

IN THE MATTER OF  
NUTRONICS CORPORATION, ET AL.

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

*Docket C-3281. Complaint, Jan. 16, 1990—Decision, Jan. 16, 1990*

This consent order requires, among other things, a Longmont, Co. manufacturer of the Alter-Brake System (ABS) to have competent and reliable scientific research to substantiate its increased fuel-saving claims, to cease misrepresenting that its ABS device has been approved by the government for sale to the public, and to display a disclaimer when making any representation of improved fuel economy or performance through the use of any such device.

*Appearances*

For the Commission: *R. Norman Cramer, Jr., Claude C. Wild III*  
and *Mitchell B. Davis.*

For the respondents: *Paul A. Morris, Boulder, CO.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Nutronics Corporation and Gary Kelsay, individually and as an officer of Nutronics Corporation (collectively the "respondents"), have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent Nutronics Corporation is a corporation organized and existing under the laws of the State of Nevada. It is qualified to do business in the State of Colorado as a foreign corporation with its office and principal place of business located at 700 Weaver Park Road, Suite A, Longmont, Colorado.

PAR. 2. Respondent Gary Kelsay is President and CEO of corporate respondent Nutronics Corporation. He formulates, directs and controls the acts and practices of said corporate respondent, including the acts and practices hereinafter set forth.

PAR. 3. Respondents are now and for sometime in the past have been engaged in the advertising, offering for sale, sale, and distribution of a product known as the "Alter Break System" ("ABS") to the public at retail and to distributors. The ABS is an "automobile retrofit device", as the term is defined in Section 511 of the Motor Vehicle Information and Cost Savings Act, 15 U.S.C. 2011.

PAR. 4. In the course and conduct of their business, the respondents have disseminated and caused the dissemination of sales materials and other advertisements for the ABS throughout the United States by various means in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, including without limitation the insertion of advertisements in magazines and newspapers with national circulations for the purpose of inducing, and which have induced, directly or indirectly, the purchase of said product in commerce.

PAR. 5. Among the advertisements disseminated by respondents are those identified as Exhibits 1-7 attached hereto.

PAR. 6. Through the use of the advertisements referred to in paragraph five and other advertisements and sales materials, respondents have represented and now represent, expressly or by implication, that:

- a. The ABS increases gas mileage from 12-28%;
- b. The ABS, through increased fuel economy, "will pay for itself in only a few months."
- c. The ABS has been endorsed by the Department of Energy for consumer use;
- d. The ABS has been endorsed by the Department of Commerce for consumer use;
- e. The Department of Energy has conducted scientific tests on the ABS which substantiate a gas mileage increase of 24%;
- f. The Department of Commerce has conducted scientific tests on the ABS which substantiate a gas mileage increase of 24%.

PAR. 7. In truth and in fact:

- a. The ABS does not increase gas mileage by 12-28%;
- b. The ABS, through increased fuel economy, will not "pay for itself in only a few months."
- c. The ABS has not been endorsed by the Department of Energy for consumer use;
- d. The ABS has not been endorsed by the Department of Commerce for consumer use;

e. The Department of Energy has not conducted scientific tests on the ABS which substantiate an increase in gas mileage of 24%;

f. The Department of Commerce has not conducted scientific tests on the ABS which substantiate an increase in gas mileage of 24%.

Therefore, the representations set forth in paragraph six were and are false and misleading.

PAR. 8. At the time respondents made the representations set forth in paragraph six, respondents represented, directly or by implication, that they possessed and relied upon a reasonable basis for those representations.

PAR. 9. In truth and in fact, at the time respondents made the representations set forth in paragraph six, they did not possess and rely upon a reasonable basis for such representations. Therefore, the representation set forth in paragraph eight was and is false and misleading.

PAR. 10. The aforesaid false and misleading representations were and are all to the prejudice and injury of the public and have constituted, and now constitute, unfair and deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The said acts or practices are continuing and will continue in the absence of the relief herein requested.

Complaint

118 F.T.C.

EXHIBIT 1



U.S. Department of Energy  
Washington, DC 20585

April 21, 1988

... "We are needless to say, very excited at the prospect of a device which offers such a dramatic improvement in fuel efficiency for the nation's vehicles. At a time when incremental improvements in automobile fuel efficiency are increasingly difficult to achieve, a device offering savings of this magnitude would be a tremendous boon to the nation both from the standpoint of the balance of trade as well as from an environmental perspective."

June 29, 1988

... "In a recent conversation with (an official of an independent testing organization which is herein unnamed per their request as tests are continuing), we were informed that the FTP (EPA's Federal Test Procedure) and HFET (Highway Fuel Economy Test) have been completed... and show statistically significant reductions in fuel consumption for highway driving. The tests also indicate that emissions are reduced as a function of fuel consumption reduction associated with the use of ABS (Alter-Break Systems)."

Director  
Inventions and Innovation Programs  
Conservation and Renewable Energy

**Savings per year with "Alter-Break"**  
**Based on 15,000 miles driven per year.**  
**Gas price \$1.00 per gallon**

Present gas mileage per gallon	Increase in mileage with Alter-Break			
	10%	15%	20%	25%
10	\$136.00	\$195.00	\$250.00	\$300.00
15	\$91.00	\$130.00	\$176.00	\$200.00
20	\$68.00	\$98.00	\$125.00	\$150.00
25	\$54.00	\$78.00	\$100.00	\$120.00
30	\$45.00	\$65.00	\$83.00	\$100.00
35	\$39.00	\$56.00	\$72.00	\$86.00

*Manufactured by:*



**Nutronics Corporation**

700 Weaver Park Road  
 Longmont, Colorado 80501

Telephone (303) 678-5553

INTRODUCING



*Alter-Break: An Engine  
Load Management System*

- Improves fuel economy
- Eliminates unnecessary alternator drag
- Improves acceleration
- Reduces auto emissions
- Easily installed

# Alter-Break™

## General Description

The ALTER-BREAK SYSTEM is a unique Electrical Engine Load Management system that provides substantially increased miles per gallon, more power to the drive train during acceleration, reduction of air pollution through reduction of fuel consumed, and theoretically longer battery and alternator life.

In the present vehicle battery charging system, all electrical power required for the ignition system, battery charging, lights, blower, and numerous other accessories, is taken directly from the alternator, rather than the battery, when the engine is running. The alternator, while producing this electrical power, places a heavy load on the engine of the vehicle. Furthermore, the greater demand for electrical power, the greater the load on the engine. The result of this load is less miles per gallon.

The ALTER-BREAK SYSTEM removes this load and thereby improves gas mileage. With this patented system, the alternator is electrically disabled during acceleration on heavy engine load so that all electrical power is taken directly from the vehicle battery. Although the alternator is always being rotated by the engine, it is merely free-wheeling during the time it is disabled. Therefore, no alternator load is placed on the engine during normal driving.

Battery charging is accomplished by re-enabling the alternator during vehicle deceleration or low engine load such as at stop lights. Since the alternator only operates during these periods, the wasted momentum of the vehicle as well as otherwise unused energy during idle is utilized to absorb the load of the energy-producing alternator. This frees the engine of the extra demand of driving the alternator during high engine load and that, in turn, contributes to improved fuel economy.

