

IN THE MATTER OF
GENERAL SIGNAL POWER SYSTEMS, INC.

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

Docket C-3860. Complaint, March 11, 1999--Decision, March 11, 1999

This consent order, among other things, prohibits the Wisconsin-based company that manufactures, advertises and sells Uninterruptible Power Supplies ("UPS"), devices that protect computers or other appliances from damage resulting from power outages, from making any representations regarding the ability of its UPS, or similar products, to reduce computer or network downtime, or regarding the extent to which any such product reduces the number of calls for service, unless the company possesses and relies upon competent and reliable evidence to substantiate the claims.

Participants

For the Commission: *Matthew Gold, Linda Badger, and Jeffrey Klurfeld.*

For the respondent: *Donald Mulvihill, Cahill, Gordon & Reindel,* Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that General Signal Power Systems, Inc., a corporation ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

1. Respondent General Signal Power Systems, Inc., is a Wisconsin corporation with its principal office or place of business at N. 9246 Highway 80, Necedah, Wisconsin.

2. Respondent, through its division, Best Power, has manufactured, advertised, labeled, offered for sale, sold, and distributed computer products to the public, including the "Patriot" and "Fortress" uninterruptible power systems. Uninterruptible power systems are devices that protect consumer appliances, such as personal computers, from damage resulting from power disturbances or power failures.

3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

4. Respondent has disseminated or has caused to be disseminated advertisements for Patriot uninterruptible power systems and Fortress uninterruptible power systems, including but not necessarily limited to the attached Exhibits A through D. These advertisements contain the following statements and depictions:

A. "This isn't a mod+em pr@blem. This is a power problem.

.....
The results are crashed networks and hard drives, faulty data transmissions, read/write errors, premature failure of components, system lockups, corrupted or lost data and more.

Best Power products are the answer. They *clean up dirty power* before it reaches your equipment. This can reduce your computer problems up to 80%.*

*A five-year power quality study conducted by Best Power's National Power Laboratory showed that the number of calls for computer service dropped 82% after installation of a UPS.

.....
Don't tolerate power problems. Call Best Power for your power protection answers."

(Exhibit A, print advertisement)

B. "80% of your downtime isn't hardware or software related. It just *looks* that way. It's actually power problems masquerading as hardware or software problems.

.....
Best Power products are your answer. If you have a blackout, they give you enough power to shutdown everything correctly. They also *clean up dirty power* before it reaches your equipment, which can reduce your computer problems by up to 80%.*

*A five-year power quality study conducted by Best Power's National Power Laboratory showed that the number of calls for computer service dropped 82% after installation of a UPS.

.....
Don't let power-related downtime affect your bottom line. Call Best Power for your power protection answers."

(Exhibit B, print advertisement)

C. "Today, millions of people will experience their worst nightmare. They will lose presentations and reports to a computer crash.

They will blame their software or hardware when a power problem is really responsible.

Power problems can also cause network and hard drive crashes, read/write errors, corruption or loss of data, faulty data transmissions, system lockups, premature failure of components and much more.

391

Complaint

Best Power products are your answer. They *clean up dirty power*, which can reduce your computer problems up to 80%.*

*A five-year power quality study conducted by Best Power's National Power Laboratory showed that the number of calls for computer service dropped 82% after installation of a UPS.

Don't take unnecessary risks. Call Best Power for your power protection answers." (Exhibit C, print advertisement)

D. "6 days ago you had important data. 3 days ago you had a power spike. Now you have a problem.

Bad power can corrupt *all* the files on a UNIX system. And that's not all. Power problems can also cause network and hard drive crashes, read/write errors, corruption or loss of data, faulty data transmissions, system lockups, premature failure of components and much more.

Best Power products are your answer. They *clean up dirty power* before it reaches your equipment, which can reduce your computer and network downtime up to 80%.*

*A five-year power quality study conducted by Best Power's National Power Laboratory showed that the number of calls for computer service dropped 82% after installation of a UPS."

(Exhibit D, print advertisement)

5. Through the means described in paragraph four, respondent has represented, expressly or by implication, that:

A. Best Power products can reduce computer problems, such as crashed networks, crashed hard drives, faulty data transmissions, read/write errors, premature failure of components, system lockups, corrupted or lost data, by up to 80%.

B. Best Power products can reduce computer and network downtime up to 80%.

C. 80% of a typical computer's downtime is due to power problems, rather than to hardware or software problems.

D. A Patriot or Fortress UPS can reduce the number of calls for computer service by 82%.

6. Through the means described in paragraph four, respondent has represented, expressly or by implication, that it possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph five, at the time the representations were made.

7. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in paragraph five, at the time the representations were made. Therefore,

the representation set forth in paragraph six was, and is, false or misleading.

8. Through the means described in paragraph four, respondent has represented, expressly or by implication, that a five-year power quality study conducted by Best Power's National Power Laboratory showed that the number of calls for computer service dropped 82% after installation of a UPS.

