

IN THE MATTER OF
KUBOTA TRACTOR CORPORATION

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

Docket C-3863. Complaint, April 6, 1999--Decision, April 6, 1999

This consent order, among other things, prohibits a California-based corporation from misrepresenting the extent to which any lawn and garden tractor, or lawn and garden tractor product line, is made in the United States.

Participants

For the Commission: *Kent Howerton, Laura Koss, and Elaine Kolish.*

For the respondent: *Richard Briggs*, in-house counsel, Gardena, CA.

COMPLAINT

The Federal Trade Commission, having reason to believe that Kubota Tractor Corporation ("respondent") 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 Kubota Tractor Corporation is a California corporation with its principal office or place of business at 3401 Del Amo Boulevard, Torrance, California.
2. Respondent has manufactured, advertised, labeled, offered for sale, sold, and distributed products to the public, including lawn tractors.
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 its line of T-Series Lawn Tractors, including but not necessarily limited to the attached Exhibits A through D. These advertisements contain the following statements:

Exhibit A, 1998 Full Line Brochure

"The Kubota T-Series lawn tractors are manufactured at Kubota Manufacturing of America in Gainesville, Georgia."

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Exhibit B, dealer television commercial

"The Kubota T-Series - 3 models to choose from . . . Made in America, the Kubota T-Series."

Exhibit C, dealer promotion advertisement

"T-Series Lawn Tractors

•Made by Kubota in the U.S.A."

Photograph of the T1460 tractor

Exhibit D, dealer promotion advertisement featuring the T1760 tractor

"T-Series Lawn Tractors

•Made by Kubota in the U.S.A. . . .

•Easy lift 48" mower deck on T1760"

Photograph of the T1760 tractor

5. Through the means described in paragraph four, respondent has represented, expressly or by implication, that its entire line of T-Series Lawn Tractors is made in the United States, *i.e.*, that all, or virtually all, of the component parts of each of the T-Series Lawn Tractors are made in the United States, and that all, or virtually all, of the labor in manufacturing each of the T-Series Lawn Tractors is performed in the United States.

6. In truth and in fact, model T1760, one of the three lawn tractor models included in the T-Series, contains significant foreign parts and therefore is not all or virtually all made in the United States. Therefore, the representations set forth in paragraph five were, and are, false or misleading.

7. Respondent has disseminated or has caused to be disseminated advertisements and labeling for its model T1760 lawn tractors, including but not necessarily limited to the attached Exhibits D through F. These advertisements and labeling contain the following statements:

Exhibit D, dealer promotion advertisement featuring the T1760 tractor

"T-Series Lawn Tractors

• Made by Kubota in the USA . . .

• Easy lift 48" mower deck on T1760"

Photograph of the T1760 tractor

Exhibit E, dealer ad planner page

"Kubota T1760 17 HP . . .

•Made by Kubota in the USA"

Exhibit F, serial plate for Model T1760

"Made in U.S.A."

8. Through the means described in paragraph seven, respondent has represented, expressly or by implication, that its model T1760

lawn tractor is made in the United States, *i.e.*, that all, or virtually all, of the component parts of the model T1760 lawn tractor is made in the United States, and that all, or virtually all, of the labor in manufacturing the model T1760 lawn tractor is performed in the United States.

9. In truth and in fact, the model T1760 lawn tractor contains significant foreign parts and therefore is not all or virtually all made in the United States. Therefore, the representations set forth in paragraph eight were, and are, false and misleading.

10. Respondent has disseminated or has caused to be disseminated advertisements for its line of TG-Series Lawn and Garden Tractors, including but not necessarily limited to the attached Exhibit G. This advertisement contains the following statement:

Exhibit G, dealer promotion advertisement featuring the TG1860 tractor

"TG-Series Lawn & Garden Tractors

• Made by Kubota in the U.S.A."

Photograph of the TG1860 tractor

11. Through the means described in paragraph ten, respondent has represented, expressly or by implication, that its entire line of TG-Series Lawn and Garden Tractors is made in the United States, *i.e.*, that all, or virtually all, of the component parts of each of the TG-Series Lawn and Garden Tractors are made in the United States, and that all, or virtually all, of the labor in manufacturing each of the TG-Series Lawn and Garden Tractors is performed in the United States.

12. In truth and in fact, both of the lawn and garden tractor models included in the TG-Series, TG1860 and TG1860G, contain significant foreign parts and therefore are not all or virtually all made in the United States. Therefore, the representations set forth in paragraph eleven were, and are, false and misleading.