During normal city and suburban driving, deceleration and braking is so frequent that the battery is

kept fully charged. However, during extended highway driving at night with headlights and other electrical accessories on and with less frequent deceleration, the battery voltage could fall to an unsafe level. To prevent this from happening, the system is equipped with special electronic circuitry that monitors the battery constantly. If the battery voltage falls below a predetermined level due to infrequent deceleration or because of a heavy electrical load, this circuit automatically re-enables the alternator but only allows it to produce just enough output to maintain the battery voltage at a safe level until the electrical load is reduced or until deceleration occurs again. The next time deceleration or braking raises the battery voltage, the alternator is once again disabled as required by the engine load.

The ALTER-BREAK SYSTEM goes into a third mode of operation in cases where nearly every electrical accessory in the vehicle has to be turned on and where a low voltage condition might exist because of the heavy current demand on the battery. In this mode, the system allows the alternator to provide all of the electrical power that is needed but again automatically disables the alternator as soon as the electrical load is reduced.

Another desirable feature of this system is the built-in protection that prevents battery discharge in the event of a circuit failure. The system is designed so that any failure within the circuit will automatically reconnect the alternator to produce a controlled amount of current to keep the battery charged.

The ALTER-BREAK SYSTEM is strictly an electronic control device which is connected to the alternator and the vacuum line of the intake manifold. It will not harm an automobile's electrical system in any way. ALTER-BREAK can withstand the harsh elements of the automobile environment. It is not affected by tempera-

ture (-40 F to +212 F), vibration or moisture (it is silicone encapsulated). It can easily be installed by the individual car owner.

Test results have shown mileage increases of up to 28%, but most ALTER-BREAK users will find they average 12 to 19% fuel savings. In order for ALTER-BREAK to give you optimum results, it is important that the car's battery and alternator are in good operating condition.

ALTER-BREAK is made in the United States by Nutronics Corporation of Longmont, Colorado and has a 5 year 150,000 mile warranty.

#### U.S. Government Reports

The ALTER-BREAK SYSTEM (ABS) was evaluated by the United States Government through the U.S. Department of Commerce and the National Bureau of Standards. The ABS was studied and evaluated by U.S. Government Engineers as well as outside engineering consultants hired by the government and specializing in the automotive field. Some of the statements made by the government in their report to the Department of Energy are as follows:

1. "The design of the ALTER-BREAK SYSTEM is straight forward and technically valid."
2. "The circuit will perform the function claimed."
3. "The ALTER-BREAK SYSTEM is particularly attractive due to the magnitude of fuel savings for such a modest price."
4. "The fuel savings potential of the ALTER-BREAK SYSTEM is impressive."
5. "The electronic aspect of the ALTER-BREAK SYSTEM is not an evaluation issue. The unit has been built, tested, and it works."

## EXHIBIT 2

The Revolutionary Alter-Break™ System

An engine load management system that  
increases fuel economy and improves performance by redistributing alternator load

The revolutionary Alter-Break™ System dramatically increases vehicle gas mileage, reduces emissions and improves performance, especially during heavy stop-and-go urban driving

As the result of a recent evaluation by the Department of Commerce, a glowing recommendation was forwarded to the Department of Energy (DOE) to further develop the system.

What does the U. S. Department of Commerce say about the ABS?

1. "Utilization of the invention in one-third of the U. S. population of manual-shift transmission automobiles" (5% of all cars in the U. S.) "would produce an energy savings of at least 190 million gallons of fuel annually."
2. "The fuel savings potential of the Alter-Break System is impressive. A 19% potential fuel savings at the pump for a city-driven Audi Fox is worth serious consideration."
3. "The Alter-Break System is particularly attractive due to the magnitude of fuel savings for such a modest price."
4. "The design of the Alter-Break System is straightforward and technically valid."
5. "The circuit will preform the function claimed."
6. "The electronic aspect of the Alter-Break System is not an evaluation issue. The unit has been built, tested, and it works."

**The Alter-Break System Works!**

In it's report to the DOE, the U. S. Department of Commerce recommended the Alter-Break System for financial support and marketing assistance. A maximum of two inventions in 100 receive federal funding from this program annually and the Alter-Break System has been one of the chosen few.

**Q&A Product Overview**

Q. What is an Alter-Break System (ABS)?

A. An electrical engine load management system that provides dramatic improvements in the following areas, especially in stop and go driving conditions:

1. increased power and acceleration
2. improved fuel economy
3. reduced emissions

Q. What vehicles does the Alter-Break fit?

A. Over 90% of the gas power passenger cars and light trucks on the road today. It works equally well on manual or automatic transmission vehicles.

Q. How does the ABS work?

A. Through an easily-installed vacuum sensor, the ABS detects a demand for power. Under acceleration, the ABS temporarily disengages the alternator, thereby reducing drag on the engine and allowing it to operate more efficiently. When acceleration is completed, the ABS automatically re-engages the alternator to maintain full electrical charge to the battery. The ABS is transparent to drivers; they only notice increased fuel economy and better acceleration.

Q. Does the alternator really have that much effect on performance?

A. Absolutely! To illustrate the point, we attached a standard GM alternator and two sealed-beam headlights to an exercycle. When the alternator is engaged, a noticeable drag is placed on normal pedaling, and the headlights create even more drag.

Q. Is the ABS difficult to install?

A. No. It usually takes 10 to 12 minutes, and all parts are included in the package.

	Features	Benefits
1.	Solid state IC design	reasonable cost
2.	Compact size	more placement options under hood
3.	Fast, easy installation	maximum profits
4.	Extensive coverage; fits 90% of vehicles on the road	minimum investment in inventory; total of five part numbers to stock
5.	Fail-safe circuitry	maintains predetermined charge level; minimizes customer returns
6.	Patented product	no competition; assures continuous supply
7.	Increases gas mileage Increases power/acceleration Reduces emissions	improves saleability

#### General Overview

In vehicles presently on the road, all electrical power required for the ignition system, lights, blowers, and all other accessories, is taken directly from the alternator when the engine is running. In producing this power, the alternator places a tremendous load on the engine, causing it to work harder. The result: poor gas mileage, slow acceleration.

The Alter-Break System removes this load, thereby increasing gas mileage and improving acceleration.

How? Under high load, i.e. during acceleration, the ABS disengages the alternator and transfers the vehicles electrical power requirements to the battery. During deceleration, braking and idling, the ABS automatically re-engages the alternator to fulfill the vehicles electrical power requirements and simultaneously recharges the battery by recapturing kinetic energy. This greatly reduces engine load during acceleration, allowing it to work easily and more efficiently. The result: drastically improved fuel economy, reduced emissions, and better acceleration.

The benefits of the ABS are most apparent during stop-and-go urban driving, effecting noticeable performance improvements.

#### Built-in fail-safe

During extended highway driving -- especially at night, when the headlights and other accessories are used, and where deceleration is infrequent -- performance improvements are not as noticeable. Under such conditions, it would be possible for the battery charge to fall to an unsafe level, if not for a built-in fail-safe in the ABS. The system constantly monitors the battery, and automatically re-engages the alternator as need to maintain a predetermined electrical charge in the battery. When deceleration or breaking occurs, the alternator engages as usual until the battery is fully recharged. Again, this operation is transparent to the driver.

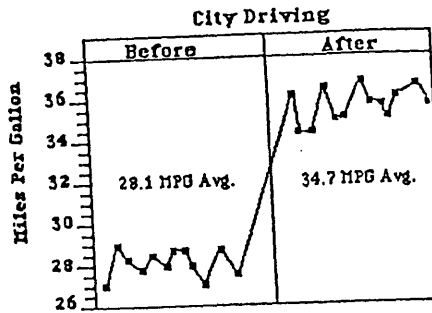
In cases where nearly every electrical accessory is being used, causing heavy electrical demand on the battery and engine, the ABS activates the alternator as needed to maintain a safe electrical charge. The same is true in cases of circuit failure.

