

IN THE MATTER OF
COMPUSERVE, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 907 OF THE ELECTRONIC FUND TRANSFER ACT, REGULATION
E AND SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3789. Complaint, March 16, 1998--Decision, March 16, 1998

This consent order prohibits, among other things, the Ohio-based Internet service provider from: misrepresenting the terms or conditions of any online service trial offer; or representing that online service is free or otherwise representing that consumers need not pay for the online service, unless any obligation to cancel or to take other action to avoid charges is disclosed clearly and prominently in the instructional materials, and all other advertisements include a statement directing consumers to where this disclosure is available.

Appearances

For the Commission: *Lucy Morris, David Medine, Nina Chang*
and *Steven Silverman*.

For the respondent: *Brian Dengler*, in-house counsel, Columbus,
OH.

COMPLAINT

The Federal Trade Commission, having reason to believe that CompuServe, Inc. ("CompuServe" or "respondent") has violated the provisions of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. 41-58, as amended, as well as the Electronic Fund Transfer Act ("EFTA"), 15 U.S.C. 1693-1693r, as amended, and its implementing Regulation E, 12 CFR 205, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. CompuServe is an Ohio corporation with its principal office or place of business at 5000 Arlington Centre Boulevard, Columbus, Ohio.

2. CompuServe has developed, advertised, offered for sale, sold, and distributed to the public its online service for personal computer users. Through its online service, CompuServe provides consumers with a range of options including electronic mail, interactive magazines and newspapers, transactional services, and access to the Internet.

3. CompuServe has been and is now engaged in the regular practice of making "electronic fund transfer[s]" from "consumer" "account[s]" as those terms are defined in the EFTA and its implementing Regulation E.

4. The acts and practices of CompuServe alleged in this complaint have been in or affecting commerce as "commerce" is defined in Section 4 of the FTC Act.

COMPUSERVE'S COURSE OF BUSINESS

5. CompuServe has disseminated or has caused to be disseminated advertisements for its online service through various media including, but not limited to, print, television, the Internet, direct mail, promotional materials, and instructional materials. These advertisements include, but are not limited to, the attached Exhibits A and B, which contain the following statements:

Exhibit A

Take a joy ride on the information superhighway! . . . Courtesy of your friends at CompuServe®. C'mon, your first 10 hours are FREE!

* * *

Hop on the information highway with CompuServe for 10 free hours of fun, news, games, live chat, entertainment, and lots more!

* * *

Get more out of life, work, and play -- and get 10 hours plus your first month's membership FREE!

* * *

Dear friend

[Y]ou can take a 10-hour free ride on that highway right now with CompuServe®. All you need is your computer, a modem, and the two free CompuServe disks included with this letter.

* * *

You really have nothing to lose. You've got everything you need right now. Your first month's membership is free. And during your first month, you and your family will have 10 free hours to explore CompuServe and the world of the Internet. If you decide that CompuServe isn't for you, you can cancel at any time with no obligation whatsoever.

The advertisement contains an insert card attached to which are two computer disks that permit access to CompuServe's online service. On the reverse side of this card, a bold-face statement provides:

Go now. Go fast. Go free.

To start enjoying your 10 free hours on CompuServe, use the two disks on the back of this card

A fine-print statement at the bottom of the card provides:

Please have your credit card ready. If you use more than ten hours during your first month's free membership, you will be billed \$2.95 per hour by CompuServe. Thereafter you will be billed \$9.95 per month for membership, plus \$2.95 for each hour after 5 hours.

Exhibit B

GET CONNECTED TODAY FOR FREE! COMPUSERVE CONNECTS YOU TO A WORLD OF EDUCATION, FUN, BUSINESS COMMUNICATION AND MORE.

* * *

CONNECT TO COMPUSERVE TODAY AND TRY VIRTUALLY EVERYTHING WE OFFER - ON US.

* * *

EXPLORE COMPUSERVE FOR ONE MONTH FREE!

For a monthly membership fee of \$9.95 US*, you and your family have access to a phenomenal world of education, entertainment and communication. And it's easy to begin. All you need is your home computer, your regular phone line and a modem. Plus, to help you get started, we'll give you one FREE month of membership (a \$9.95 US* value) plus 10 FREE* hours your first month to explore virtually everything we offer.

The advertisement contains a statement at the bottom of the final panel, in fine print, that provides:

*All pricing quoted in US dollars.

Some premium services carry additional charges. Communication surcharges may apply in some areas. Some mail services are not included within your 5 free hours. CompuServe is for use subject to the terms, operating rules and conditions found online.

6. Consumers choosing to participate in the free trial offer typically do so by connecting to the CompuServe service through a telecommunication modem attached to their personal computers. Upon their initial connection to the service, consumers view a series of registration screens including, but not limited to, the attached Exhibit C. The registration screens obtain identification and billing information from consumers, verify the consumers' user identification numbers and passwords, and provide basic information about the online service, including the following details about the terms of the free trial offer:

Exhibit C

10 FREE HOURS TO START.

To help you get started on CompuServe, we're giving you one free month of membership (a \$9.95 value) and 10 free hours during your first month to explore the services you choose. Surf the Internet..Send e-mail..Set up travel reservations. It's all completely up to you.

But what if you don't use all 10 hours your first month? Or what if you use more? No problem. Use as many or as little of your 10 hours as you want -- just be sure you use them within your first month (30 days) online. After that, they expire. If you do go over 10 hours, additional time is only \$2.95 US per hour.

The registration screen continues with basic membership terms including the monthly charges incurred by CompuServe members:

5 FREE HOURS A MONTH.

Then, if you choose to continue your membership (and we're certain you will!) you'll get 5 FREE hours each month. And -- starting at the beginning of your second month -- you'll pay a monthly membership fee of \$9.95 US. Remember that your hours can't be carried over to the next month. Additional online hours are only \$2.95 each.

COMPUSERVE'S VIOLATIONS OF SECTION 5(a) OF THE FTC ACT

7. Through the means described in paragraphs five and six, CompuServe has represented, expressly or by implication, that consumers who participate in its free trial offer will not be charged, provided only that they use the trial time within one month from their initial sign-on and do not exceed ten hours of online use.

8. In truth and in fact, consumers who participate in CompuServe's free trial offer and use less than ten hours of online time during the month following their initial sign-on, but who fail to cancel their memberships during the trial period, incur charges. Therefore, the representation set forth in paragraph seven was, and is, false or misleading.

