI Center Owners ordinarily earn substantial income.
- b. CBSI Center Owners can reasonably expect to achieve a specific level of earnings, such as income of \$4,000 per month.

12. In truth and in fact:

- a. CBSI Center Owners do not ordinarily earn substantial income. Indeed, the vast majority of Center Owners never even recoup their initial average investments of approximately \$9,000.

b. CBSI Center Owners can not reasonably expect to achieve a specific level of earnings, such as income of \$4,000 per month. Indeed, the vast majority of Center Owners not only never earn \$4,000 per month, but never earn \$4,000 over the duration of their businesses.

13. Therefore, the representations set forth in paragraph eleven were, and are, false or misleading.

Endorsements: Actual Experiences

14. Through the means described in paragraph six, respondent, in concert with CBSI, has represented, expressly or by implication, that CBSI Center Owner endorsements appearing in CBSI's advertisements and promotional materials reflect the actual experiences of those Center Owners.

15. In truth and in fact, in numerous instances, CBSI Center Owner endorsements appearing in CBSI's advertisements and promotional materials do not reflect those Center Owners' actual experiences.

16. Therefore, the representation set forth in paragraph fourteen was, and is, false or misleading.

Endorsements: Typicality and Ordinariness

17. Through the means described in paragraph six, respondent, in concert with CBSI, has represented, expressly or by implication, that CBSI Center Owner endorsements appearing in CBSI's advertisements and promotional materials reflect the typical or ordinary experiences of Center Owners who have attempted to use CBSI's products or services.

18. In truth and in fact, CBSI Center Owner endorsements appearing in CBSI's advertisements and promotional materials do not reflect the typical or ordinary experiences of Center Owners who have attempted to use CBSI's products or services.

19. Therefore, the representation set forth in paragraph seventeen was, and is, false or misleading.

Substantiation for Earnings Claims

20. Through the use of the statements and depictions contained in CBSI's advertisements and promotional materials referred to in

paragraph eleven, respondent, in concert with CBSI, has represented, expressly or by implication, that she, in concert with CBSI, possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph eleven, at the time the representations were made.

21. In truth and in fact, respondent, in concert with CBSI, did not possess and rely upon a reasonable basis that substantiated the representations set forth in paragraph eleven, at the time the representations were made. Therefore, the representation set forth in paragraph twenty was, and is, false or misleading.

Automatic Telephone Dialing Systems

22. Through the means described in paragraphs two through seven, respondent, in concert with CBSI, has represented, expressly or by implication, that consumers can successfully utilize automatic telephone dialing systems to market their businesses.

23. Respondent, in concert with CBSI, has failed to disclose in advertisements and promotional materials for the outbound telemarketing programs that federal law prohibits the use of an automatic telephone dialing system in the unattended mode to initiate a telephone call to any residential telephone line to transmit an unsolicited advertisement for commercial purposes without the prior express consent of the called party. This fact would be material to consumers in their purchase or use of CBSI's home-based business ventures. The failure to disclose this fact, in light of the representation made, was, and is, a deceptive practice.

24. The acts and practices of respondent 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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Complaint

EXHIBIT A

EXHIBIT A

**FREE** CBI 486 Computer

Earn \$4,000 Per Month From Your Home With A Computer!

Begin part-time and still retain the security of your present position. This is a proven turnkey business an individual or couple can run. If you purchase our software and business program, we will give you the computer and printer. If you already own a computer, you may receive a discount. You do not need to own, or know how to run, a computer—we will provide free home office training. Financing available.

Learn how other couples, and individuals like yourself, are building a lifetime income!

To receive free cassettes and color literature, call toll-free: **1-800-343-8014, ext. 145**

(In Indiana: 317-758-4415) Or Write

COMPUTER BUSINESS SERVICES INC., 260 PLAZA, STE. 145, SHERIDAN, INDIANA 46069

Complaint

123 F.T.C.

EXHIBIT B

EXHIBIT B

EARN \$4,000 PER MONTH ON THE NEW INFORMATION SUPERHIGHWAY

All you need is a kitchen table, computer, modem and a telephone

There is an exploding worldwide need for instant information. You can now be part of the start of a revolutionary new industry.

Computer Business Services Inc. the world leader in instant information immediately needs couples and individuals to provide these services from their homes. You may start part time and retain the security of your present job. Quit spending money on your computer and let it earn money for you. We provide a complete operation including everything you need to start plus the complete training to be a success.