#### The Alter-Break System Works!

The Alter-Break System engages the alternator only when it's needed to ensure full electrical charge to the battery. It fits over 90% of the gas-powered passenger cars and light trucks on the road today, whether manual or automatic transmission, and it's easily installed and attractively priced for ultimate saleability.

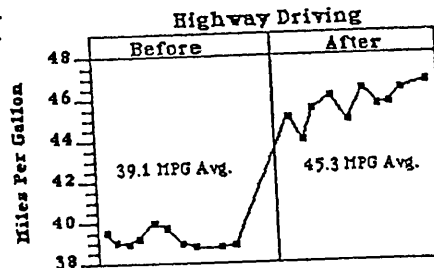
**ABS Test #1**

Vehicle: 1977 Audi Fox  
 Test Miles: 85,000 total  
 Environment: Colorado Springs, CO  
 Configuration: ABS installed at 11K mi.  
 EPA Rating: 24 MPG city  
 Dates of test: 11/78 to 8/81  
 Findings: 23% increase in MPG



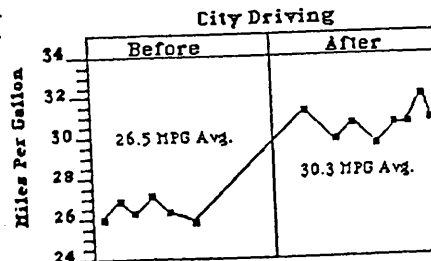
**ABS Test #2**

Vehicle: 1977 Audi Fox  
 Test Miles: 85,000 total  
 Environment: Colorado highways  
 Configuration: ABS installed at 11K mi.  
 EPA Rating: 36 MPG highway  
 Dates of test: 11/78 to 8/81  
 Findings: 16% increase in MPG



**ABS Test #3**

Vehicle: 1981 Toyota Corolla Station Wgn  
 Test Miles: 25,000 total  
 Environment: Colorado Springs, CO  
 Configuration: ABS installed at  
 EPA Rating:  
 Dates of test: 10/81 to 11/82  
 Findings: 14% increase in MPG



### Alternator Load/Engine RPMs

Alternator power, as a percentage of total available vehicle road load power, for various engine/vehicle speeds is illustrated in the following chart:

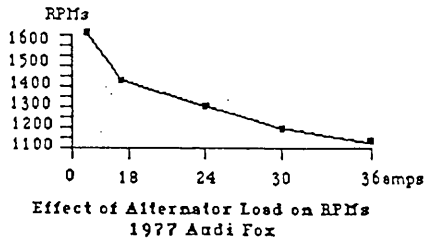
Engine (RPM)	Vehicle (MPH)	Horsepower Requirements		Alternator Load % of Road Load
		Alternator	Road Load	
Idle	0	1.1	3.0	36.7
1000	22	1.2	4.5	26.7
1500	38	1.4	11.0	12.7
2000	52	1.6	17.2	9.3
2500	67	1.8	29.5	6.1

\* Source: Test data on a 3,490-pound vehicle, 318 CID-V8 by Southwest Research Institute.

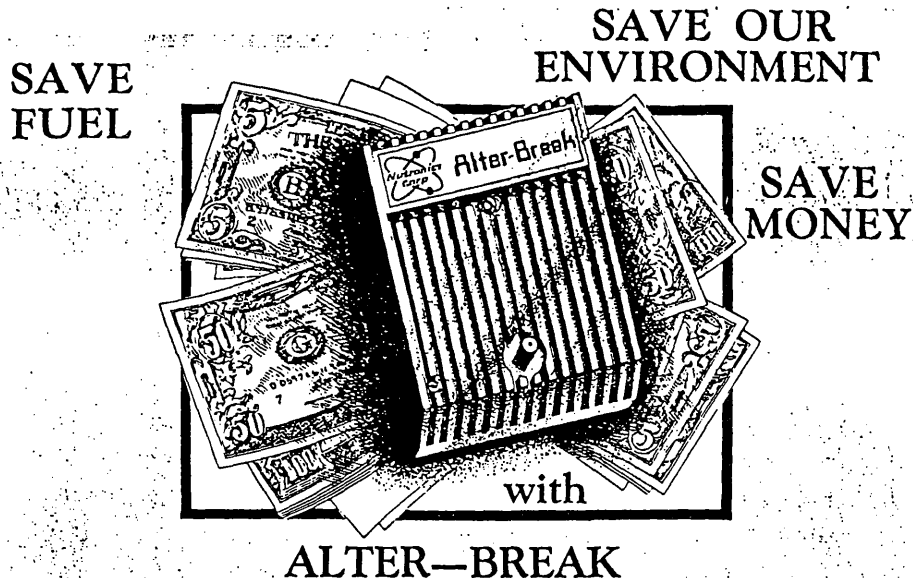
*Calculated for Dept of Energy by S.W. Research Institute*

The following chart illustrates the amperage draw created by typical vehicle accessories. The Alter-Break System redistributes these amperage draws between the alternator and engine battery as needed.

Accessory	Amps	Accessory	Amps
radio tape deck	1	hazard lights	7
electronic fuel pump	3	blower (heat, A/C, defrost)	7
back-up lights	3	electric rear window defroster	7
turn signals	3	electric radiator/cooling fan	7
parking lights	4	electric windows, seat, etc.	8
elec. windshield wipers	4	standard ignition system	9
cigarette lighter	4	headlights (low-beam)	12
horn	6	headlights (high-beam)	14



For more information on the revolutionary Alter-Break System, contact: Nutronics Corporation, 700 Weaver Park Road, Longmont, Colorado, 80501 (303)678-5553  
 Copyright © 1988 Nutronics Corporation



- Simple patented device • Works on gas and diesel vehicles
- Do-it-yourself one-time adjustment • Easy to install
- 5-Year Warranty • Will pay for itself in only a few months

This inexpensive electronic device—Hardly bigger than a pack of cigarettes—can give your vehicle up to 24% improvement in gasoline mileage.

Don't believe it? Ask the U.S. Government!

✓ "A very convincing method of improving motor vehicle economy...The unit has been built, tested, and it works."

—Report by the Energy-Related Inventions Program, U.S. Department of Energy

✓ "Our evaluation has been completed and we recommend (ALTER—BREAK) as technically valid and worthy of consideration."

National Bureau of Standards U.S. Department of Commerce

**ALTER—BREAK WILL PROVIDE IMMEDIATE AND DIRECT BENEFITS BY:**

- Yielding significant fuel savings.
- Delivering stronger vehicle-to-road performance.
- Reducing vehicle engine strain.

**ALTER—BREAK ALSO HELPS OUR ECONOMY AND ENVIRONMENT BY:**

- Substantially reducing exhaust emissions to the atmosphere.
- Contributing to: our national oil-resource conservation program (by consuming fewer gallons of fuel per the miles we drive).