9. In the advertising and sale of its online service, CompuServe has represented, expressly or by implication, that consumers who participate in its free trial offer will not be charged, provided only that they use the trial time within one month from their initial sign-on and do not exceed ten hours of online use. CompuServe has failed to disclose adequately to consumers that, upon completion of ten hours of online use or one month from the date of initial sign-on, whichever is earlier, consumers who fail to contact CompuServe and cancel their memberships are treated as members of CompuServe and are charged a monthly membership fee plus applicable hourly fees. These fees

continue to accrue until the consumers affirmatively cancel their memberships. Such facts would be material to consumers in their purchase or use of the CompuServe service. The failure to disclose these facts in light of the representation made was, and is, a deceptive practice.

COMPUSERVE'S VIOLATIONS OF SECTION 907 OF THE EFTA

10. In the course of the online registration process, consumers must select one of several payment options listed on a registration screen titled "Signup - Billing/Country." These options include credit and charge cards and a payment method referred to as "Direct Debit." CompuServe automatically debits the checking accounts of consumers choosing the Direct Debit option, but requires such consumers to sign and submit a written authorization form before debiting their accounts. Additionally, although CompuServe does not identify debit cards as a payment option, its payment system will process debit cards presented by consumers in place of credit cards. CompuServe does not, however, obtain written authorization under such a circumstance.

11. In the course and conduct of its business, CompuServe has debited consumers' accounts via their debit cards without their written authorization. In addition, in the course and conduct of its business, CompuServe in many instances has failed to provide consumers with advance written notice of transfers from their accounts varying in amount from previous transfers.

12. CompuServe's aforesaid practices violate Sections 907(a) and (b) of the Electronic Fund Transfer Act, 15 U.S.C. 1693e(a) and (b), and Sections 205.10(b) and (d) of Regulation E, 12 CFR 205.10(b) and (d), as more fully set out in Section 205.10 of the Federal Reserve Board's Official Staff Commentary to Regulation E, 12 CFR 205, Supp. I.

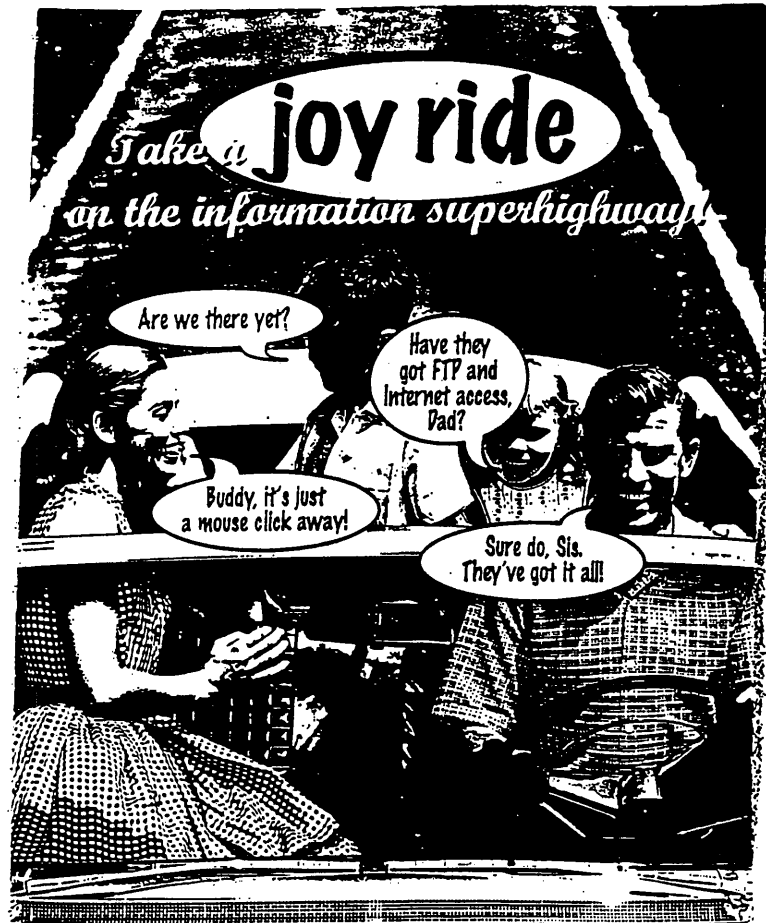
13. The acts and practices of CompuServe as alleged in this complaint constitute deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the Federal Trade Commission Act. Such acts and practices additionally violate Sections 907(a) and (b) of the Electronic Fund Transfer Act, 15 U.S.C. 1693e(a) and (b), and Sections 205.10(b) and (d) of Regulation E, 12 CFR 205.10(b) and (d).

Commissioner Azcuenaga not participating.

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EXHIBIT A



Courtesy of your friends at
 **CompuServe**

C'mon, your first 10 hours are FREE!

EXHIBIT A



Hop on the information highway with CompuServe for 10 free hours of fun, news, games, live chat, entertainment, and lots more!

Dear friend:

The information highway's filling up with exciting new ways to talk to friends, play games, shop, get information, and have fun!

And you can take a 10-hour free ride on that highway right now with CompuServe. All you need is your computer, a modem, and the two free CompuServe disks included with this letter.

When you go with CompuServe you'll be on the smoothest, easiest, and most breath-taking ride imaginable. That's because CompuServe is the world's premier online service.

With CompuServe you can —

- surf the internet and cruise the World Wide Web with the click of a button!
- get instant news, sports scores, and weather.
- review new movies before you take your family.
- exchange e-mail with over 3.6 million CompuServe members and millions more on the internet.
- join special interest groups for live online chat.
- save money on airfare and travel plans.
- manage your money more effectively.



Get more out of life, work, and play — and get 10 hours plus your first month's membership **FREE!**

We've invited millions to join our member family. Over 3.6 million people from around the world have already signed up. Thousands more are joining every day.

And you're holding your membership invitation right now. Join us today, and you'll enjoy 10 free hours of access time — 5 free bonus hours plus 5 more hours during your first free month.