9. In truth and in fact, a five-year power quality study conducted by Best Power's National Power Laboratory did not show that the number of calls for computer service dropped 82% after installation of a UPS. Rather, the 82% figure cited in the advertisements was taken from a one-time customer survey. Therefore, the representation set forth in paragraph eight was, and is, false or misleading.

10. Through the means described in paragraph four, respondent has represented, expressly or by implication, that competent and reliable studies or surveys show that the number of calls for computer service dropped 82% after installation of an uninterruptible power source.

11. In truth and in fact, competent and reliable studies or surveys do not show that the number of calls for computer service dropped 82% after installation of an uninterruptible power source. For example, the consumer survey from which the 82% figure was taken only considered purchasers of UPSs that feature a ferroresonant transformer, which provides a much higher degree of protection from power disturbances than do the Patriot or Fortress model featured in the advertisements. Therefore, the representation set forth in paragraph ten was, and is, false or misleading.

12. 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.

391

Complaint

EXHIBIT A



This isn't a
mod+.em
Problem

This is a power problem.

It's easy to solve a problem once you know what the problem is.

The average computer site suffers 289 disruptive or destructive power disturbances a year. The results are crashed networks and hard drives, faulty data transmissions, read/write errors, premature failure of components, system lockups, corrupted or lost data and more.

Best Power products are the answer. They *clean up dirty power* before it reaches your equipment. This can reduce your computer problems up to 80%. * They also provide backup power during outages, allowing you to shut down properly.

And now, all Best Power Single-Phase UPSs come with free software, providing power monitoring and automatic unattended shutdown for your system.

Don't tolerate power problems. Call Best Power for your power protection answers.

1-800-469-4842
Ask for operator 365

e-mail: info@BestPower.com
Internet: <http://www.BestPower.com>
24-hour FAX information line at 1-800-487-6813.

*A five-year power quality study conducted by Best Power's National Power Laboratory showed that the number of calls for computer service dropped 81% after installation of a UPS.



Painting® Uninterruptible Power Systems
(Includes Free Software)



The Answer in Power Protection

EXHIBIT A

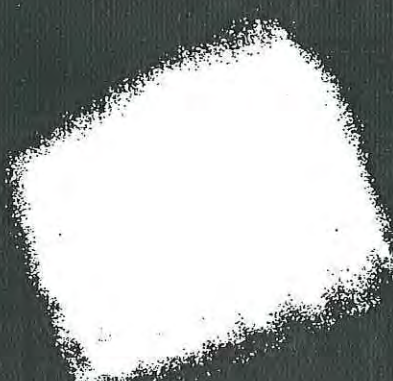
CONFIDENTIAL
BEST POWER
00184

Complaint

127 F.T.C.

EXHIBIT B

Best answers



80%

of your downtime isn't
hardware or software related.
It just *looks* that way.

It's actually power problems masquerading as hardware or software problems.

Sure, you can blame your program or equipment when your computer locks up. But it's probably bad power. And most power problems are undetectable, even though the average computer site is hit by 289 a year. They can cause crashes, corrupt or lost data, faulty data transmissions and lots more.

Best Power products are your answer. If you have a blackout, they give you enough power to shutdown everything correctly. They also *clean up dirty power* before it reaches your equipment, which can reduce your computer problems by up to 80%.*

And now, all Best Power Single-Phase UPSs come bundled with free software on CD-ROM to program automatic shutdown in the event of a power failure.

Don't let power-related downtime affect your bottom line. Call Best Power for your power protection answers.

1-800-469-4842

Ask for operator 381

E-mail: info@bestpower.com

Internet: <http://www.bestpower.com>

24-hour FAX information line at 1-800-487-6813.

*A five-year power quality study conducted by Best Power's National Power Laboratory showed that the number of calls for computer service dropped 82% after installation of a UPS.



Fortress® Uninterruptible Power Systems
(Includes Free Software)

Visit us at COMDEX/Fall, Booth #S3570

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The Answer in Power Protection

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CIRCLE 118 ON READER SERVICE CARD

EXHIBIT B

EXHIBIT C

Best answers

Today,
millions
 of people will experience
 their worst nightmare.

They will lose presentations and
 reports to a computer crash!

They will blame their
 software or hardware
 when a power problem
 is really responsible.

Power problems can also
 cause network and hard drive
 crashes, read/write errors, cor-
 ruption or loss of data, faulty
 data transmissions, system
 lockups, premature failure of
 components and much more.

Best Power products are your
 answer. They *clean up dirty*
power, which can reduce your
 computer problems by up to
 80%. * They also provide
 backup power to shutdown
 gracefully in a blackout.

And now, all Best Power
 Single-Phase UPSs come
 bundled with free software,
 providing power monitoring
 and automatic unattended
 shutdown for your system.