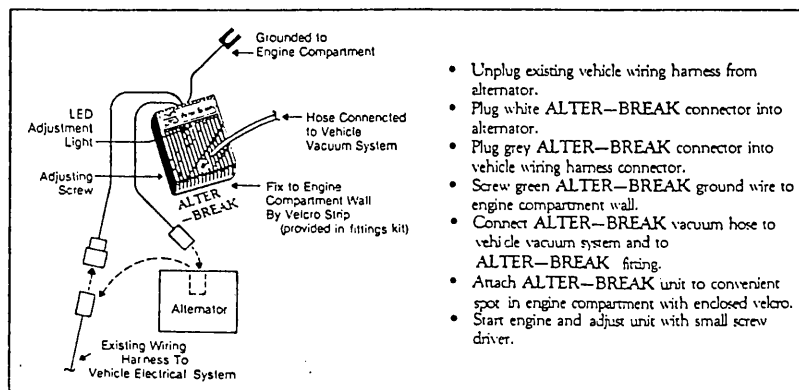
### A SIMPLE CONCEPT: HOW ALTER—BREAK WORKS

A vehicle keeps its battery charged and runs its accessories by converting mechanical engine power to electricity. This task is accomplished by the alternator, a device linked to the engine by a moving belt. While an engine without ALTER—BREAK is running, the belt spins a set of coils inside the alternator to constantly generate electricity.

With ALTER—BREAK installed, the engine performance is improved by ALTER—BREAK electronically disabling the alternator except when it's really needed—either to restore reduced battery charge or to supplement the battery electrical supply during periods of heavy electrical accessory load such as during use of your head lights, air-conditioner, radio, heater, etc. Since less of the engine's mechanical power now needs to be converted into electricity, more of its power is available to go to the road and/or less fuel is consumed. Road tests show that ALTER—BREAK can improve your vehicle's miles per gallon by up to 24% depending on the engine size, accessory load, and operator driving habits.

### SIMPLE INSTALLATION

The ALTER—BREAK comes in models that can be installed on most popular makes or models of vehicles, whether gas or diesel, automatic or manual transmission, and regardless of age. Just follow these quick and easy steps:



- Unplug existing vehicle wiring harness from alternator.
- Plug white ALTER—BREAK connector into alternator.
- Plug grey ALTER—BREAK connector into vehicle wiring harness connector.
- Screw green ALTER—BREAK ground wire to engine compartment wall.
- Connect ALTER—BREAK vacuum hose to vehicle vacuum system and to ALTER—BREAK fitting.
- Attach ALTER—BREAK unit to convenient spot in engine compartment with enclosed velcro.
- Start engine and adjust unit with small screw driver.

### SPECIFICATIONS...AND A WARRANTY TOO

ALTER—BREAK measures 1" thick by 2.5" wide by 3.5" high and weighs just 13.5 ounces. It can operate within a temperature range of -40° to 225° F. Nominal operating voltage is 12 VDC, with a low-voltage override of 11.8 VDC. All wiring and vacuum fittings are provided for installation. And ALTER—BREAK is warranted for 5 years or 50,000 miles under normal operating conditions.

### AVAILABLE THROUGH:

NUTRONICS CORPORATION  
700 WEAVER PARK DR. SUITE A  
LONGMONT, CO 80501  
303 678-5553

EXHIBIT 4



**NUTRONICS CORPORATION**

**CORPORATE PROFILE**

**MANAGEMENT STRATEGY**

"There are three elements that I feel are necessary for corporate success: people, product and marketing. Nutronics is fortunate to have all three elements, to a greater degree than most expansion-oriented companies. For example,

1. Our people are outstanding. Our team consists of the best people we could find in all of the areas necessary for our growth and achievement. Our management has vast experience in marketing, finance and engineering research and development. Several members of our staff joined the Company after conducting original due diligence on our Alter-Break System. Our management consists of people who strongly believe in both our product and our Company. They are dedicated to making our business a success.

2. The Alter-Break System is simply an outstanding product. It has no competition. Our critical test data has demonstrated that we can both increase gasoline economy and reduce pollution.

3. From a marketing perspective, we have an immense market, both foreign and domestic. We also have an outstanding marketing program in place. We are implementing most of it directly. Plus, a national marketing company, experienced in direct marketing and in the distribution of automotive parts through warehouse distributors, will oversee those two significant segments of our marketing effort.

These three elements combine to form Nutronics' business philosophy: We are all dedicated to working together for the



success of the Company. All of the people on our team view Nutronics as more than a job; it's a way of life."

—Gary Kelszy,  
President, Chief Executive Officer

**NUMERICAL ANALYSIS OF PRODUCT: THE ALTERNATOR**

The Alter-Break System is a unique, revolutionary sensor/controller, which greatly increases automobile fuel economy. While accelerating, the Alter-Break disengages the alternator, removing the heavy load of the alternator from the engine. While decelerating or braking, the alternator is again engaged by the Alter-Break, which recharges the battery.

In the event that an engine is subjected to a high load for a very long time, the voltage monitor within the Alter-Break System will override all control signals to cause the alternator to charge the battery in its normal mode of operation.

The Alter-Break System is patented, with Nutronics controlling world-wide rights to manufacture and distribute the product. The retail price of the Alter-Break is approximately \$50. Research

shows the Alter-Break generally pays for itself within three to four months.

The benefits of using the Alter-Break System include:

- Up to 24% increased fuel economy.
- Increased alternator and battery life.
- More power to the drive train during acceleration.
- Reduction of air pollution through reduction of fuel consumed.
- Installation within minutes by mechanical do-it-yourselfers.
- Warranted for five years or 50,000 miles.
- Engineered to operate for many hundreds of thousands of miles.

**COMPANY**

The Company began manufacture and delivery of production model Alter-Break Systems in September of 1987. All of its production for the balance of 1987, (36,000 units) is committed to partial fulfillment of a domestic contract totalling 536,000 Alter-Break System units through December of 1988.

It is anticipated that gross revenue from this one contract alone will exceed \$6 million, with gross profits exceeding \$2 million. The Alter-Break System also has been installed in a variety of

vehicles, under widely varying driving and climatic conditions. Currently, Alter-Breaks are being used in park and recreation district vehicles in two large cities in the U.S.

As a result of earlier, positive evaluations, two large commercial concerns, a taxicab company and a petroleum pipeline servicing firm, have committed to retrofit their entire fleet of vehicles with Alter-Break Systems.

**BUSINESS HISTORY**

Nutronics Corporation, traded Over-the-Counter in the U.S., is an 11-year-old company, which changed management and busi-

ness direction in April, 1987, to begin concentrating its development, manufacturing and marketing of the Alter-Break System.

**BUSINESS HISTORY (cont'd)**

The Alter-Break System was invented by David E. Hicks in 1982. It has been tested for more than five years on a variety of vehicles for hundreds of thousands of miles. Mileage tests consistently show a significant increase in fuel economy.

The U.S. Government, through the U.S. Department of Commerce and the National Bureau of Standards, also evaluated the Alter-Break System. The Alter-Break was studied by both government and outside engineer-consultants specializing in the automobile field.

As a result of those studies, the Alter-Break System was one of only very few inventions to receive positive response and recommendation for financial assistance by the consultants who studied it.

One consultant said, "The device's simplicity and ease of installation lends itself to department store distributorship," while another said, "The inventor has presented a very convincing method of improving motor vehicle fuel economy."

In 1984, The Department of Commerce forwarded its report on the Alter-Break System to the U.S. Department of Energy, along with a recommendation for financial support and marketing assistance. The Department of Energy subsequently awarded the inventor a \$53,000 grant for further development and commercialization preparation.

**FUTURE PLANS**

The management of Nutronics is fully committed to production and marketing of the product at this time, and does not intend to commit their resources to any other products. However, management has viewed other areas of opportunity, where the basic technology of the Alter-Break System could be adapted to other situations. Therefore, management says the first and most likely expansion of company business would be horizontal—for example, to use the Alter-Break technology in a variety of other load management systems, including the marine, military, industrial and aviation fields.