But that's just for starters. This special invitation also includes —

- FREE CompuServe Magazine — this monthly publication is packed with software reviews, computer news, and ideas for making the most of your membership.
- FREE New Member Guide — a handy reference book full of tips on getting started with CompuServe.
- FREE CompuServe Address — the directory listing to our 3,000 clubs and groups.



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EXHIBIT A

Your 10 free hours, first month's membership, our monthly magazine, New Member Guide, and Directory of Services add up to a \$69.45 value. And these savings come with absolutely no strings attached: if you're not completely satisfied with CompuServe, you can cancel your subscription at any time. No questions asked!

No online service offers you more, for so little!

CompuServe is the one online service that you'll never outgrow. We say that because no other service — not Prodigy, not AOL, not Microsoft Network — can put so much at your fingertips.

Your CompuServe membership gives instant access to over 3,000 services. No matter what your interests, hobbies, occupation, or dreams — CompuServe can be there ... with information ... help from specialists ... and advice and ideas for members in 140 countries.

Something for every member of your family!

CompuServe has something for everyone. Whether it's to your home or your office, CompuServe delivers —



- **financial services** — Investing funds for college tuition or retirement? Do it yourself by accessing the same information that Wall Street brokers use every day. Check out corporate performance. Track your mutual funds. Talk to market analysts live. Even buy and sell via online brokers!
- **entertainment** — See how Roger Ebert rates the movies (and check their ratings and why they got them) before taking the family. Get the latest Hollywood gossip. Check up on your favorite TV soaps when you can't see them. See what's hot and what's not in the current issues of *People Magazine* and *Rolling Stone*. Talk to stars. Join a fan club. Preview music before you get that CD.
- **news** — Forget the morning paper, TV news, and all those subscriptions. You get the world's events as they happen with AP Online and CNN Online, dozens of newspapers, magazines like *U.S. News and World Report*, nationally acclaimed columnists, and more.
- **weather** — Get the complete weather picture for where you are now or where you're planning to go for business, vacation, or weekend trips. View continually updated satellite Accu-Weather® maps. Go online with the Weather Channel Forum!.
- **reference** — Students can get the facts from *Grolier's Academic American Encyclopedia*, *American Heritage Dictionary*, *Peterson's College Guide*, and over 1,000 databases. And professionals will find a vast range of business, financial, academic, scientific, and technical services for making informed decisions about emerging opportunities, changing markets, and consumer trends.
- **women's life** — Today's woman will find a whole new online service devoted exclusively to issues that affect her career, health, family, relationships, and more.
- **social** — It's time to meet in town, but what if you don't have many members, no friends, and no time to go? Meet around the world. Meet with friends, family, and colleagues online.



EXHIBIT A

- **sports** — For fans who need to know it all, CompuServe's got the latest scores and standings, news on who's been traded, the complete play-off picture, and in-depth stories from *Sports Illustrated* online. It's all just seconds away.
- **shopping** — Avoid the crowds and packed parking lots. Shop The Electronic Mall® and visit over 160 popular shops like Lands' End, Brooks Brothers, JCPenney, and Service Merchandise. Compare and save. Find the best bargain (and make the right choice with *Consumer Reports*).

No online service offers this much. It all adds up to an incredible value for you and your family. And it's all yours now for 10 hours free during your first month.

Unleash the potential of your home computer!

Is the newest version of Windows right for you? Should you buy it now or wait? You'll find the answers on CompuServe, along with free technical advice, shareware, software demos, bug fixes, and access to experts. Plus lots more.



A few mouse clicks is all it takes to get one-stop access to today's leading hardware and software companies. No more calling those always busy computer help lines. Just quick answers from technical representatives at IBM, Apple, Compaq, Aldus, Hewlett-Packard, Novell, WordPerfect, and many, many more — over 1,000 in all!

You can also share tips and techniques with pros in desktop publishing, graphics, multimedia, networking, and database Forum sites. Download and preview new software demos, get free shareware, cheats for today's hot computer games like DOOM, Marathon, and Dark Forces. Access templates for page layouts, spreadsheets, and newsletters. We've got some 30,000 files in all! Available to you any time — day or night.

Make new friends and expand your horizons.

Thousands of people from around the world are chatting live on CompuServe right now! And they're discussing almost every imaginable topic ... crafts, fashion, and home decorating ... the latest computer games ... the hottest teams in sports ... the best cars. They're trading recipes, tips on gardening and crafts, and fashion trends. Discussing emerging markets and investment strategies. Searching for their family roots around the world.

If it's part of your world, you'll find it and someone to share it with on CompuServe! Today we have over 600 special interest Forum sites. And the number continues to grow as more people like you join our family.

Get on the Internet with the click of a button!

Once the world of computer "techniques," the Internet is now home to millions of everyday computer users. And thanks to CompuServe, the Internet neighborhood has become friendlier than ever.

That's because every CompuServe member has free access to our award-winning Internet services that make it so easy to get on the Internet. As a matter of fact, our Internet Explorer is one of the most popular Internet Explorer browsers in the world.



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EXHIBIT A

When you jump on the Internet with CompuServe, you and your family can easily exchange e-mail, download files, and access an incredible array of research materials. And you can do it all at no cost with your 10 free hours!

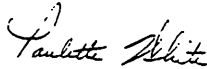
Getting started is easy — and help's just a free phone call away.

CompuServe is committed to making going online as easy as possible. Your two free sign-up disks come with easy to follow on-screen instructions to guide you through the install and sign-up process. If you have any problems at all, simply call 1-800-338-8823 for quick, friendly advice.

You really have nothing to lose. You've got everything you need right now. Your first month's membership is free. And during your first month, you and your family will have 10 free hours to explore CompuServe and the world of the Internet. If you decide that CompuServe isn't for you, you can cancel at any time with no obligation whatsoever.

Why wait another minute? Put your free sign-up disks in your computer and hit the "Info Highway" today!

Sincerely,



Paulette White
Vice President
Marketing Communications

P.S. This special offer of 10 FREE hours and first month's membership to CompuServe is available exclusively to new members and comes with no obligation to buy anything. If you are already a member, why not pass this special offer along to a friend?

Complaint

EXHIBIT A

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The new Net is your ready-to-go, easy-to-use, and fun-to-use network. It's the only network that gives you the best of both worlds: a fast, reliable, and secure network that's easy to use and fun to use. It's the only network that gives you the best of both worlds: a fast, reliable, and secure network that's easy to use and fun to use.