If you purchase our software and training materials, we will provide you with a modem, color monitor and printer at no extra cost. If you already own a computer we will give you a discount. Financing available.

Call 1-800-343-8014 ext. 2050

24 hours a day to receive FREE color material and two cassette tapes. You can start your own profit from and be a part of the new instant information superhighway.

WORLD'S LARGEST POSTCARD

WARNING: Statistics show that reading this card
can change your life!

KEA ZICHNI

I earned \$1,000 in one week selling personalized children's books part time. I'm also running the Financial Aid for College program, and I sell a lot through high schools. I have worked on Voces Mail and Voces message Center. I now have 30 accounts, and I'm trying about 30 new accounts per week. I'm done with working hard; I'm done with the day's the limit for me."

LEE STOUT

"I am a very satisfied CBSI Center Owner. Without my investment with CBSI the opportunities that I have created would not have been possible. The CBSI telecommunications program has enabled me to grow my business to the point where I can now afford to hire a staff. I am very satisfied with CBSI. From the staff support to the training, the services, and the equipment, I can be successful at this, anyone can."

LEE STOUT, President, Lee Stout & Associates, Inc.

[illegible]

DAVID SMITH

"I purchased a CTSI 11000 Monogram II Embroidery machine and went into business. I now have more business than I can actually handle. I try to get at least 150 per hour from my machine. Most days, I gross 1000 and spend 500 for parts, thread etc. I can identify just my machine up anywhere and do lots of business, even around malls, and etc. The business is very exciting and very profitable."

BYRONIA SILA, M

"Your company gave me the chance to do something I didn't think was possible without your company. I would be stuck in a 95 pct lightning with a huge bill about taking my children to the doctor for sleeping problems when their six kids) With my CBS home I am able to pay a more active part in my children's lives. At the same time I am able to plan for my family financially. I am also able to make a difference in the lives and education of the children in my community."

JOB DETAILS:

"I couldn't believe what I read," I heard on the phone. It was just as good to hear it that way. Everything about Great and the business stuff is great. I have Tim Weather and Lottery program. I have 27 advertising spots, and I sell them to \$60 to \$100 per spot. I paid for my mailer station really cheap. I am also selling Personalized Characters. Bobbi's name also sold \$100 worth of Personalized Characters. I have a lot of other products to sell."

SPEAK FOR A REASON:

"I have made a lot of money. I have a lot of other products to sell."

MARK GRANT
"My name is Mark Grant and I'm joining the CBS Video Baseball program. I recently signed a major cable company for television, 10,000 channels, each month and plan to do much more. I also signed up three video stores as well. The concept is great and the business is great!"

DOUG STROUD
I earned \$107,885 in one year with my own CBSi Business. I am running Voice Mail and Computer Home Monitor. CBSi software is the best available. I believe CBSi's secret is Great Client. The clients are extremely motivated. I sell CBSi software.

My husband and I have been Capital Quarters for 11 months, and we just want to say THANK YOU in all the ways at CBS for their support and help. We can't say that this company will take care of them. Capital Quarters is not a fly by night organization and we do appreciate that we look forward to what the future holds.

[illegible]

now have 108 subscribers to the CBSI (Corporate Investor) Investor Service program. Each subscriber is billed \$1,000 per month, which means the company takes \$1,080 a month to run the program alone. Thanks to evenhanded CBSI financial assistance, especially in technical assistance and Customer Service, No doubt in the future

Worries: I can't describe the fun & excitement my business provides! After three years, I am just as enthusiastic about it as in the beginning. It has been fun, personally, to build to such levels and have a majority in the community, and earn a good income as well. I enjoy the challenge of the business and the hours I spend. I have no time to waste.

Call your program advisor **TODAY at**
1-800-545-2274, ext. 347

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EXHIBIT C

EXHIBIT C

For Further Information Listen to the Tapes They Explain All Of The Following Services In Detail



4 Tapes
11

1. **Free Information** - How to obtain free information on the services offered by the company. 2. **Free Information** - How to obtain free information on the services offered by the company. 3. **Free Information** - How to obtain free information on the services offered by the company. 4. **Free Information** - How to obtain free information on the services offered by the company.

5. **Free Information** - How to obtain free information on the services offered by the company. 6. **Free Information** - How to obtain free information on the services offered by the company. 7. **Free Information** - How to obtain free information on the services offered by the company. 8. **Free Information** - How to obtain free information on the services offered by the company.