The Company has also signed option agreements to license distributors in Canada, Mexico, Europe, Asia, South America and Australia/New Zealand. The first of these agreements is expected to be exercised in Canada and Mexico in December of 1987, and these, as well as subsequent option exercises, will be coordinated with production capacities. Expansion of marketing commitments will be controlled to correspond with step increases in production capacity to a benchmark goal of 1 million Alter-Break units per month by January, 1989.

**MANAGEMENT**

Gary Kelsay, President and Chief Executive Officer of Nutronics Corporation, has longtime experience in marketing and sales, as well as international trade and development. Previous to his position in Nutronics, he was Co-founder and director of Sport-Tech International Corp. (a high-tech sporting products firm), Director and Consultant to Emtech, a regional telecommunications company, and President and joint CEO for KB Marketing, Inc. One of that company's products received the DIY Innovative Product of 1985 award at the National Hardware Show.

Vernon O. Robbins, Executive Vice President, Director of Marketing, has been an independent financial consultant and vice

president and stock broker for several major firms in Anchorage, Alaska. He has international trade experience in general stock analysis, financial planning and investment counseling.

[REDACTED] Vice President, Chief Financial Officer, was a longtime employee of Central Bank & Trust Company in Denver, Colo., where he initiated and marketed the CHEXTRA, the only guaranteed check system in the State of Colorado at that time. He later became a stock broker, specializing in quality and intermediate investments. He also is experienced in investment banking and financial consulting. Additionally, he was chairman of the fundraising drive for the Denver 1976 Olympics.

**COMPANY OFFICES**

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Longmont, Colo. 80501  
(303) 678-5552

**COMPANY CONTACTS**

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Vernon O. Robbins  
(303) 678-5553  
[REDACTED]  
(303) 678-5553

**AUDITORS**

Brock, Buckholz and Stow, CPA  
REGISTRAR & TRANSFER AGENT  
Nevada Stock Transfer Corporation  
5025 S. Eastern #6  
Las Vegas, Nev. 89119

**MARKET MAKERS**

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(303) 694-0088  
Richard Christman, LeVigne  
Spokane, Wa.  
(800) 237-4910  
Greentree Securities  
Boca Raton, Fl.  
(800) 327-5000  
R. Witter Securities  
Colo. Springs, Colo.  
(303) 574-1421  
Tri-Bradley Securities  
Denver, Colo.  
(303) 773-9199  
Gildcore Financial Services  
San Diego, Ca.  
(800) 682-7355

**OFFICERS**

Gary L. Kelsay ..... President, Chief Executive Officer, Chairman  
Vernon O. Robbins ..... Executive Vice President,  
Director of Marketing, Director  
[REDACTED] ..... Vice President, Chief Financial Officer, Director  
Paul A. Morris ..... Secretary/Treasurer, Director  
Louis T. Yoshida ..... Director of Research and Development

**FINANCIAL SUMMARY**

Shares Outstanding ..... 30,580,000  
Float ..... 8,080,000  
Current Share Price Range ..... 1 3/8 bid, 1 3/4 ask  
(October, 1987)

This Corporate Profile was prepared as of October, 1987, as a public relations service, by Corporate Financial Communications, Inc. from material previously released by NUTRONICS CORPORATION.

**TRADING INFORMATION**

The common stock of NUTRONICS CORPORATION is publicly traded in the U.S. Over-the-Counter market.

For a complete copy of this Corporate Profile, call (303) 678-5552.



Corporate Financial Communications, Inc.

The CFC Building  
7880 E. Berry Place  
Englewood, CO 80111  
(303) 694-1155

Nutronics Corporation  
700 Weaver Park Road, Suite A  
Longmont, CO 80501  
(303) 678-5553

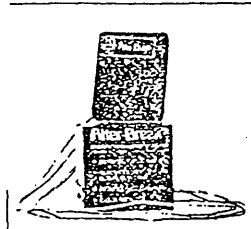
READER CAUTION: THIS CORPORATE PROFILE HAS BEEN PREPARED AS A PUBLIC RELATIONS SERVICE BY CORPORATE FINANCIAL COMMUNICATIONS, INC. FROM MATERIAL PREVIOUSLY RELEASED BY THE CORPORATION TO INTRODUCE YOU TO BASIC INFORMATION ONLY. IT DOES NOT PURPORT TO CONTAIN INFORMATION FOR INVESTMENT DETERMINATION AND IS NOT INTENDED TO DIRECTLY OR INDIRECTLY CONTAIN ANY ADVICE AS TO THE VALUE OF THE SECURITIES DESCRIBED THEREIN, OR AS TO THE ADVISABILITY OF INVESTING IN HOLDING OR SELLING SUCH SECURITIES. CORPORATE FINANCIAL COMMUNICATIONS, INC. ITS DIRECTORS, OFFICERS AND EMPLOYEES MAY HAVE, FROM TIME TO TIME, A LONG OR SHORT POSITION IN OR MAY BUY OR SELL THE SECURITIES MENTIONED THEREIN.

# NEWS FROM OTC AMERICA INC.

OCTOBER 19, 1987

## OTC America Announces New Portfolio Client — Nutronics Corporation —

October 19, 1987—OTC America is pleased to announce the addition of Nutronics Corporation to its portfolio of over-the-counter stocks.



*The Alter-Break System.*

especially for the Alter-Break system. When the sensor determines that load is high, the alternator is disabled, allowing the engine to run more efficiently and with more power to the drive train. As engine load decreases, the Alter-Break system allows the alternator to charge the battery and maintain system voltage. In the event that an engine is subjected to a high load for a long time, the voltage monitor within the Alter-Break system will override all control signals to allow the alternator to charge the battery in its normal mode of operation. Use of the product has a significant impact on increased fuel efficiency and reduced automotive emissions.

Nutronics Corporation (listed in the Pink Sheets) is an 11-year-old company which, after a management change in April 1987, began concentrating all of its resources on development, manufacturing and marketing of the Alter-Break, a patented automotive product to which worldwide manufacturing, distribution and patent rights were acquired in March 1987. This invention is unique, not an improvement over an existing product, and there is no known competition.

### Unique Patented Product

This revolutionary new automotive device is an electronic state-of-the-art sensor controller designed to remove the alternator load factor from total engine load during any occasion that the engine is accelerating or otherwise performing work at levels above normal engine idle. Engine load is detected by a proprietary load sensor developed

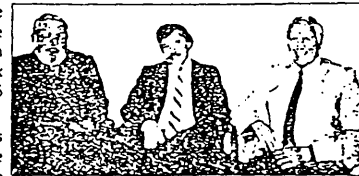
### Contracts and Licensing

Nutronics Corporation began manufacture and delivery of production unit Alter-Break systems in September 1987. All of its production for the balance of 1987, 36,000 units, is committed to partial fulfillment of a domestic contract order aggregating 536,000 units through calendar 1988. Gross profit on this one contract of over \$6.5 million should be in excess of 33 1/2 percent. The company has also signed option agreements to license distributors in Canada, Europe, Asia, South America and the South Pacific.

### Trading Information

Prior to last spring's changes, the company had not shown a profit, and the stock was trading at less than a dime. After the announcement of the change in management and acquisition of the automotive product, the stock began actively trading again at \$0.50 to \$0.60. It has increased steadily for the past six months and, as of Oct. 7, 1987, is listed in the pink sheets at \$1.38 bid, \$1.75 asked.