AGREEMENT NUMBER: XXXX99
SERIAL NUMBER: 9999999

When signing up, you will be asked to enter the following information:

- 1 Place WinCIM disk 1 in your computer's A: or B: disk drive.
- 2 From Windows Program Manager, select Run from the File menu, and enter "NSETUP" (or B:SETUP).
Note: In Windows 3.11, select Run from the Start button menu and enter "NSETUP" (or B:SETUP).
- 3 Follow the on-screen prompts, paying special attention to the those related to "Winsock" (this is what your computer recognizes as your Internet connection).
- 4 Install disk 2, when prompted.
- 5 To complete installation, follow the remaining on-screen instructions.

John Q. Sample
123 Anywhere St.
AnyCity, US 12345-6789

That's all there is to it. After getting started up,

you can click the Compuserve icon to get online, run Internet connection and Internet Web browser, or just go to a direct Internet button that's right on the Compuserve menu.

Questions about getting started?
Call 1-800-336-6423.

Go now. Go fast. Go free!
So start enjoying your 10 free hours on Compuserve, use the two disks on the back of this card and follow these simple instructions:



Complaint

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EXHIBIT A

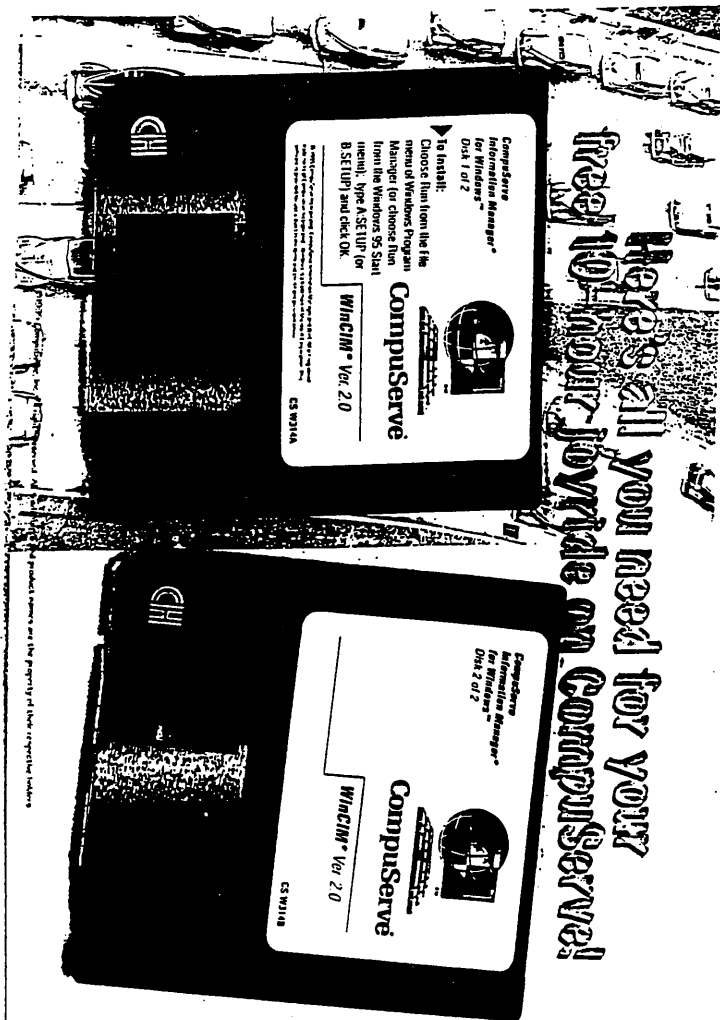


EXHIBIT A



Complaint

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EXHIBIT A

We've got a world of fun for everyone!

No online service has more to offer you — and every member of your family — than CompuServe®. No matter what your age or how big your family is — you'll find an incredible variety of things to do and see when you go online with us.

We make getting started easy. And once you're online, you'll find that getting around is easy too. And in this handy Cyberguide, you'll find some useful tips about installing your free CompuServe software, using the service, and "surfing" the Internet.

You'll also find some useful phone numbers for getting help, as well as facts, trivia, and bits of info you may find useful as you begin exploring Cyberspace with CompuServe. So keep it handy when you're ready to hop online!

First things first.

1. Install your software. Your free software disks are attached to a "disk carrier card" that includes easy-to-follow steps for

installing your CompuServe software. During the installation process, you'll be walked through a series of screens and asked to enter your name, address, phone number, and other information. You can press the "F1" key on your keyboard at any time for information and hints about each screen.

2. Sign up to become a member of CompuServe. After installing the software, you can click on the "Sign Me Up" button when asked or click on the "Membership Sign Up" icon on your computer's desktop. You can always press the "F1" key for helpful hints on the sign-up process. At this point, you'll need the Agreement Number and Serial Number listed on the disk carrier card. Enter the appropriate information when prompted.

If you have any questions at all or need additional help, feel free to call 1-800-336-6623.

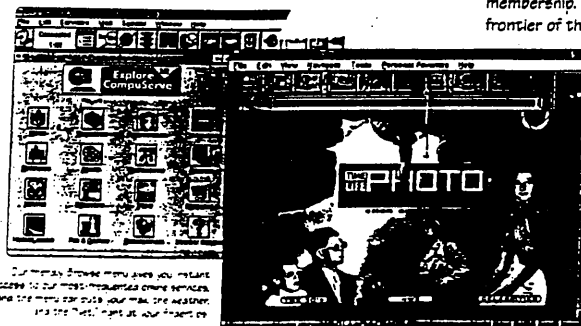
3. Go online. You're now ready to connect to CompuServe. Just double-click the CompuServe Information Manager icon to begin. Then click the "Connect" button. The software does the rest. It's that easy.

EXHIBIT A

Start exploring!

As a new member, you'll find an assortment of useful menus and shortcuts for getting around CompuServe, exploring the Internet, and finding help when you need it.

Our Browse menu can take you to some of our most popular spots at the click of the mouse. And for a quick intro to CompuServe, nothing beats the Welcome Center, which you can access by clicking on the Go (Traffic Light) icon and typing in "Welcome" for instant access to user tips, the Help Forum, and more.



Our Browse menu gives you instant access to our most popular online services, and the menu can take you to the Welcome Center, the Help Forum, and more.