13. Respondent has disseminated or has caused to be disseminated advertisements and labeling for its model TG1860 lawn and garden tractors, including but not necessarily limited to the attached Exhibits G and H. These advertisements and labeling contain the following statements:

Exhibit G, dealer promotion advertisement featuring the TG1860 tractor

"TG-Series Lawn & Garden Tractors

• Made by Kubota in the U.S.A."

Photograph of the TG1860 tractor

Exhibit H, serial plate for Model TG1860

"Made in U.S.A."

14. Through the means described in paragraph thirteen, respondent has represented, expressly or by implication, that its model TG1860 lawn and garden tractor is made in the United States, *i.e.*, that all, or virtually all, of the component parts of the model TG1860 lawn and garden tractor is made in the United States, and that all, or virtually all, of the labor in manufacturing the model TG1860 lawn and garden tractor is performed in the United States.

15. In truth and in fact, the model TG1860 lawn and garden tractor contains significant foreign parts and therefore is not all or virtually all made in the United States. Therefore, the representations set forth in paragraph fourteen were, and are, false and misleading.

16. Respondent has disseminated or has caused to be disseminated labeling for its model TG1860G lawn and garden tractor, including but not necessarily limited to the attached Exhibit I. This labeling contains the following statement:

Exhibit I, serial plate for Model TG1860G

"Made in U.S.A."

17. Through the means described in paragraph sixteen, respondent has represented, expressly or by implication, that its model TG1860G lawn and garden tractor is made in the United States, *i.e.*, that all, or virtually all, of the component parts of the model TG1860G lawn and garden tractor is made in the United States, and that all, or virtually all, of the labor in manufacturing the model TG1860G lawn and garden tractor is performed in the United States.

18. In truth and in fact, the model TG1860G lawn and garden tractor contains significant foreign parts and therefore is not all or virtually all made in the United States. Therefore, the representations set forth in paragraph seventeen were, and are, false and misleading.

19. 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.

EXHIBIT A

Lawn Tractors-T1460, T1560, T1760

The Kubota T-Series lawn tractors are manufactured at Kubota Manufacturing of America in Gainesville, Georgia. The body is sleek and streamlined, designed to provide you with a nice, comfortable ride. These lawn tractors, in fact, are built to trim mowing jobs down to size.

■ Comfortable and easy-to-operate, the T1460 with 12.5 horsepower, the T1560 with 14 HP and the T1760 with 17 HP tractors feature a hydrostatic transmission and OHV engine. The T-Series models feature a suspended mower deck with a deep contoured deck design and a simple dial-type cutting height adjustment that can be set from the operator's seat. A 40" deck is available for the T1460 and T1560, a 44" deck for the T1560 and a 48" deck for the T1760. The deck is easy to raise and lower due to the lift-assist, gas-charged cylinder. The large fuel tank holds 2.9 gallons to extend your operating time.

■ The T1560 model is the first lawn tractor to offer the Auto-Throttle Advance System. It operates the engine speed auto-



matically, both when the PTO lever is engaged and when in motion. Another first on the T1560 and T1760 is the smooth ride provided by the "Cushion Ride" suspension system.

■ Ideally suited for a wide range of lawn care applications, the T-Series lawn tractors are compatible with a full line of performance-

matched implements. Grass catcher, front blade, thatcher and snowblower attachments make the T-Series lawn tractors well suited for year-round use. All three T-Series lawn tractors can be fitted with an optional mulching kit that converts the tractors' side discharge deck into a mulching deck.

■ The T-Series are supported with a two-year warranty, which includes the original mower deck.

SPECIFICATIONS			
	T1460 OHV, air-cooled, gasoline, 1-cylinder	T1560 OHV, air-cooled, gasoline, 1-cylinder	T1760 Liquid-cooled, gasoline 2-cylinder
Displacement (cu in.) (metric liter)	25.8	25.8	26.7
Horsepower	12.5	14.0	17.0
Length (inches) (metric centimeters)	67.7	67.7	68.0
Width	52"	52"	60.8"
Weight (lbs.)	528	528	606
Speeds (forward/reverse)	Infinite	Infinite	Infinite

MOWER SPECIFICATIONS			
MODEL	T1460	T1560	T1760
Mower Drive System	Belt drive	Belt drive	Belt drive
Cutting Width (inches)	40"	40", 44"	48"
Cutting Height (inches)	1.0" - 4.0"	1.0" - 4.0"	1.0" - 4.0"

Specifications subject to change without notice.