Nutronics Corporation has purchased consulting and marketing services from OTC America with 8,000 shares of its common stock. These shares are restricted lettered stock and under certain circumstances may in the future be sold in compliance with Rule 144 adopted under the Securities Act of 1933.



*Directors of Nutronics Corp. (l to r) Vernon Robbins (VP), Gary Kelsay (Pres).*

**OTC America, Inc. Now Owns 8,000 Shares of Nutronics Corporation**  
Nutronics Corp. 700 Weaver Park Drive, Suite A Longmont, CO 80501 (303) 678-5553

### OTC America, Inc.

Terry Freeman — President

1780 S. Bellaire St., Suite 400, Denver, CO 80222, (303) 758-9131

OTC America, Inc. Trades Over-the-Counter Pink Sheet Listed

EXHIBIT 6

**US DEPARTMENT OF ENERGY SUPPORTS NEW SPACE-AGE GAS SAVING DEVICE...ALTER-BREAK!**

After evaluating over 23,600 energy saving ideas through the Energy Related Inventions Program (ERIP), the National Bureau of Standards and the US Department of Energy awarded \$53,000 for commercialization of the Nutronics "ALTER-BREAK". Documented tests show that up to a 19% fuel savings can be obtained with this easily installed electronic unit.

Here is what the US Government said concerning this Innovative American made product:

"One of the inventions with which the program has worked for several years now is the ALTER-BREAK, a device which controls the operation of an automotive alternator under various engine operating conditions. The concept behind the ALTER-BREAK is that by reducing the output of the alternator when the engine is under load, engine drag is reduced and fuel efficiency improvements are thereby achieved. When the engine load is removed, the alternator is allowed to work at capacity to provide operating current and recharge the battery. The ALTER-BREAK retrofits easily to most gasoline powered automotive engines.

We have received from the manufacturer numerous reports of substantial fuel efficiency improvements (10-25%) from individuals using the device on their private vehicles. We are, needless to say, very excited at the prospect of a device which offers such a dramatic improvement in fuel efficiency for the nation's vehicles. At a time when incremental improvements in automotive fuel efficiency are increasingly difficult to achieve, a device offering savings of this magnitude would be a tremendous boon to the nation both from the standpoint of the balance of trade as well as from environmental perspective."

After evaluation by US Government Engineers and outside Engineering Consultants specializing in the automotive field, the US Government stated that:

1. "The design of the ALTER-BREAK system is straightforward and technically valid."
2. "The circuit will perform the functions claimed."
3. "It requires the connection of four small wires with the intent that the purchaser could perform the installation himself."
4. "The inventor has presented a very convincing method of improving motor fuel economy."
5. "The ALTER-BREAK is particularly attractive due to the magnitude of fuel savings for such a modest price."

6. "The fuel savings potential of the ALTER-BREAK is impressive. A 19% potential fuel savings at the pump for a city driven Audi fox is worth serious consideration. Even a 2% to 3% fuel savings (let alone the 12% to 19% of this device) has tremendous leverage on a National scale."

7. "The electronic aspect of the ALTER-BREAK system is not an evaluation issue. The unit has been built, tested, and it works."

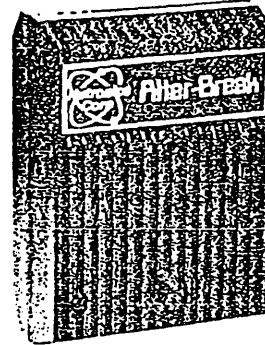
In addition to increased gas mileage, the ALTER-BREAK is expected to extend the life of both the alternator and the vehicle battery. The alternator life expectancy is increased because of the short duty cycle. The system also increases the life of the battery by minimizing the build-up of deposits on the positive plates. It is these deposits that flake off and build up in the battery case until they eventually short out the battery.

MADE IN AMERICA using Space-Age Technology, the ALTER-BREAK can withstand the harsh elements of the automobile environment. Not affected by temperature (-40F to +221F), vibration or moisture (silicone encapsulated) the ALTER-BREAK is compact in size (1"x2 1/4"x3 1/2") and easy to install by most do-it-yourselfers.

The ALTER-BREAK will not harm your automobile's electrical system in any way! The special electronic circuitry monitors the battery voltage constantly, keeping the battery well charged at all times.

Why not try ALTER-BREAK now RISK FREE and Save Gas, Extend the life of your battery and alternator. If you're not happy with your results, return the unit to us within 90 days of purchase for a full refund.

- Increase Mileage up to 19%
- US Government Tested
- Good for the Life of the Vehicle
- Will Not Harm Your Vehicle's Electrical System
- Risk Free Guarantee



**RISK FREE GUARANTEE**  
If you are not perfectly satisfied with ALTER-BREAK, please return it to us within 90 days of purchase for a FULL REFUND. We have been in business for 10 years and intend to keep our customers happy.

Buy now at our special introductory price of \$49.95.

For purchase or further information call TOLL FREE 1-800-227-5425 (in Colorado, 1-303-772-4797) or send to: ALTER-BREAK, 407 Del Rio Road, Berthoud, Colorado 80513.

Send me one ALTER-BREAK for \$49.95 plus \$3 Shipping.  
Send me \_\_\_\_\_ ALTER-BREAKS for \$49.95 each plus FREE SHIPPING (2 or more).

Check     COD     Visa/MC

Card - \_\_\_\_\_ Exp. \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_  
(give street address for UPS delivery)

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

Vehicle Yr. Make, Model \_\_\_\_\_

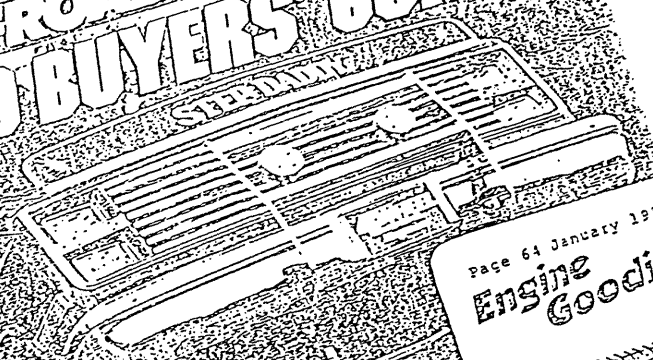
MONSTER MOUNTAIN AND MORE!  
MUCH MORE INSIDE!  
REVEREND  
7TH ANNUAL HAMBONEE FALL NEWS

# 4 WHEEL


## & OFF ROAD BUYERS' GUIDES

24 PAGES

SUPER PARTS  
SPECTACULAR  
SUSPENSIONS  
ENGINES  
POLEMONS  
INTERIORS



Page 64 January 1989  
**Engine Goodies**



**Take a Break**  
The AVEE ECU SYSTEM from Nutronics is an engine management device that enhances the output of the engine, increases acceleration, improves fuel economy, and allows the engine to operate at a higher RPM. The AVEE ECU SYSTEM has been tested by several agencies with an increase of 10-15 percent in gas mileage reported. For more information, call NUTRONICS, Dept. JACR, 1100 West Park Rd., Longmont, CO 80501, 303-553-1553.

**GEAR SWAP HOW-TO**  
Ring and Pinion Installation  
**KILLER STEREO**  
500 Watts, 14 Speakers

## DECISION AND ORDER

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

The respondents, their attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all 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 respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter by interested persons pursuant to Section 2.34 of its Rules, 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 Nutronics Corporation is organized and exists under the laws of the State of Nevada. It is qualified to do business in the State of Colorado as a foreign corporation with its office and principal place of business located at 700 Weaver Park Road, in the City of Longmont, State of Colorado.