9. **Free Information** - How to obtain free information on the services offered by the company. 10. **Free Information** - How to obtain free information on the services offered by the company. 11. **Free Information** - How to obtain free information on the services offered by the company. 12. **Free Information** - How to obtain free information on the services offered by the company.

13. **Free Information** - How to obtain free information on the services offered by the company. 14. **Free Information** - How to obtain free information on the services offered by the company. 15. **Free Information** - How to obtain free information on the services offered by the company. 16. **Free Information** - How to obtain free information on the services offered by the company.

FREE PROGRAM

At your program station, listen to the tapes and learn the details of the services offered by the company. The program station is located at 1000 North 1st Street, Suite 100, St. Paul, MN 55101. For more information, call 1-800-555-1234.

1. **Free Information** - How to obtain free information on the services offered by the company. 2. **Free Information** - How to obtain free information on the services offered by the company. 3. **Free Information** - How to obtain free information on the services offered by the company. 4. **Free Information** - How to obtain free information on the services offered by the company.

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44000796

New Program in The Works!



4 Tapes
11

1. **Free Information** - How to obtain free information on the services offered by the company. 2. **Free Information** - How to obtain free information on the services offered by the company. 3. **Free Information** - How to obtain free information on the services offered by the company. 4. **Free Information** - How to obtain free information on the services offered by the company.

HAVE YOU RECEIVED THE COLOR LITERATURE YOU ORDERED?

If you have not received your color literature, please call 1-800-555-1234. If you have received it, please call 1-800-555-1234. If you have received it, please call 1-800-555-1234.

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 Chicago Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violations of the Federal Trade Commission Act; and

The respondent, her 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, 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 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 no comments having been filed thereafter by interested parties pursuant to Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Jeanette L. Douglass is an officer and director of Computer Business Services, Inc. Her principal office or place of business is at 19348 Flippen Rd., Westfield, Indiana.

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

3. 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 purposes of this order, the following definitions shall apply:

1. "*Business venture*" means any written or oral business arrangement, however denominated, whether or not covered by the Federal Trade Commission's trade regulation rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," 16 CFR Part 436, and which consists of payment of any consideration for:

A. The right to offer, sell, or distribute goods, or services (whether or not identified by a trademark, service mark, trade name, advertising, or other commercial symbol); and

B. More than nominal assistance to any person or entity in connection with or incident to the establishment, maintenance, or operation of a new business or the entry by an existing business into a new line or type of business.

2. "*Clearly and prominently*" shall mean as follows:

A. In a television or video advertisement, the disclosure shall be presented simultaneously in both the audio and video portions of the advertisement. The audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it.

B. In a radio advertisement, the disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it.

C. In a print or electronic advertisement, the disclosure shall be in a type size, and in a location, that is sufficiently noticeable for an ordinary consumer to see and read, in print that contrasts with the background against which it appears.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

3. Unless otherwise specified, "*respondent*" shall mean Jeanette L. Douglass, individually, and each of his [sic] agents, representatives and employees.

4. "*In or affecting commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

5. "*Automatic telephone dialing system*" shall mean as defined in the Telephone Consumer Protection Act, 47 U.S.C. 227(a)(1).

I.

It is ordered, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale or distribution of any business venture, shall not misrepresent, expressly or by implication:

A. That consumers who purchase or use such business ventures ordinarily succeed in operating profitable businesses out of their own homes;

B. That consumers who purchase or use such business ventures ordinarily earn substantial income;

C. The existence of a market for the products and services promoted by respondent;

D. The amount of earnings, income, or sales that a prospective purchaser could reasonably expect to attain by purchasing a business venture;

E. The amount of time within which the prospective purchaser could reasonably expect to recoup his or her investment; or

F. By use of hypothetical examples or otherwise, that consumers who purchase or use such business ventures earn or achieve from such participation any stated amount of profits, earnings, income, or sales. Nothing in this paragraph or any other paragraph of this order shall be construed so as to prohibit respondent from using hypothetical examples which do not contain any express or implied misrepresentations or from representing a suggested retail price for products or services.

II.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale or distribution of any business venture, shall not represent, expressly or by implication, the performance, benefits, efficacy or success rate of any product or service that is a part of such business venture, unless such representation is true and, at the time of making the representation, respondent possesses and relies upon competent and reliable evidence that substantiates such representation. For purposes of this order, if such evidence consists of any test, analysis, research, study, or other

evidence based on the expertise of professionals in the relevant area, such evidence shall be "competent and reliable" only if it 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.