EXHIBIT A

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EXHIBIT B

**Kubota T-Series
(XKTC-T961)**

:30 second spot, available on 1" or 3/4" tape



Looking for a lawn tractor...

The Kubota T-Series -
3 models to choose from...Easy to operate with
hydrostatic transmission.You can change the cutting
height with the turn of a dial.Made in America, the Kubota
T-Series.

Dealer tag.

EXHIBIT B

EXHIBIT C

KUBOTA'S SPRING VALUE DAYS**90 Days Same as Cash!**

On Kubota's T, TG, G and GF Series on approved credit
Purchase by August 31, 1998.

No Down • No Interest • No Payment



**90 DAYS
SAME AS
CASH**

**T-Series
Lawn
Tractors**

- Made by Kubota in the U.S.A.
- 12.5 to 17 horsepower
- Foot pedal control hydrostatic transmission
- Easy lift mower deck

Kubota

T1460 - Easy to drive value

*No down payment, No monthly payment and No interest accrual for 90 days on approved credit, available through Kubota Credit Corporation on retail sales through August 31, 1998. Ninety days after retail sale, customer may then choose to pay the purchase-invoice price in full or finance the purchase through Kubota Credit Corporation. Credit terms that apply after 90 day period: 7.99% A.P.R. for 36 months on approved credit. See dealer for details.

EXHIBIT D

KUBOTA'S SPRING VALUE DAYS

90 Days Same as Cash!

On Kubota's T, TG, G and GF Series on approved credit
Purchase by August 31, 1998.

No Down • No Interest • No Payment

T-Series Lawn Tractors

- Made by Kubota in the U.S.A.
- 12.5 to 17 horsepower
- Exclusive Cushion Ride and Auto Throttle Advance (T1560 & T1760)
- Foot pedal control hydrostatic transmission
- Easy lift 48" mower deck on T1760



T1760 -
17 HP liquid
cooled
engine.

Kubota

*No down payment, No monthly payment and No interest accrual for 90 days on approved credit, available through Kubota Credit Corporation on retail sales through August 31, 1998. Ninety days after retail sale, customer may then choose to pay the purchase invoice price in full or finance the purchase through Kubota Credit Corporation. Credit terms that apply after 90 day period: 19% A.P.R. for 36 months on approved credit. See dealer for details.

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EXHIBIT E

**KUBOTA
T1760
17 HP**

- OHV gasoline engine
- Foot control hydrostatic transmission
- 48" mower deck
- Simple dial-type cutting height adjustment
- Auto Throttle Advance (ATA) for easy operation
- Operator presence control and safety start switch
- Made by Kubota in the USA

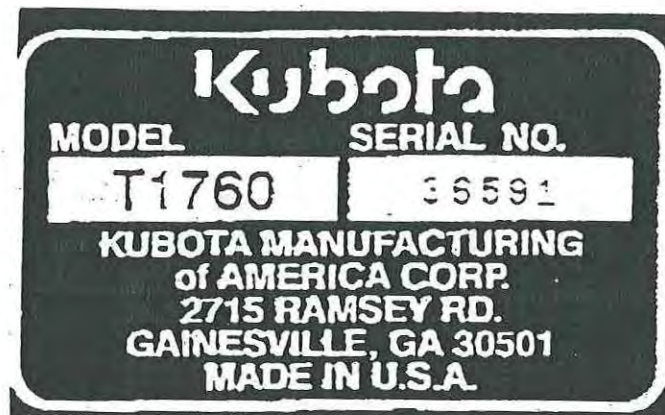
Kubota

E

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EXHIBIT F



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EXHIBIT G

KUBOTA'S SPRING VALUE DAYS!

90 Days Same as Cash!

On Kubota's T, TG, G and GF Series on approved credit.
Purchase by August 31, 1998.
No Down • No Interest • No Payment

TG-Series Lawn & Garden Tractors

- Made by Kubota in the U.S.A.
- 18 HP liquid-cooled gas or diesel engine
- Foot-controlled hydrostatic transmission
- Easy to lift and lower 48" or 54" mower deck
- Electric PTO clutch

G-Series Diesel Lawn & Garden Tractors

- 16 and 18 HP liquid cooled diesel engines
- Shaft drive mowers standard
- Shaft drive hydrostatic transmission
- Cruise control
- Hydraulic implement lift
- Optional 4-wheel steering



TG1860— With Kubota's exclusive electronic rack & pinion power steering



G-SERIES — Precision cutting

*No down payment. No monthly payment. No interest accrual for 90 days on approved credit, available through Kubota Credit Corporation on retail sales through August 31, 1998. Ninety days after retail sale, customer may then choose to pay the purchase-invoice price in full, or finance the purchase through Kubota Credit Corporation. Credit terms that apply after 90 day period: 7.99% A.P.R. for 36 months (48 months if amount financed is \$5001 or more) on approved credit. See dealer for details.