Respondent Gary Kelsay is President and CEO of respondent Nutronics Corporation. He formulates, directs and controls the acts and practices of said corporate respondent.

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 respondents Nutronics Corporation and Gary Kelsay, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, labeling, offering for sale, sale or distribution of the "Alter Break System" or any other "automobile retrofit device" (as that term is defined in Section 511 of the Motor Vehicle Information and Cost Savings Act, 15 U.S.C. 2011), in or affecting commerce (as that term is defined in the Federal Trade Commission Act), do forthwith cease and desist from:

- a. Misrepresenting, directly or by implication, that the government has approved such device for sale to the public; or
- b. Misrepresenting, directly or by implication, that any person or entity has confirmed that such device increases gas mileage, unless such person or entity has, in fact, confirmed that such device increases gas mileage in the stated percentages.

## II.

*It is further ordered,* That respondents, their successors and assigns, and their officers, agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, labeling, offering for sale, sale or distribution of any automobile retrofit device in or affecting commerce do forthwith cease and desist from representing, directly or by implication, that any such device will or may improve fuel economy when installed in an automobile, truck, recreational vehicle, or other motor vehicle, unless at the time of making such representation respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation; provided, however, that:

- (a) With respect to such representation, "competent and reliable" scientific evidence means tests, demonstrations, research, studies, surveys or other evidence 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.

Respondents may use tests such as the then current Environmental Protection Agency Federal Test Procedure, 40 CFR 86, or Highway Fuel Economy Test, 40 CFR 600, or other tests of equivalent competency or reliability;

(b) When making any such representation, any material limitation on the applicability of the representation to certain vehicles, including but not limited to any limitation regarding the number of cylinders a vehicle must have in order for it to benefit from use of an automobile retrofit device, and any limitation regarding the minimum number of miles a vehicle must be driven before the represented benefits can be expected, shall be clearly and conspicuously disclosed.

### III.

*It is further ordered,* That respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, labeling, offering for sale, sale or distribution of any automobile retrofit device in or affecting commerce shall clearly and conspicuously display the following disclaimer when making any representation, directly or by implication, of improved fuel economy or performance through the use of any such device: "Reminder: The actual fuel savings or level of performance attained may vary, depending on the kind of driving you do, how you drive, and the condition of your car."

### IV.

*It is further ordered,* That respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, labeling, offering for sale, sale or distribution of any automobile retrofit device in or affecting commerce do forthwith cease and desist from making any fuel savings which use the phrase "up to" or words of similar import unless the maximum level of savings or performance claimed can be achieved by an appreciable number of consumers, and, further, in any instances where consumers could not reasonably foresee the major factors or conditions affecting the maximum level of savings or performance, cease and desist from failing to disclose clearly and prominently the

class of consumers who can achieve the maximum level of savings or performance.

V.

*It is further ordered,* That respondents, their successors and assigns, and their officers, agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, labeling, offering for sale, sale or distribution of any automobile retrofit device in or affecting commerce do forthwith cease and desist from making any claim regarding the length of time required to realize fuel savings equivalent to the cost of such automobile retrofit device, unless such claim is substantiated by results pursuant to Part II of this order.

VI.

*It is further ordered,* That respondents, their successors and assigns, shall, for three (3) years from the date any representation covered by this order is disseminated, maintain and make available to the Federal Trade Commission for inspection and copying the following records:

(1) Dissemination schedules for all advertisements, sales promotional materials, and post-purchase materials containing the representation;

(2) All materials that were relied upon to substantiate the representation; and

(3) All tests, demonstrations, research, studies, surveys, or other evidence in respondents' possession or control that contradict, qualify, or call into question such representation or the basis upon which respondents relied for such representation.

VII.

*It is further ordered,* That the respondents shall distribute a copy of this order without delay to all present and future personnel, agents, or representatives having sales, advertising or policy responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed statement acknowledging receipt of this order.

## VIII.

*It is further ordered,* That each respondent shall notify the Commission of any discontinuance of its present business and/or affiliation with any new business or employment for a period of three (3) years from the effective date of this order. Such notice shall include the respondent's new business address and a statement of the nature of the business or employment in which the respondent is newly engaged, as well as a description of respondent's duties and responsibilities in connection with such business or employment. The expiration of the notice provision of this paragraph shall not affect any other obligation arising under this order.

## IX.

*It is further ordered,* That the corporate respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

## X.

*It is further ordered,* That respondents shall, within sixty (60) days after service of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order.

## IN THE MATTER OF

NEW JERSEY MOVERS TARIFF BUREAU, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF  
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3282. Complaint, Jan. 19, 1990—Decision, Jan. 19, 1990*

This consent order prohibits, among other things, the Highland Park, N.J. based movers from entering into or maintaining any agreement to fix, maintain, or interfere with the prices charged by movers. The order also prohibits respondents from discussing or formulating agreements among movers concerning intrastate prices to be charged for the transportation of property or related services.

*Appearances*For the Commission: *Eugene Lipkowitz and Michael J. Bloom.*For the respondents: *Thomas F.X. Foley, Holmdel, N.J.*

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the New Jersey Movers Tariff Bureau, Inc., a corporation, and the New Jersey Warehousemen and Movers Association, a corporation (hereinafter sometimes referred to as "Tariff Bureau" and "Movers Association," respectively, or as "proposed respondents," collectively), have violated and are violating Section 5 of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent New Jersey Movers Tariff Bureau, Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New Jersey. Respondent New Jersey Warehousemen and Movers Association is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New Jersey. Both respondents have their offices and principal places of business located at 24 North Third Avenue, Highland Park, New Jersey.

PAR. 2. Except to the extent that competition has been restrained as alleged herein, respondents' members have been and are now in competition among themselves and with other public movers.

PAR. 3. Respondents are and have been, at all times relevant to this complaint, corporations organized for the profit of their members within the meaning of Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44.

PAR. 4. Respondents share common officers and directors, including a common President. The Tariff Bureau's General Manager serves as Executive Director of the Movers Association. Individuals serving on the Tariff Bureau's Board of Directors are also officers of the Movers Association. Respondents' memberships are also largely overlapping; in 1987-1988, each consisted of approximately 300 public movers engaged in the intrastate transportation of property in New Jersey. The members receive substantial compensation for such intrastate moves.

PAR. 5. Respondents maintain and have maintained a substantial course of business, including the acts and practices as hereinafter set forth, in or affecting commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 6. Prior to 1981, New Jersey's public moving industry was regulated by the Board of Public Utilities, which was empowered, pursuant to the 1968 Public Movers Act, to "fix just and reasonable" rates. During much of the 1970's, respondent Tariff Bureau filed, on behalf of its members, a joint and common tariff that was subject to the approval of the Board of Public Utilities. In 1978, however, after the Board determined that the Tariff Bureau had acted anticompetitively and injured consumers, public movers who had been members of the Tariff Bureau began to file their rates individually instead of through a joint and common tariff. In 1981, the State of New Jersey decided to abandon rate regulation in favor of a regulatory system that provides greater freedom for public movers and consumers. The 1981 New Jersey Public Movers and Warehousemen Licensing Act replaced the 1968 Public Movers Act. The 1981 Act provides that each mover must file tariffs semiannually with the Director of the New Jersey Division of Consumer Affairs, but allows each mover to choose the rates it will charge for its moving services subject to a requirement that the rates be in accord with its filed tariff.