Surfing the Internet

Internet traffic is skyrocketing. You can find out why by going online with CompuServe. We make it incredibly easy for you to "surf" the Internet by giving one-button access with our built-in World Wide Web browser.* With just a little practice, you can be trading pics and info with folks from down under, across the Atlantic, or down the block.

So open up your eyes (and ears) to the world waiting on CompuServe. Take advantage of your 10 free hours and first month's free membership. And start exploring the new frontier of the Internet.

Our built-in Web browser makes getting around the Internet incredibly easy. Search, go forward or back, zoom in, and more with the handy menu bar buttons.

*The browser is not available on all systems. CompuServe's built-in browser is available on Windows 3.11 and Macintosh. For more information, see the CompuServe manual or contact your local CompuServe office.

Complaint

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EXHIBIT A



Hey, what's that mean?

The computer revolution and the rush to Cyberspace has brought with it an almost unending list of special terms and its own private lingo. Making sense of this new vocabulary can be tough. Here's a rundown of some of the more common terms and what they mean.

Browser — a software program that enables users and provides to the Internet and makes it easy to use. It includes the Netscape Web Browser, which is the most popular of the so-called WWW Web browsers.

Cyberspace — the area you travel in when you use your computer, a "space" and "cyber" — "cyber" is the best fiction word for a "space" and "cyber" is the Internet. Netscape Web Browser and other software that use the term "Cyberspace" are named by the same person who named "Cybermen."

Email — short for "electronic mail," a message exchanged over a computer network. It is the "e" in "email" of the Internet.

Forum — any one of the more than 100 "newsgroups" or "forums" on the Internet.

Freeware — software available free of charge. You find free software in Cyberspace's member forum sites and in the Internet.

FTP — short for File Transfer Protocol, which is a standardized text-based method for sending electronic files over the phone lines from one computer to another.

FAQ — short for Frequently Asked Questions, FAQs are generally found in shared resources areas in Cyberspace forums sites and online services at various

Homepage — a website for displaying and presenting information that includes text, text, text and also interactive stuff and images — and which allows users to "browse" for "stuff" through a series of interconnected topics. Users determine how they move through "websites" by clicking on a text, audio, image, or button and can take them immediately to the next "web" regardless of where they leave.

Internet — most describes a "network of networks." The Internet is made up of over 25,000 interconnected networks. Originally established in 1969 when Defense Department researchers used computers at four American universities, the Internet has become the world's largest research and

Website — a specific "address" or destination on the Internet. It is owned by either an individual, an organization, the quality of websites varies widely and with Cyberspace you can find and maintain a "copy" of your favorite sites for one better access.

Shareware — copyrighted software that's distributed free of charge but which usually requires a "request" for "free" to cover the cost of development and distribution. You find "share" of shareware on Cyberspace as well as on the Internet.

WWW — short for World Wide Web, the information manager for the Web.

Netscape Web Browser — the "Internet" Cyberspace-based software of the Internet used for browsing often shortened to WWW.

Frequently called numbers

Need help installing your software?
Call 1-800-336-6823

Need a different format for installation disk?
Call 1-800-368-3343

Need to reach Customer Service?
Call 1-800-848-8990



Complaint

EXHIBIT A

Why Compuserve?

There are literally dozens of online services and Internet providers to choose from. You're probably wondering which one is right for you. Or maybe you think that they're all pretty much alike.

You could take a chance. Or you could go with a proven leader — Compuserve. Our premier status is based on facts, not a lot of hype. Compuserve gives you —

- more members worldwide than any other service (that includes Prodigy and AOL)
- more services — more than 3,000 in all
- professional databases — over 1,000!
- Net browser — Compuserve's exclusive Net browser comes built-in.
- support for 28.8 speed modems (most services offer only up to 14.4) for faster, more economical file downloading and image retrieval.
- support for Windows 3.0, Windows 3.1, Macintosh, OS/2, and OS/2.
- toll-free telephone support.
- free monthly Compuserve Magazine for members.

*"Sincerely Yours" Cyberstyle*

Users frequently mix their e-mail notes with a combination of keyboard characters depicting how the writer feels. (Think: tilt your head to the left when reading them to get the visual you!) These are taken from "The Virtual Emoticon Dictionary," which you can find on Compuserve.

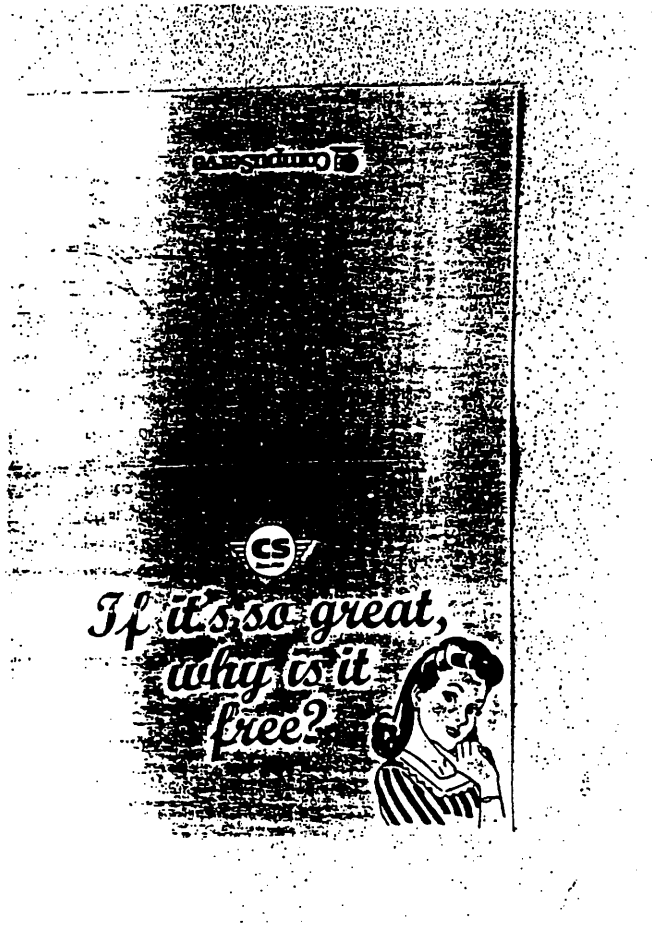
:-) Smiling	:-(Crying	:-X Tongue Out	:D Grin
:)) Happy and Grinning	:-(Sadness	:D Laughing	
:~: Rolling	:~: Screaming	:~: Mad	:~: Dazed

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Complaint

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EXHIBIT A



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EXHIBIT A

That's one of the first questions people ask when they hear about our new member offer. But frankly we can't think of a better way of introducing you to everything CompuServe has to offer.

