

932-3219

B178485

**ANALYSIS OF PROPOSED CONSENT ORDER
TO AID PUBLIC COMMENT**

The Federal Trade Commission has accepted an agreement to a proposed consent order from Blenheim Expositions, Inc. ("Blenheim").

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

This matter concerns claims made by Blenheim in its advertising and promotional materials for franchise shows.

The Commission's complaint in this matter charges Blenheim with engaging in unfair or deceptive practices in connection with the advertising of its franchise shows. According to the complaint, Blenheim falsely represented that it had a reasonable basis for claims that franchise owners earn an average income and/or average pre-tax income of more than \$124,000, and that franchise owners earn an average pre-tax income and/or average pre-tax profit of \$124,290.

The complaint also alleges that Blenheim falsely represented that it had a reasonable basis for claims that a prospective franchise owner's chances of success are 94%, and that franchise owners enjoy a 94% success rate.

Finally, the complaint alleges that Blenheim falsely represented that the above representations were proved by a Gallup poll of franchise owners conducted in 1991.

The consent order contains provisions designed to remedy the violations charged and to prevent Blenheim from engaging in similar deceptive and unfair acts and practices in the future.

Part I of the order prohibits Blenheim from misrepresenting the existence, purpose, sample, contents, validity, results, conclusions or interpretations of any survey, poll, test, report or study.

Part II of the order prohibits Blenheim from making any claims about the sales, income, or profits that current or prospective franchise owners have earned or can or will earn, or the chances of success or success rates that franchise owners have enjoyed or can or will enjoy, unless, prior to making such claims, Blenheim has competent and reliable evidence to

substantiate the claims, which when appropriate must be competent and reliable scientific evidence.

Part III of the order requires Blenheim, for a period of five years after the date of entry of the order, to distribute at each franchise show it promotes, a brochure entitled, "A Consumer Guide to Buying A Franchise," provided to Blenheim by the Commission. Under this requirement, Blenheim must reproduce the brochure in a format substantially similar to the original format as provided by the Commission; is responsible for the printing costs of the brochure; and must distribute copies of the brochure to at least 500 persons attending each such show, or to each person attending such show if the total number of such persons is fewer than 500. Blenheim may revise the text of the brochure or substitute a similar document only after submitting said revision or substitution to staff of the Commission and receiving written approval thereof.

Part IV of the order requires Blenheim to maintain copies of all advertisements setting forth any representation covered by the order; all materials relied upon in making any representation covered by the order; all materials in Blenheim's possession or control that contradict such representation or the basis upon which Blenheim relied for it; and any other materials that demonstrate full compliance with the order.

Part V of the order requires Blenheim to distribute copies of the order to each of its operating divisions and to each of its various officers, agents and representatives.

Part VI of the order requires Blenheim to notify the Commission of any changes in corporate structure that might affect compliance with the order.

Part VII of the order terminates the order twenty years from the date of its issuance, or twenty years from the date a complaint is filed in federal court alleging any violation of the order, whichever comes later.

Part VIII of the order requires Blenheim to file with the Commission one or more reports detailing compliance with the order.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and proposed order, or to modify any of their terms.