EXHIBIT G

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EXHIBIT H

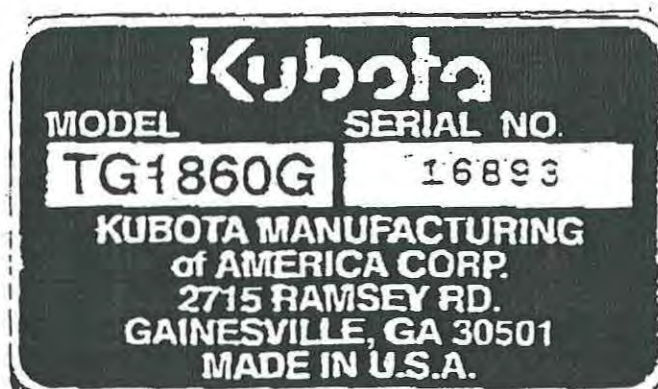


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EXHIBIT I



I.

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 respondent with violations 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, and admission by the respondent of all the jurisdictional facts set forth in the draft 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 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 Kubota Tractor Corporation is a California corporation with its principal office or place of business at 3401 Del Amo Boulevard, P.O. Box 2992, Torrance, California.

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

ORDER

I.

It is ordered, That respondent, Kubota Tractor Corporation, its successors and assigns, and its officers, agents, representatives, and employees, 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 lawn tractor or lawn and garden tractor in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44, shall not misrepresent, in any manner, directly or by implication, the extent to which any such lawn tractor or lawn and garden tractor, or lawn tractor or lawn and garden tractor product line, is made in the United States.

Provided, however, that a representation that any such lawn tractor or lawn and garden tractor, or lawn tractor or lawn and garden tractor product line, is made in the United States will not be in violation of this order so long as all, or virtually all, of the component parts of such product, or of all products in such product line, are made in the United States and all, or virtually all, of the labor in manufacturing such product, or of all products in such product line, is performed in the United States.

For purposes of this order, the terms "lawn tractor" and "lawn and garden tractor" shall mean products manufactured, labeled, advertised, promoted, offered for sale, sold, or distributed primarily for consumers to mow grass, including but not limited to respondent's T-Series lawn tractors and TG-Series lawn and garden tractors. Such products may be sold with or without attachments such as grass catchers, front blades, or snowblowers.

II.

It is further ordered, That respondent Kubota Tractor Corporation, 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 labeling, packaging, 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.

III.

It is further ordered, That respondent Kubota Tractor Corporation, and its successors and assigns, shall deliver a copy of this order to all current and future officers and directors, 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.

IV.

It is further ordered, That respondent Kubota Tractor Corporation, 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.

V.

It is further ordered, That respondent Kubota Tractor Corporation, 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.

VI.

This order will terminate on April 6, 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 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.

IN THE MATTER OF
AMERICAN HONDA MOTOR COMPANY, INC.

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

Docket C-3864. Complaint, April 6, 1999--Decision, April 6, 1999

This consent order, among other things, prohibits a California-based corporation from misrepresenting the extent to which any lawn mower is made in the United States.

Participants

For the Commission: *Kent Howerton, Laura Koss, and Elaine Kolish.*

For the respondent: *Harvey Applebaum, Covington & Burling, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that American Honda Motor Company, Inc. ("respondent") 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 American Honda Motor Company, Inc. is a California corporation with its principal office or place of business at 1919 Torrance Boulevard, Torrance, California.
2. Respondent has manufactured, advertised, labeled, offered for sale, sold, and distributed products to the public, including lawn mowers.
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 its Honda Masters, Honda Harmony II 3-in-1 and Honda Harmony II lawn mowers, including but not necessarily limited to the attached Exhibits A through C. These advertisements contain the following statements:

- A. **Exhibit A, advertisement for Honda Masters**
"MADE IN AMERICA BY HONDA"