With so many services and so many things to do, you could spend hundreds of hours online with CompuServe and still have plenty left to explore. And while we can't offer you unlimited free access, your 10 free hours and first month's free membership will give you a good idea if CompuServe is right for you.

If CompuServe isn't what you're looking for, no problem. You can cancel at any time — no questions asked. I guarantee it.



Tom Sullivan
Director, Customer Promotions
CompuServe

Complaint

125 F.T.C.

EXHIBIT A

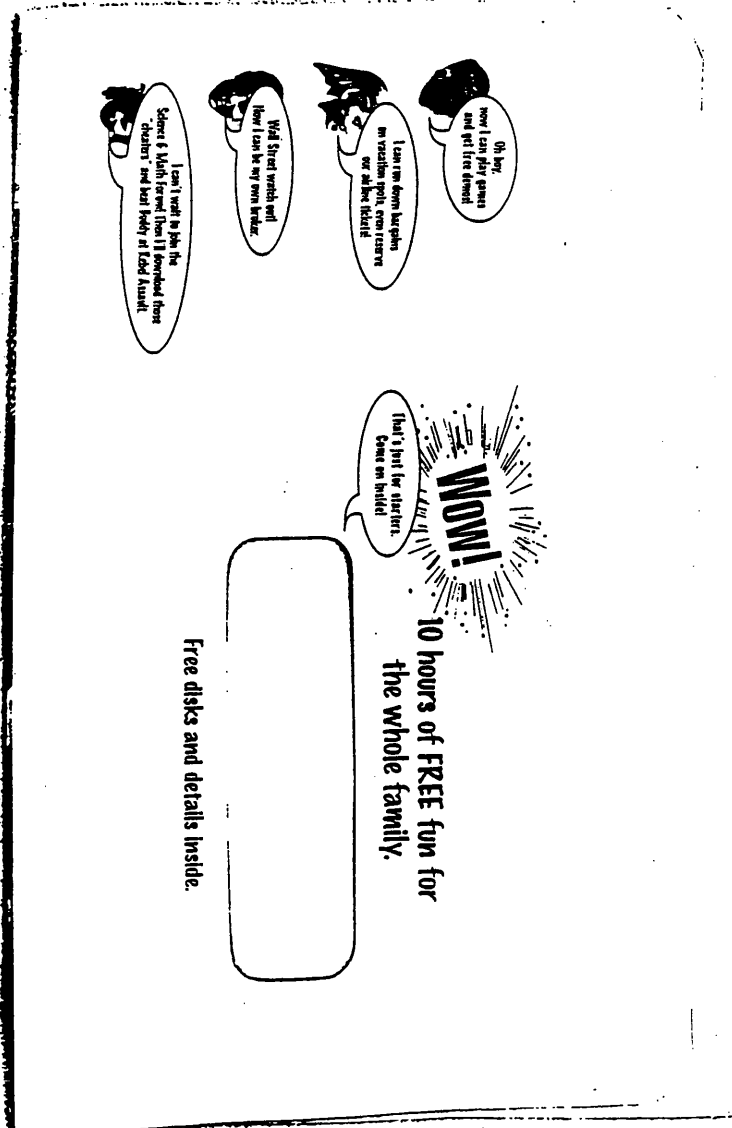


EXHIBIT B



Complaint

125 F.T.C.

EXHIBIT B



EXHIBIT B

EXPLORE COMPUSERVE FOR ONE MONTH FREE!

For a monthly membership fee of \$9.95 US, you and your family have access to a phenomenal world of education, entertainment and communication. And it's easy to begin. All you need is your home computer, your regular phone line and a modem. Plus, to help you get started, we'll give you one **FREE** month of membership (a \$9.95 US* value) plus 10 **FREE*** hours your first month to explore virtually everything we offer. After that, you receive 5 **FREE*** hours each month to try nearly 3,000 products and services.* And additional online time is just \$2.95 US* per hour. Try any of our forums...Surf the Internet and the World Wide Web...Send e-mail... Check out the weather...Set up travel reservations. It's all wide open. And all completely up to you.

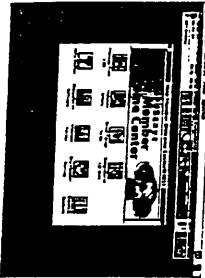
Complaint

125 F.T.C.

EXHIBIT B

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Be sure to drop by the New Member Welcome Center — a nice first stop on your hip online. Click on the GO (traffic light) button and enter WELCOME to get there.



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A GOOD BUY WHEN YOU FLY.

On CompuServe, you, your business and your family can plan your next big trip with the same information travel agents use. You can book your own flights, hotels, rental cars, and find the lowest available airfares. Then, get your tickets by mail, at the airport, or from your travel agent. You can even book your reservation anytime of the day or night and have a rental car waiting upon arrival at your destination.

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CompuServe helps you make the most out of your personal computer. You can download the latest software and get the on how to use it from over 1,000 hardware and software companies. Find what's hot in hardware, even devices becoming advances with other members. All with the click of your mouse. And all on CompuServe.

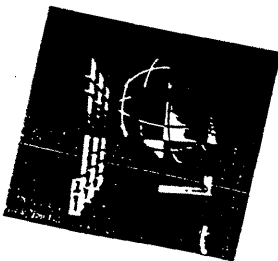
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CompuServe can help you take a big bite out of your bill. You can download the latest updates give you the latest improvements on stock, options and market indices. You can use the multiple calculator to calculate payments on stock, options and market indices. You can use with people who have similar stock. You can even get advice from financial experts in our forum. It's all online. On CompuServe.