PAR. 7. In 1982, respondent Movers Association corresponded with its members and members of the Tariff Bureau, inviting them to stop

filing their tariffs individually and to participate in the filing of a new joint tariff. The Movers Association then re-activated the Tariff Bureau to design and implement the joint tariff. Acting in conjunction with the Movers Association through, among other things, joint meetings and the involvement of common employees and officers, the Tariff Bureau designed and implemented the joint tariff in a manner that had the natural tendency and effect of raising the prices of moving services. Since the inception of this effort to create a joint tariff, respondents have acted as a combination of their members or in a conspiracy with at least some of their members, and with each other, to hinder, restrain, restrict, suppress, or eliminate price and service competition among public movers in the intrastate transportation of household goods, office goods, and special commodities.

PAR. 8. In furtherance of said combination or conspiracy, respondents and their members have engaged in the following acts, policies, and practices, among others, to coordinate and raise prices for public moving services in New Jersey:

(A) Beginning in the fall of 1982, respondents surveyed their membership concerning the rates that members wanted to have published in the new joint tariff. Respondents then rejected the price preferences of their members reflected in the survey results and created instead a joint tariff containing menus of rates in tabular form. For each of several categories of moving services, members were then invited to and did select one of the tariff rate tables created by respondents.

(B) The joint tariff created by respondents to some extent allowed movers to "take exception" to the tariff tables and to select rates and terms of service that were not reflected in the tables. In general, however, respondents designed and operated the tariff, including the exception process, in a way that discouraged and suppressed movers' taking of exceptions to implement their unilateral pricing decisions. Thus, for example, some movers complained to the Tariff Bureau that the tariff tables did not contain their desired rates, but nevertheless declined to use an exception in order to obtain their desired rates.

(C) In the fall of 1987, the Tariff Bureau modified several of the tariff tables. In general, the modifications eliminated lower rates and added higher rates. The Tariff Bureau eliminated tables containing lower rates from the fall 1987 tariff even where the lower rates had been, during the most recent tariff period and before, movers' most popular choice of rates for their moving services.

(D) With respect to the fall 1987 tariff and subsequent tariffs embodying the new and higher rate tables, movers' rate selections revealed a marked price increase for several categories of moving services. Movers who had previously selected lower rates that were now no longer presented as rate options in the tariff generally did not seek to use the exception process to continue charging lower rates. Rather, they generally selected the tariff tables containing higher rates—in some instances rates that were several rate levels higher than those they had selected prior to the fall of 1987. In addition, the Tariff Bureau often ignored movers' requests for the same rates that they had selected in the previous tariff, and assigned them to the new higher rate tables.

PAR. 9. The aforesaid acts and practices of respondents, their members and others have been and are now having the effects, among others, of:

(A) Raising, fixing, stabilizing, or otherwise interfering or tampering with the prices of intrastate movers of household goods, office goods, and special commodities;

(B) Restricting or frustrating price competition in the intrastate transportation of household goods, office goods, and special commodities; and

(C) Depriving consumers of the benefits of price and service competition.

PAR. 10. The aforesaid acts and practices constitute unfair methods of competition in or affecting commerce or unfair acts and practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act. The acts and practices of respondents, or the effects thereof, are continuing and will continue or recur in the absence of the relief requested.

#### DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the New Jersey Movers Tariff Bureau, Inc., a corporation, and the New Jersey Warehousemen and Movers Association, a corporation (hereinafter sometimes referred to as "Tariff Bureau" or "Movers Association," respectively, or as "respondents," collectively), and respondents named in the caption hereof having been furnished thereafter with a copy of a draft of complaint which the New York Regional Office proposed to present to the

Commission for its consideration and which, if issued by the Commission would charge respondents with violation of the Federal Trade Commission Act; and

The respondents, their attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, making the following jurisdictional findings, and enters the following order:

(1) Respondent New Jersey Movers Tariff Bureau, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New Jersey. Respondent New Jersey Warehousemen and Movers Association is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New Jersey. Both respondents have their offices and principal places of business located at 24 North Third Avenue, Highland Park, New Jersey.

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

#### ORDER

##### I.

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

(A) "*Household goods*" means personal effects, fixtures, equipment, stock and supplies, or other property usually used in or as part of the stock of a dwelling.

(B) "*Intrastate transportation*" or "*intrastate moves*" means the pickup or receipt, transportation and delivery of property for compensation within the State of New Jersey by a mover authorized by state law to engage therein.

(C) "*Member*" means any mover or other person which pays dues or belongs to the New Jersey Movers Tariff Bureau, Inc. or to the New Jersey Warehousemen and Movers Association, or to any successor corporation.

(D) "*Office goods*" means personal effects, fixtures, furniture, equipment, stock and supplies, or other property usually used in or as part of the stock of any office, or commercial, institutional, professional, or other type of establishment.

(E) "*Person*" means any individual, copartnership, association, company, or corporation, and includes any trustee, receiver, assignee, lessee, or personal representative of any person herein defined.

(F) "*Mover*" means any person engaged in the transportation of household goods, office goods, or special commodities by motor vehicle for compensation in intrastate commerce between points in the State of New Jersey.

(G) "*Special commodities*" means uncrated or unboxed works of art, fixtures, appliances, business machines, electronic equipment, displays, exhibits, home, office, store, theatrical or show equipment, musical instruments, or other articles.

(H) "*Tariff Bureau*" means the New Jersey Movers Tariff Bureau, Inc.

(I) "*Movers Association*" means the New Jersey Warehousemen and Movers Association.

(J) "*Tariff*" means a publication stating the prices charged by movers for services rendered in the transportation of household goods, office goods, and special commodities, within the State of New Jersey.

## II.

*It is ordered,* That respondents Tariff Bureau and Movers Association, their successors and assigns, and their directors, officers, committees, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the transportation of property, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, jointly and individually, do forthwith cease and desist from:

A. Entering into, adhering to, or maintaining, directly or indirectly, any contract, agreement, understanding, plan, program, combination, or conspiracy to construct, fix, stabilize, raise, maintain, or otherwise interfere or tamper with the prices charged by movers;

B. Suggesting, urging, encouraging or persuading in any way movers to charge, file, or adhere to any existing or proposed tariff provision, or otherwise to charge or refrain from charging any particular price for any services rendered or goods or equipment provided;

C. Inviting, coordinating, or providing a forum for any discussion or agreement between or among movers concerning intrastate prices charged or proposed to be charged by movers for the intrastate transportation of property or related services, goods, or equipment; and

D. Formulating, compiling, filing, or maintaining any tariff derived in whole or in part from price information that respondents or others have collected on forms that contain pre-selected prices or that use or refer to tables of prices.

*Provided, however,* that nothing contained in subpart II. D. of this order shall prevent respondents from collecting and publishing individual tariffs or tariff information that movers have communicated to respondents on forms, other than forms devised, established or circulated to movers by respondents that contain pre-selected prices or that use or refer to tables of prices, in which each mover inserts or sets forth prices that are unilaterally determined by the mover, for the purpose of facilitating each mover's satisfaction of the tariff filing requirements of the State of New Jersey. And *provided further,* that, after a period of one year from the effective date of this order, nothing contained in this subpart shall prevent respondents from presenting to state regulatory authorities tariff filings that contain a tabularized or consolidated display of unilaterally determined mover prices.

### III.

*It is further ordered,* That respondents Tariff Bureau and Movers Association each shall:

(A) At the first opportunity after this order becomes final, but in no case later than six (6) months thereafter, cancel all tariffs and any supplements thereto on file with the Director of the Division of