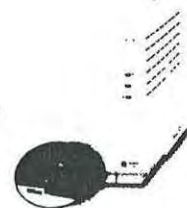
Don't take unnecessary risks.
 Call Best Power for your
 power protection answers.

1-800-469-4842

Ask for operator 380

E-mail: info@bestpower.com
 Internet: <http://www.bestpower.com>
 24-hour FAX information line at
 1-800-487-6813.

* A five-year power quality study conducted by
 Best Power's National Power Laboratory showed
 that the number of calls for computer service
 dropped 81% after installation of a UPS.



Patriot® Plus Uninterruptible Power Systems
 (Includes Free Software)

Visit us at COMDEX/Fall, Booth #S3570
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CIRCLE 117 ON READER SERVICE CARD

EXHIBIT C

EXHIBIT D

Best answers

6 days ago you had
important data.
3 days ago you
had a power spike.

Now you have a problem.

Bad power can corrupt *all* the files on a UNIX system.

And that's not all. Power problems can also cause network and hard drive crashes, read/write errors, corruption or loss of data, faulty data transmissions, system lock-ups, premature failure of components and much more.

Best Power products are your answer. They *clean up dirty power* before it reaches your

equipment, which can reduce your computer and network downtime up to 80%.* And if you have a blackout, they provide backup power to shut down your system correctly.

And now, every Best Power Single-Phase UPS comes with free software, providing power monitoring and unattended shutdown for your entire computing environment.

So call Best Power for your power protection answers.

1-800-469-4842

Ask for operator 298

E-mail: info@bestpower.com
Internet: <http://www.bestpower.com>
24-hour FAX information line at 1-800-487-6813.

* A five-year power quality study conducted by Best Power's National Power Laboratory showed that the number of calls for computer service dropped 82% after installation of a UPS.



Fortress® Uninterruptible Power Systems
(Includes Free Software)

Visit us at COMDEX/Fall, Booth #S3570

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Circle 132 on Inquiry Card (RESELLERS: 133).

The Answer in Power Protection

EXHIBIT D

DECISION AND ORDER

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

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, 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 General Signal Power Systems, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Wisconsin, with its office and principal place of business located at N. 9246 Highway 80, Necedah, Wisconsin.

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

ORDER

DEFINITIONS

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

1. "*Competent and reliable scientific evidence*" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that have 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.

2. Unless otherwise specified, "*respondent*" shall mean General Signal Power Systems, Inc., a corporation, its successors and assigns, and its officers, agents, representatives and employees.

3. "*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 corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of the Patriot or Fortress uninterruptible power systems, or any substantially similar product, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about:

A. The ability of any such product to reduce computer and network downtime; or

B. The extent to which any such product reduces the number of calls for computer service,

unless, at the time it is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

For purposes of this Part, "substantially similar product" shall mean any uninterruptible power supply.

II.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication, the existence, contents, validity, results, conclusions or interpretations of any test, study, or research.

III.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any computer-related product, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about the benefits, performance, or efficacy of such product, unless, at the time the representation is made, respondent possesses and relies upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates the representation.

IV.

It is further ordered, That respondent, and its successors and assigns shall, for 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.

V.

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, 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.

VI.

It is further ordered, That respondent, and its successors and assigns, 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 a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent or 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.

VII.

It is further ordered, That respondent, and its successors and assigns, 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.

VIII.

This order will terminate on March 11, 2019, 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.

Complaint

127 F.T.C.

IN THE MATTER OF

KONINKLIJKE AHOLD NV, ET AL.

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-3861. Complaint, April 5, 1999--Decision, April 5, 1999

This consent order, among other things, permits Koninklijke Ahold nv ("Ahold"), a Dutch firm, to acquire Giant Food Inc. ("Giant"), a Maryland-based supermarket chain, and requires Ahold to divest ten supermarkets in eight geographic markets within 20 days after Ahold acquires Giant or four months after the date on which the companies sign the agreement containing consent order, whichever is earlier.

Participants

For the Commission: *James Fishkin, Richard Liebeskind, Phillip Broyles, Kenneth Libby, Daniel Ducore, William Baer, Daniel O'Brien, Malcolm Coate and Daniel Hosken.*

For the respondents: *Mark Gidley, White & Case, and Glenn Mitchell, Stein, Mitchell & Mezines, Washington, D.C.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission ("Commission"), having reason to believe that respondent Koninklijke Ahold nv ("Ahold") has entered into an agreement to acquire all of the Class AC voting securities of respondent Giant Food Inc. ("Giant") held by respondent The 1224 Corporation ("1224"), all subject to the jurisdiction of the Commission, in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, that such acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, and that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

DEFINITION

1. For the purposes of this complaint:

"*Supermarket*" means a full-line retail grocery store with annual sales of at least \$2 million that carries a wide variety of food and