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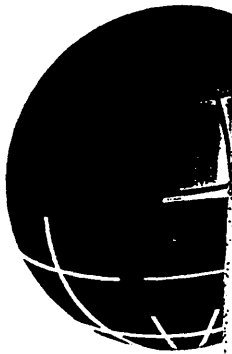
CompuServe
AN H&R BLOCK COMPANY

World headquarters in Columbus, Ohio, USA
800-848-8990 or 614-529-1340

Offices also in Bristol, UK 0800 289458 or (+44) (117)978 0680;
Paris, France 36-63-81-31 or (+33)(1) 4714 2160; Munich,
Germany 0130 86 46 43 or (+49) (89)66 535-222; and Argentina,
Australia, Chile, Hong Kong, Hungary, Israel, Japan, Mexico,
New Zealand, South Africa, South Korea, Taiwan, and Venezuela.

Have questions? If you need help signing up to CompuServe, call us
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WE OFFER - ON US.**

**TO GET
CONNECTED TODAY:**

Install the software.
Instructions are on
the disk.

Click on the membership
Sign-Up icon and follow
the step-by-step
directions.

Enter the Agreement
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Number listed here
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Account Number:	CP9331
Serial Number:	225731905

*If your software is missing or is not compatible
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Ask for:
Software Exchange
Representative

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World headquarters in Columbus, Ohio, USA

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EXHIBIT C

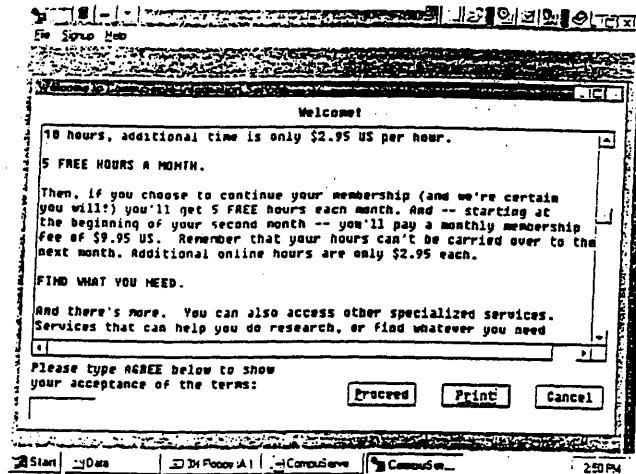


Exhibit C-1

Complaint

EXHIBIT C

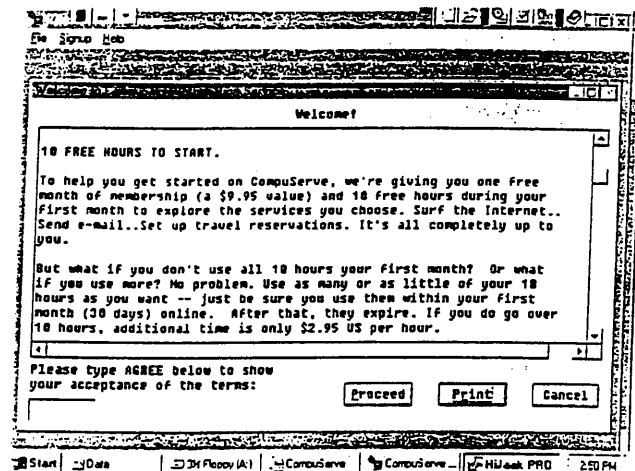


Exhibit C-2

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 complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the Federal Trade Commission Act and the Electronic Fund Transfer Act and its implementing Regulation E; and

The respondent, its attorneys, 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 the 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 Acts and Regulation, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure 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 CompuServe, Inc. is an Ohio corporation with its principal place of business or office at 5000 Arlington Centre Boulevard, Columbus, Ohio.
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 purposes of this order, the following terms shall have the meanings set forth below, unless specifically stated otherwise:

1. "*Account*" means a demand deposit (checking), savings, or other consumer asset account (other than an occasional or incidental credit balance in a credit plan) held either directly or indirectly by a financial institution, as defined below, and established primarily for personal, family, or household purposes.

2. "*Financial institution*" means a State or National bank, a State or Federal savings and loan association, a mutual savings bank, a State or Federal credit union, or any other person who, directly or indirectly, holds an account belonging to a consumer.

3. "*Consumer*" means a natural person or other entity that may be billed for online services; provided that, for purposes of paragraphs IV and VI of this order, "consumer" shall only mean a natural person.

4. "*Electronic Fund Transfer*," as defined by the Electronic Fund Transfer Act, 15 U.S.C. 1693a(6), means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephone, or computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account, except that it does not mean a transaction made using a debit card or debit card account which a consumer has identified as a credit card or credit card account.

5. "*Online Service*" shall mean a respondent-controlled access, information, communication, or transaction service which is made available to consumers as a paid service via connection by computers, modems, or other means, to a proprietary or non-proprietary network of telecommunication or computer facilities.

6. Unless otherwise specified, "*respondent*" shall mean CompuServe, Inc., its successors and assigns, and its officers, agents, servants, divisions, and employees.

7. "*Respondent-controlled*" shall mean respondent makes the management decisions affecting compliance with the provisions of this order.

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

I.

It is ordered, That respondent, directly or through any respondent-controlled corporation, subsidiary or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any Online Service in or affecting commerce, shall not misrepresent, expressly or by implication, the terms or conditions of any trial offer of any Online Service.

II.

It is further ordered, That respondent, directly or through any respondent-controlled corporation, subsidiary, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any Online Service in or affecting commerce, shall not represent, expressly or by implication, that the Online Service is offered "free," "without risk," "without charge," "without further obligation," or words of similar import denoting or implying the absence of any obligation on the part of the recipient of such offer to pay for the Online Service unless respondent discloses clearly and prominently any obligation of the recipient to cancel or take other affirmative action to avoid charges for use of the Online Service.

Provided, that for purposes of this paragraph II, "clearly and prominently" shall mean with respect to any representation, described in the foregoing paragraph and made in respondent's detailed instructional materials (*e.g.*, starter kits, guidebooks) distributed to consumers, a disclosure in a type size and in a location that are sufficiently noticeable so that an ordinary consumer could notice, read, and comprehend it.

Provided, further, that for purposes of this paragraph II, "clearly and prominently" shall mean, as to any representation described above in this paragraph, apart from any representation covered by the preceding proviso, and made in the context of any advertisement or promotion of the Online Service through any media, including radio, television or other broadcast media, direct mail, interactive network (except as provided in paragraph IV below), or print media (including promotion packages attached thereto), a statement directing consumers to a location where the disclosure required herein will be available (*e.g.*, "For conditions and membership details," followed by: "load up trial software" or "see registration process" or words of similar effect.) In the case of an audio statement, the statement shall be delivered in a volume and cadence sufficient for an ordinary

consumer to notice, hear, and comprehend it. In the case of a video statement, the statement shall be of a size and shade and shall appear for a duration sufficient for an ordinary consumer to notice, read, and comprehend it. In the case of print media, the statement shall be in a type size and in a location sufficient for an ordinary consumer to notice, read, and comprehend it.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be permitted.

III.

It is further ordered, That respondent, directly or through any respondent-controlled corporation, subsidiary, or other device, in connection with the advertising, promotion, offering for sale, sale, distribution of, or billing for any Online Service in or affecting commerce, shall disclose, clearly and prominently, during the final registration process, and prior to the consumer incurring any financial obligation or financial liability to respondent, the terms of all mandatory financial obligations to respondent which will be incurred by the consumer as a result of using such Online Service, including but not limited to the following:

A. The financial terms and conditions of any plan or practice (e.g., trial offer) by which consumers enroll in or renew enrollment in such Online Service and by which, accordingly, respondent charges the consumer; provided, that if such plan or practice exists, respondent must also disclose clearly and prominently any obligation of the recipient to cancel or take other affirmative action to avoid charges for use of the Online Service and provide at least one reasonable means by which the consumer may effectively cancel his or her enrollment by a date certain and thereby avoid further charges; and

B. Any mandatory membership, enrollment, or usage fees (e.g., monthly or hourly usage charges).

Provided, however, that for purposes of this paragraph III, a disclosure is "clearly and prominently" made if it is of a size and shade, and appears for a duration sufficient for an ordinary consumer to notice, read, and comprehend it. In addition to the foregoing, such disclosure shall not be avoidable by consumers. Provided, further,

that such disclosure shall not be deemed avoidable for purposes of this order based solely on an ordinary consumer's failure to read it.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be permitted.

IV.

It is further ordered, That respondent, directly or through any respondent-controlled corporation, subsidiary, or other device, in connection with any Electronic Fund Transfer from any consumer account, shall not:

A. Fail to obtain consumer authorization before initiating any Electronic Fund Transfer from any consumer account as required by Section 907(a) of the Electronic Fund Transfer Act, 15 U.S.C. 1693e(a), and Section 205.10(b) of Regulation E, 12 CFR 205.10(b), as more fully set out in Section 205.10 of the Federal Reserve Board's Official Staff Commentary to Regulation E, 12 CFR 205, Supp. I.

B. Fail to provide any consumer with advance notice of Electronic Fund Transfers from the consumer's account varying in amount from previous transfers as required by Section 907(b) of the Electronic Fund Transfer Act, 15 U.S.C. 1693e(b), and Section 205.10(d) of Regulation E, 12 CFR 205.10(d), as more fully set out in Section 205.10 of the Federal Reserve Board's Official Staff Commentary to Regulation E, 12 CFR 205, Supp. I.

V.

It is further ordered, That respondent, directly or through any respondent-controlled corporation, subsidiary, or other device, shall, for five (5) years after the last date of dissemination of any representation covered by paragraphs I - III of this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying business records demonstrating compliance with the terms and provisions of this order, except as provided for in paragraph VI of this order, including, but not limited to:

A. All advertisements, promotional materials, and instructional materials distributed or accessible to consumers containing the representation;

B. For five (5) years after the date of receipt or generation, all written complaints from consumers, governmental or consumer protection organizations and responses thereto; provided, however, that in lieu of maintaining all electronic mail or similar communications, respondent may comply with this provision by maintaining a representative sample of such communications.

VI.

It is further ordered, That respondent, directly or through any respondent-controlled corporation, subsidiary, or other device, shall, for two (2) years after the date of issuance of this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying all business records which demonstrate respondent's compliance with paragraph IV of this order; provided, however, that in lieu of maintaining all electronic mail or similar communications, respondent may comply with this provision by maintaining a representative sample of such communications.

VII.

It is further ordered, That respondent, and its successors and assigns, shall deliver a copy of this order to all current and future principals, officers, directors, senior managers (*e.g.*, vice-presidents or above), and agents (including, without limitation, advertising agencies) 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, and its successors and assigns, shall prepare a summary of this order, and shall distribute a copy of that summary to all current and future managers with responsibilities or duties affecting compliance with the terms of this order.

VIII.

It is further ordered, That respondent, directly or through any respondent-controlled corporation, subsidiary, or other device, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a parent or respondent-controlled subsidiary or respondent-controlled affiliate that engages in any acts or practices subject to this order; the

proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. 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.

IX.

It is further ordered, That respondent, directly or through any respondent-controlled corporation, subsidiary, or other device, 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 it has complied with this order.

X.

This order will terminate on March 16, 2018, 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 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 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.

Commissioner Azcuenaga not participating.

IN THE MATTER OF

RECKITT & COLMAN PLC

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

Docket C-3306. Consent Order, Sept. 26, 1990--Set Aside Order, Mar. 24, 1998

This order reopens and sets aside a 1990 consent order with Reckitt & Colman, (113 FTC 827), thus removing the Commission's prior approval requirement for acquiring the assets of or the rights related to any rug cleaning product businesses in the United States.

ORDER SETTING ASIDE ORDER

On December 5, 1997, Reckitt & Colman plc ("R&C"), the respondent named in the above-referenced consent order ("order") issued by the Commission on September 26, 1990, filed its Petition to Reopen and Modify Consent Order ("Petition") in this matter. R&C asks 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 Concerning Prior Approval and Prior Notice Provisions, issued on June 21, 1995 ("Prior Approval Policy Statement").¹ The Petition requests that the Commission reopen and modify the order to eliminate the prior approval provision set forth in paragraph V of the order, or, in the alternative, substitute a prior notification requirement for the prior approval requirement. The thirty-day public comment period on the Petition ended on January 13, 1998. No comments were received. For the reasons discussed below, the Commission has determined to grant R&C's Petition.

The complaint in this matter alleges that R&C's agreement with American Home Products Corporation ("AHP") to acquire the Boyle-Midway Division of AHP violated Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, by lessening competition and tending to create a monopoly in the rug cleaning products business in the United States.²

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

² Complaint ¶¶ IV, V, and VI.