III.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any business venture or any product or service that is part of any business venture in or affecting commerce, shall not:

A. Use, publish, or refer to any user testimonial or endorsement unless respondent has good reason to believe that at the time of such use, publication, or reference, the person or organization named subscribes to the facts and opinions therein contained; or

B. Represent, in any manner, expressly or by implication, that the experience represented by any user testimonial or endorsement of the product represents the typical or ordinary experience of members of the public who use the product, unless:

1. The representation is true and, at the time it is made, respondent possesses and relies upon competent and reliable evidence that substantiates the representation; or

2. Respondent discloses, clearly and prominently, and in close proximity to the endorsement or testimonial, either:

a. What the generally expected results would be for users of the product, or

b. The limited applicability of the endorser's experience to what consumers may generally expect to achieve, that is, that consumers should not expect to experience similar results.

Provided, however, that when endorsements and user testimonials are used, published, or referred to in an audio cassette tape recording, such disclosure shall be deemed to be in close proximity to the endorsements or user testimonials when the disclosure appears at the beginning and end of each side of the audio cassette tape recording containing such endorsements or user testimonials. Provided further,

however, that when both sides of an audio cassette tape recording contain such endorsements or user testimonials, the disclosure need only appear at the beginning and end of the first side and the end of the second side of the audio cassette tape recording.

For purposes of this Part, "endorsement" shall mean as defined in 16 CFR 255.0(b).

IV.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale or distribution of any business venture utilizing, employing or involving in any manner, an automatic telephone dialing system, shall disclose, clearly and prominently, and in close proximity to any representation regarding the use or potential use of an automatic telephone dialing system to transmit an unsolicited advertisement for commercial purposes without the prior express consent of the called party, that federal law prohibits the use of an automatic telephone dialing system to initiate a telephone call to any residential telephone line using an artificial or prerecorded voice to transmit an unsolicited advertisement for commercial purposes without the prior express consent of the called party unless a live operator introduces the message. Nothing in this paragraph or any other paragraph of this order shall be construed so as to prohibit respondent from making truthful statements or explanations regarding the laws and regulations regarding the use of automatic telephone dialing systems.

V.

It is further ordered, That respondent Jeanette L. Douglass shall for a period of five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

A. All advertisements and promotional materials containing the representation;

B. All materials that were relied upon in disseminating the representation; and

C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

VI.

It is further ordered, That respondent Jeanette L. Douglass, for a period of five (5) years after the date of issuance of this order, shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

VII.

It is further ordered, That respondent Jeanette L. Douglass, for a period of five (5) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business addresses and telephone numbers and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VIII.

It is further ordered, That respondent Jeanette L. Douglass, shall, within sixty (60) days after the date of 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.

IX.

This order will terminate on March 24, 2017, 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 Part in this order that terminates in fewer 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 Part.

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 Part as though the complaint had never been 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.

Complaint

123 F.T.C.

IN THE MATTER OF

PHILLIPS PETROLEUM 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-3728. Complaint, March 28, 1997--Decision, March 28, 1997

This consent order requires, among other things, the Oklahoma-based corporation to divest approximately 160 miles of pipeline belonging to ANR Pipeline Company and Phillips in the Anadarko Basin area, and to maintain the assets in their current condition and to provide customers under the contract with ANR with gathering services at existing terms and conditions pending divestiture. The consent order also requires Phillips, for ten years, to notify the Commission before acquiring during any 18-month period more than five miles of gas gathering pipelines in the specified areas of the Oklahoma counties.

Appearances

For the Commission: *George Cary, Frank Lipson, Phillip Broyles and William Baer.*

For the respondent: *William Kolasky, Wilmer, Cutler & Pickering, Washington, D.C.*

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that respondent Phillips Petroleum Company ("Phillips"), through its subsidiary GPM Gas Corporation ("GPM"), is subject to the jurisdiction of the Commission and that Phillips' acquisition of certain gas-gathering assets of ANR Pipeline Company ("ANR"), a subsidiary of the Coastal Corporation, is in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act ("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 pursuant to Section 11 of the Clayton Act, as amended, 15 U.S.C. 21, and Section 5(b) of the FTC Act, as amended, 15 U.S.C. 45(b), stating its charges as follows: