

Complaint

105 F.T.C.

IN THE MATTER OF
COMMODORE BUSINESS MACHINES, INC.

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

Docket C-3151. Complaint, March 22, 1985—Decision, March 22, 1985

This Consent Order requires a West Chester, Pa. marketer of computer products, among other things, to cease, in connection with the advertising, sale or distribution of the Commodore 64 or any other hardware or software computer product, representing the availability or capability of a product, unless at the time of the claim the product is available for public sale in reasonable quantities, or has the claimed capability. The Order further bars the company from making any representations concerning the future availability or capability of a computer product unless the firm has a reasonable basis for the claim at the time the representation is made. Respondent is additionally required to maintain specified records for a period of three years.

Appearances

For the Commission: *Reid B. Horwitz and Joel Winston.*

For the respondent: *James R. Wendelgass*, in-house counsel, West Chester, Pa.

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 Commodore Business Machines, Inc. ("Commodore"), hereinafter at times referred to as respondent, has violated the provisions of the 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 in that respect as follows:

PARAGRAPH 1. Commodore is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1200 Wilson Drive, West Chester, Pennsylvania.

PAR. 2. Commodore has been and now is engaged in the business of manufacturing, advertising, offering for sale, sale and distribution of the Commodore 64 computer and other computer hardware and software products to the public.

PAR. 3. Among the products available as accessories for computers

are microprocessors, which enable the computer to utilize different software operating systems. These operating systems allow the use of various software programs. One such operating system is CP/M, which enables the computer to process hundreds of software programs.

PAR. 4. The respondent, in connection with the marketing of computer products, has disseminated, and now disseminates, advertisements and promotional material for the purpose of promoting the sale of Commodore products.

PAR. 5. Respondent maintains, and has maintained, a substantial course of business, including the acts and practices set forth herein, in or affecting commerce, as commerce is defined in the Federal Trade Commission Act.

PAR. 6. Typical statements and representations in said advertisements and promotional materials, but not necessarily all-inclusive thereof, are found in advertisements attached hereto as Exhibits A - E.

PAR. 7. Through the use of the statements and representations referred to in Paragraph Six and others, respondent has represented, directly or by implication, that:

(a) The Z80 microprocessor, for use with the Commodore 64 computer, was generally available for sale to the public.

(b) The Commodore 64 computer could be equipped to use the CP/M operating system, and thereby process CP/M software, through purchase of the Z80 microprocessor.

PAR. 8. In truth and in fact:

(a) At the time of the dissemination of said statements and representations, the Z80 microprocessor for use with the Commodore 64 computer was not generally available for sale to the public.

(b) At the time of the dissemination of said statements and representations, the Commodore 64 computer could not be equipped to use the CP/M operating system, and was therefore incapable of processing CP/M software, because the Z80 microprocessor was not generally available for sale to the public.

Therefore, the statements and representations referred to in Paragraphs Six and Seven were false, misleading and deceptive.

PAR. 9. The use by respondent of the aforesaid false, misleading and deceptive statements, representations, acts and practices, has had the capacity and tendency to mislead members of the public into the erroneous and mistaken belief that said statements and representations were true and complete, and into the purchase of substantial quantities of respondent's products by reason of said erroneous and mistaken belief.

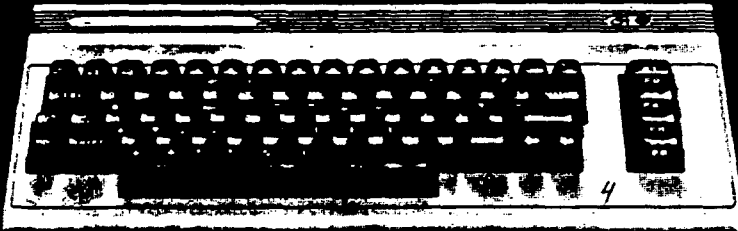
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PAR. 10. The acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair and deceptive acts or practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act.

ATTACHMENT A

**IF YOUR SCHOOL
SYSTEM BUYS AN
APPLE II+ INSTEAD OF
A COMMODORE 64,
ALL YOU'LL BE OUT IS
16K, HIGH-RESOLUTION
GRAPHICS, A MUSIC
SYNTHESIZER AND
\$900.00.**



THE COMMODORE 64. ONLY \$595.
What nobody else can give you at twice the price.

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FEATURES	COMMODORE 64	APPLE II+	IBM PC	TANDY TRS-80 III	ATARI 800
Base Price*	\$595	\$1530	\$1565	\$999	\$899
Advanced Personal Computer Features					
Built-in User Memory	64K	48K	16K	16K	16K
Programmable	YES	YES	YES	YES	YES
Real Typewriter Keyboard	YES (88 keys)	YES (52 keys)	YES (83 keys)	YES (65 keys)	YES (61 keys)
Graphics Characters (from Keyboard)	YES	NO	NO	NO	YES
Upper and Lower Case Letters	YES	Upper Only	YES	YES	YES
Maximum 5 1/4" Disk Capacity Per Drive	170K/1000K	143K	160K	178K	96K
Audio Features					
Sound Generator	YES	YES	YES	NO	YES
Music Synthesizer	YES	NO	NO	NO	NO
Hi-Fi Output	YES	NO	NO	NO	YES
Video Features					
TV Output	YES	EXTRA	EXTRA	NO	YES
Input/Output Features					
"Smart" Peripherals	YES	NO	NO	NO	YES
Software Features					
CP/M* Option (Over 1,000 Packages)	YES	YES	YES	YES	NO

*Manufacturer's Suggested Retail Price, July 1, 1982. Disk drives and printers are not included in price. The 64's price may change without notice.

Multiply what the Commodore 64™ gives you (and saves you) by the number of computers you're planning to buy for your school system. The numbers you wind up with will be impressive, to say the least.

Because with 64K of memory and a suggested retail price of \$595, the Commodore 64 is less than half the price of competitive units that can't measure up to its power.

Which, of course, means you can get twice as many students behind Commodore 64s for the same amount of money.

A fact that should please students, faculties, school boards and, especially, taxpayers.

TAP IT INTO YOUR PRESENT SYSTEM.

For years, Commodore has been a major force in educational computing.

To take advantage of this dominance, the Commodore 64 is PET® compatible. Which means that with the optional PET Emulator, you can use most of the PET programs you may already have.

So you not only save money on software, you save the time it takes to build it up.

Naturally, because the basic price of the Commodore 64 is so low, you can add peripherals and still realize considerable economies compared with other systems.

If your needs include programming in PILOT, LOGO, BASIC or USCD Pascal, the 64 can run them all. Plus hundreds of programs in CP/M* with the optional Z80+ microprocessor.

What all this amounts to is that the software available for the 64 is virtually limitless.

VIDEO QUALITY THAT COMMANDS ATTENTION.

The 64 has exceptionally high video resolution, including 16 available colors, 3D Sprite graphics and a wide range of charts and graphs.

All of which combine to make the 64 as visually exciting a computer as you'll find anywhere.

And, while you might discourage it during school hours, the Commodore 64 will play an extensive assortment of game cartridges, besides running games which students can invent themselves.

SOUND TO TEACH OR ENTERTAIN.

The Commodore 64 has excellent sound effects in its game mode. As a music synthesizer, its sound is incredible.

It features a built-in ADSR (attack, decay, sustain, release) envelope, 3 voices (each with a 9-octave range) and 4 waveforms.

And it shows you your music note by note as you compose or play back, as well as being adaptable to playback through an audio system, so the whole class can hear what's going on.

SAVE NOW FOR A BETTER EDUCATION.

If you're looking to upgrade your present computers or buy computers for the first time, look long and hard at the Commodore 64.

Its combination of power, graphics, music and software makes it perfect for every application from junior highs to grad schools.

And its price makes it perfect, period.

Commodore Business Machines/Personal Systems Division
P.O. Box 500, Coraopolis, Pennsylvania 15108

Please send me more information on the Commodore 64

Name _____

Address _____

City _____

State _____

Zip _____

Phone _____

 **commodore**
COMPUTER

CP/M is a registered trademark of Digital Research, Inc.

ATTACHMENT B

"THE COMMODORE 64 COULD BE THE MICROCOMPUTER INDUSTRY'S OUTSTANDING NEW PRODUCT INTRODUCTION SINCE THE BIRTH OF THIS INDUSTRY."

-SHEARSON/AMERICAN EXPRESS

The Commodore 64™ to judge from the above comment, is generating as much excitement among the people who invest in companies as it is among the people who run them.

The reason for this is that, for the first time, high-level computer power is limited only by the inclination to have it, rather than the means.

HALF THE COST = TWICE THE PRODUCTIVITY.

This simple equation reflects the Commodore 64's most basic — and outstanding — qualifications.

Its standard memory is 64K, which is unusual enough in a micro at any price.

At \$595, it is astonishing.

Compared, for example, with the Apple II+,* the Commodore 64 offers 33% more power at considerably less than 50% of the price.

Compared with anything else, it's even more impressive.

And if you're a businessman, it can effectively double your computer-equipped work force.

PILE ON THE PERIPHERALS.

Because the basic cost of the Commodore 64 is so low, you can afford more peripherals for it. Like disk drives, printers and a telephone modem.

For about the price of an Apple II+* computer alone, you could equip your company with a Commodore 64, disk drive, printer and modem.

HARD FACTS ABOUT SOFTWARE.

The Commodore 64 will be able to run virtually any program important to business and industry.

Commodore software will include an electronic spreadsheet, business graphics (including printout); a user-definable diary/calendar; word processing; mailing lists, an electronic mail program; and much more.

Even programs that can teach operators how to program.

It is programmable in BASIC.

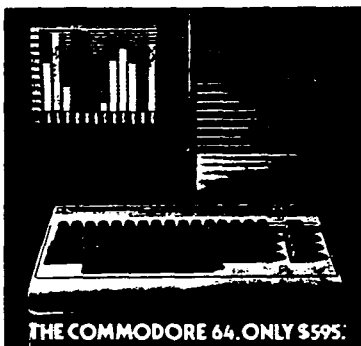
With the added CP/M† option, you can have access to hundreds of existing software packages.

In short, its applications are virtually limitless.

THE FUN SIDE OF POWER.

The Commodore 64 can become very playful at a moment's notice.

You can use it with Commodore's game cartridges or invent your own diversions. All will be enhanced by brilliant video quality and high resolution graphics (320 x 200 pixels, 16 available colors, 3D Sprite graphics), plus its own unique music synthesizer.



NOW'S YOUR CHANCE.

If you've been waiting for the "computer revolution," consider it as having arrived.

Through its 25 years of existence, Commodore has been committed to delivering better products at lower prices.

Today, the company's vertical integration has resulted in the Commodore 64's price performance breakthrough heralded by Shearson/American Express.

So if you run a company, you couldn't make a more cost-efficient capital investment.

For more information, contact your local Commodore dealer, or send in this coupon.

Commodore Business Machines, Personal Systems Division
P.O. Box 500, Conshohocken, Pennsylvania 19428

Please send me more information on the Commodore 64

Name _____ Company _____
Title _____
Address _____
City _____ State _____
Zip _____ Telephone _____

Commodore
COMPUTER

ATTACHMENT C

**WHEN WE ANNOUNCED
THE COMMODORE 64 FOR \$595, OUR COMPETITORS
SAID WE COULDN'T DO IT.
THAT'S BECAUSE THEY COULDN'T DO IT.**

The reason is that, unlike our competitors, we make our own IC chips. Plus all the parts of the computer they go into.

So Commodore can get more advanced computers to market sooner than anybody else. And we can get them there for a lot less money.

WHAT PRICE POWER?

For your \$595,* the Commodore 64™ gives you a built-in user memory of 64K. This is hundreds of dollars less than computers of comparable power.

Let's you think that the Commodore 64 is some stripped-down loss leader, a look at its available peripherals and interfaces will quickly convince you otherwise.

SOFTWARE THAT WORKS HARD.

The supply of software for the Commodore 64 will be extensive. And with the optional plug-in Z80 microprocessor, the Commodore 64 can accommodate the enormous amount of software available in CP/M.†

Add in the number of programs available in BASIC and you'll find that there are virtually no applications, from word processing to spreadsheets, that the Commodore 64 can't handle with the greatest of ease.

PERIPHERALS WITH VISION.

The Commodore 64 interfaces with all the peripherals you could want for total personal computing: disk drives, printers and a telephone modem that's about \$100, including a free hour's access to some of the more popular computer information services. Including Commodore's own Information Network for users.

**RUN YOUR BUSINESS BY DAY.
SAVE THE EARTH BY NIGHT.**

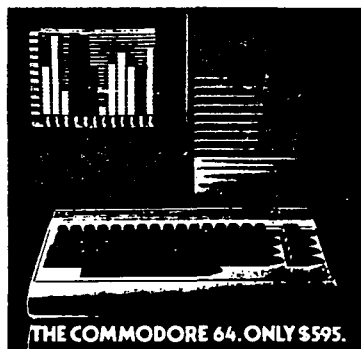
At the end of a business day, the Commodore 64 can go into your briefcase and ride home with you for an evening's fun and games.

Because of its superior video quality (320x200 pixel resolution, 16 available colors and 3D Sprite graphics), the Commodore 64 surpasses the best of the video game machines on the market. Yet, because it's such a powerful computer, it allows you to invent game programs that a game machine will never be able to play, as well as enjoy Commodore's own video game cartridges.

ATTACK, DECAY, SUSTAIN, RELEASE.

If you're a musicologist, you already know what an ADSR (attack, decay, sustain, release) envelope is. If you're not, you can learn this and much more about music with the Commodore 64's music synthesizing features.

It's a full-scale compositional tool. Besides a programmable ADSR envelope generator, it has 3 voices (each with a 9-octave range) and 4 waveforms for truly sophisticated composition and playback—through your home audio system, if you



wish. It has sound quality you'll find only on separate, music-only synthesizers. And graphics and storage ability you won't find on any separate synthesizer.

DON'T WAIT

The predictable effect of advanced technology is that it produces less expensive, more capable products the longer you wait.

If you've been waiting for this to happen to personal computers, your wait is over.

See the Commodore 64 soon at your local Commodore Computer dealer and compare it with the best the competition has to offer.

You can bet that's what the competition will be doing.

Commodore Business Machines
Personal Systems Division
P.O. Box 500, Coraopolis, Pennsylvania 15108

Please send me more information on the Commodore 64™

Name _____ Title _____

Company _____

Address _____

City _____ State _____

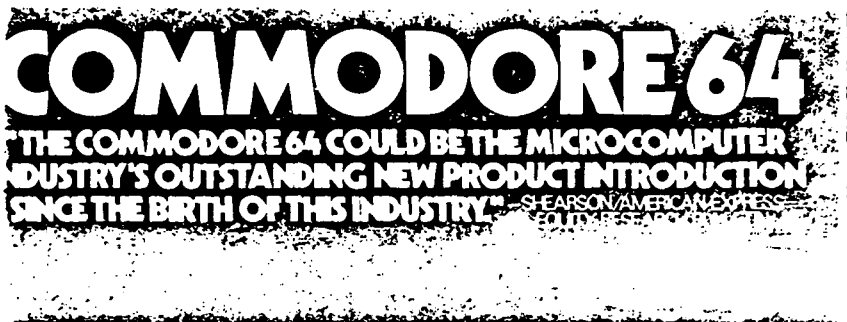
Zip _____ Phone _____

commodore
COMPUTER

BT-10

*Manufacturer's Suggested Retail Price: July 1, 1982. Disk drives and printers are not included in price. The 64's price may change without notice. CP/M™ is a registered trademark of Digital Research, Inc.

ATTACHMENT D



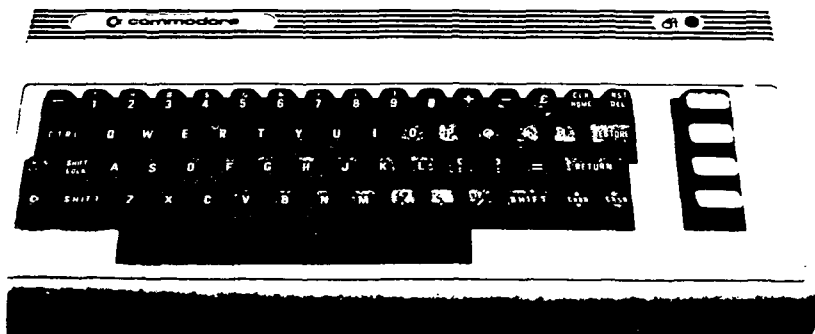
FOR \$595, YOU GET WHAT NOBODY ELSE CAN GIVE YOU FOR TWICE THE PRICE.

Even at twice the price, you won't find the power of a Commodore 64™ in any personal computer. The Commodore 64 has a built-in memory of 64K.

That fact alone would have sent computer critics

and analysts such as Shearson American Express to the typewriter for the kind of praise you read on the cover.

But there's more. As a quick read here, when you



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**THE 64, QUITE SIMPLY, HAS NO COMPETITION.
AS A QUICK LOOK AT OUR COMPETITION WILL TELL YOU.**

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Features	COMMODORE 64	APPLE II+	IBM PC	TANDY TRS-80 III	ATARI 800
Base Price*	\$595	\$1530	\$1565	\$999	\$899
Advanced Personal Computer Features					
Built-in User Memory	64K	48K	16K	16K	48K
Programmable	Yes	Yes	Yes	Yes	Yes
Real Typewriter Keyboard	Yes (66 keys)	Yes (52 keys)	Yes (83 keys)	Yes (65 keys)	Yes (61 keys)
Graphics Characters (from Keyboard)	Yes	No	No	No	Yes
Upper and Lower Case Letters	Yes	Upper Only	No	No	Yes
5 1/4" Disk Capacity Per Drive	170K	143K	160K	178K	96K
Audio Features					
Sound Generator	Yes	Yes	Yes	No	Yes
Music Synthesizer	Yes	No	No	No	No
Hi-Fi Output	Yes	No	No	No	Yes
Video Features					
TV Output	Yes	Extra	Extra	No	Yes
Input/Output Features					
"Smart" Peripherals	Yes	No	No	No	Yes
Software Features					
P/M* Option (Over 1,000 Packages)	Yes	Yes	Yes	Yes	No
Game Machine Features					
Cartridge Game Slot	Yes	No	No	No	Yes
Game Controllers	Yes	Yes	Yes	No	Yes

*Values shown are Suggested Retail Prices July 1, 1982. Disk drives and printers are not included in prices. The 64's price may change without notice. And, after they get a look at the chart, you can count on the competition to change their prices.

**WITH A COMPUTER THAT'S LIGHT YEARS AHEAD OF ITS COMPETITION,
WE THOUGHT IT APPROPRIATE
THAT ITS SOFTWARE SHOULD BE AT LEAST A FEW YEARS AHEAD.**

Here's how we did it.

**PART I: THE FIRST ORDERLY APPROACH
TO SOFTWARE**

Commodore's programmers examined the whole range of software available today—literally hundreds of programs—and isolated the most popular and most useful.

Then they made them better. The result: a variety of highly refined, perfected programs for home, business and education.

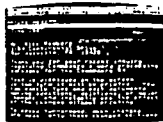
**PART II: AN ALMOST INFINITE
ARRAY OF SOFTWARE**

Independent makers of software have already hopped on the 64 bandwagon. They've come to Commodore or training on the 64 and are adapting

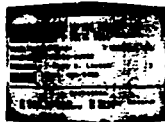
the world's most popular programs to the 64.

Further, the 64 is compatible with CP/M.* Which means a simple optional add-on opens up over 2,000 additional useful programs.

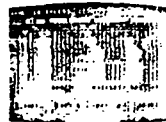
Plus—and a big plus this is for educators—you can also have access to programs developed for the Commodore PET,* as it uses the same BASIC language as the Commodore 64.



WORD PROCESSING



DATA BASE



ELECTRONIC SPREADSHEET

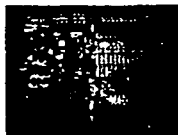
**WHY DID THE 64 COME FROM COMMODORE AND NOT SOMEBODY ELSE?
BECAUSE WE MAKE OUR OWN CHIPS.**

Commodore is one of the few companies that design and manufacture their own chips.

So, unlike other computer companies that have to buy their chips, when Commodore wants to alter

a design or create a new one, their designers and engineers work hand in hand.

The result: a lot more computer for a lot less money.



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**OH, BY THE WAY, THE 64 JUST SO HAPPENS
TO BE THE MOST BRILLIANT GAME MACHINE YOU CAN BUY.**



With the 64, not only will you have an amazing array of terrific games (just a few are pictured here), but what's really amazing is *how* you'll see them. With a variety of colors that's never been offered

before, with a full range of sound, and with a resolution that truly rivals arcades.

Since the 64 is a true computer, you can actually invent your own sophisticated (or unsophisticated) games

WHAT DOES THE COMMODORE 64 DO? WHAT DO YOU WANT IT TO DO?

Whether you're in business and want a personal computer for spreadsheet calculation or word and text processing or mailing lists or data storage and retrieval

Or whether you're a musician looking for a music

synthesizer (or a beginner who wants to learn how to play one)

The 64, quite simply, can do almost anything you want it to. And all with graphics that have an incredible resolution

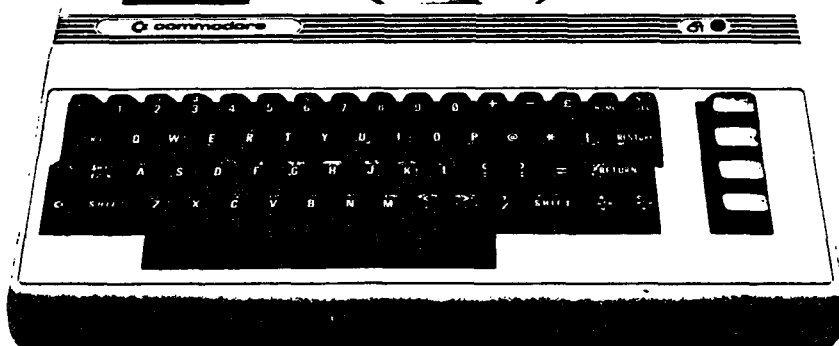
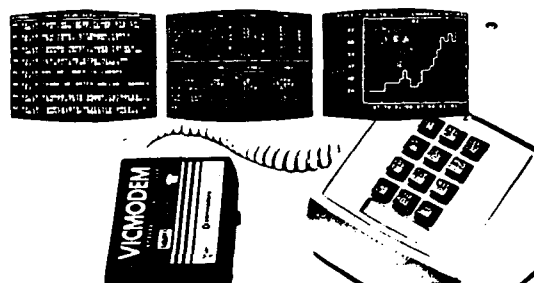
**FOR ABOUT \$100 EXTRA, THE COMMODORE 64 CAN GET
INFORMATION AND PROGRAMS FROM MULTI-MILLION DOLLAR COMPUTERS.**

A modem is a device that connects your computer to your phone. Telecomputing, they call it. They used to also call it

expensive. A personal computer and modem would go for at least \$1,500 and be judged "reasonable"

What happens when, for less than half that figure, the Commodore 64 hooks up with your telephone?

Just about anything, such as stock quotes, news updates, electronic mail and computer shopping—to name a few. In addition, Commodore has its own information network accessible through CompuServe™



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COMMODORE 64 SYSTEMS OF EDUCATION

1 OF 1

SYSTEM UNIT

Microprocessor: 6510 designed and produced by Commodore's MOS Division. Uses the same instruction set as the 6502 but has additional input/output lines.

Memory: 64K of RAM. 39K are user accessible for BASIC programs. 57K for machine language programs.

20K of internal ROM contain the operating system and Commodore BASIC language.

Keyboard: Full size typewriter style. 66 keys: upper and lower case. Four unassigned programmable function keys.

Color and the full set of 64 PET graphics can be selected directly from keyboard.

Display: 40 columns by 25 lines. 255 combinations of border/background colors. 16 text colors and use of all 64 PET graphic characters.

High resolution graphics mode of 320 x 200 pixels for exceptional detail and clarity in games or animation. Can use 16 colors simultaneously.

8 independently movable Sprites can be created for games and animation. Each is 21 x 24 pixels, and may contain up to three colors.

Sound: 6581 Sound Interface Device provides music and sound to rival even some dedicated music synthesizers.

Produces three independent voices, each with a range of nine octaves. Four waveforms are available: sawtooth, triangle, variable pulse and noise.

Includes programmable ADSR (attack, decay, sustain, release) generator. Programmable filter can be individually selected for each voice.

Produces low pass, high pass, band pass or notch outputs.

Variable resonance and master volume control.

COMMUNICATIONS

The Commodore 64 accepts a low-cost VICMODEM™ through its eight-bit user port, giving it access to other computers over ordinary telephone lines.

The modem allows users to gain access to large data bases such as The Source, CompuServe and Dow Jones News/Retrieval Service.

PERIPHERALS

The Commodore 64 will support:

Datassette Recorder: A low-cost tape unit which archives the storage of programs and data on standard audio tape cassettes.

Single Disk Unit: Uses standard 5 1/4-inch floppy diskettes to store programs and data. Each diskette holds up to 179,000 characters of information.

Disks units include their own microprocessors and memory systems, and therefore don't require memory resources from the Commodore 64 main unit. The Commodore 64 will support up to three single disk units.

Printer: The VIC 1515 printer attaches directly to the Commodore 64 without additional interfaces. Prints 30 characters per second dot matrix. Uses plain tractor-feed paper.

Interface Cartridges: Specialized cartridges allow the Commodore 64 to use various standard devices, including printers, controllers, and modems.

PET Emulator: Allows users to run most of the programs designed for PET systems with little or no modification.

Audio and Video Connections: Direct outputs from the Commodore 64 connect audio signals to high quality stereo systems, and video signals to a monitor.

Cartridge Slot: Will accept games and other applications designed for Commodore 64 or Max Machine™ or plug-in cartridges.

Other interfaces provide access for two diskettes, two game controllers or a lightpen.

SOFTWARE

Commodore has already created a vast library of programs in several categories for the 64 and has plans for much more. Both business and personal, entertainment and educational, applications make the Commodore 64 an enormously useful and versatile tool.

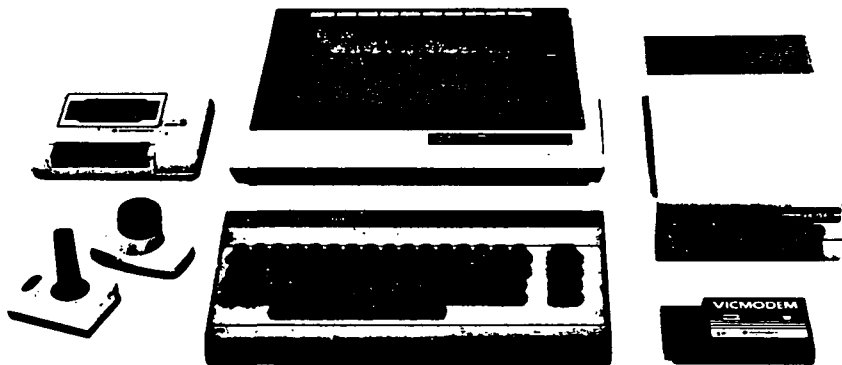
CP US

A 286 microprocessor on a plug-in cartridge makes an enormous amount of software available to users of the 64 system. By plugging the optional microprocessor into the 64's 8-bit user port, the user enables the Commodore to run programs written in CP US.

CP US is a registered trademark of 32-bit Systems.

Commodore reserves the right to change specifications without notice.

COMMODORE 64



COMMODORE
COMPUTER

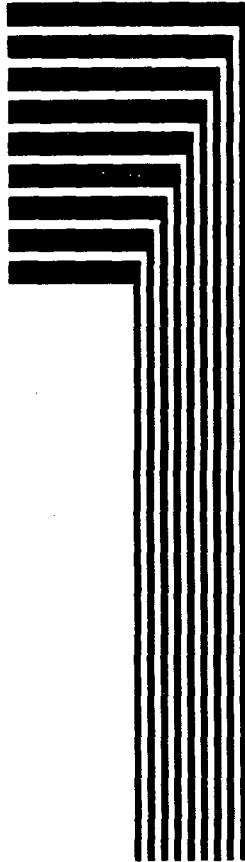
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ATTACHMENT E



THE MOST COMPLETE
MICROCOMPUTER LINE



COMMODORE'S COMPLETE!

Congratulations! By expressing interest in Commodore computers, you have taken the first step towards joining the computer revolution. Experts speculate that by the dawn of the 21st century, computers and electronic information technology will be firmly established in America's homes, businesses, and schools. Don't be left behind. Compare us to the competition, you'll quickly realize that Commodore offers the most advanced computing features at the lowest prices.

VIC 20™



Memory:

- 5K expandable to 32K

Features:

- User supplied color monitor or TV
- 4 internal amplifiers including 5 octaves total range, 3-tone (music) generators, 1 sound effects generator
- 22 col. x 23 line screen
- Programmable function keys & characters
- 16 colors
- Plug-in program/memory cartridges
- Joystick, paddles, lightpen
- Self-teaching materials
- High resolution graphics (178 x 184 dots)
- Basic 2.0
- Serial bus
- Numerous video game cartridges

COMMODORE 64™



Memory:

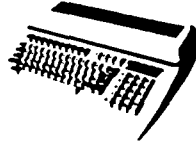
- 64 K of RAM

Features:

- Basic 2.0
- VIC Serial bus
- 40 col. x 25 line screen display
- User supplied color monitor or TV
- Music synthesizer produces 3 independent voices, each with a range of 9 octaves
- 4 waveforms are available: sawtooth, triangle, variable pulse and noise
- 4 programmable function keys
- Uses 6510 microprocessor
- Optional Z80 microprocessor to allow CP/M® compatibility
- 16 text colors
- 8 independently moveable sprites for "3 D graphics"
- Range of business software
- Optional IEEE-488 cartridge

CP/M® is a registered trademark of Digital Research, Inc.

C128-80



Memory:

- 128K RAM expands to 256K internally, 640K externally, totalling 896K

Features:

- Basic 4.0
- IEEE-488 bus
- RS232 interface
- 8 bit user port
- 80 col. x 25 line screen display
- Works with user supplied monitor
- 6509 microprocessor
- Optional future processors planned are Z-80 for CP/M 8088 for CP/M 86
- Direct Audio/Video Output
- Programmable function keys and numeric keyboard
- Compatible with CBM peripherals

Commodore computer systems are standard BASIC, have full size typewriter keyboard, upper and lower case, full screen editing capabilities and have a high degree of upward compatibility.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection 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 respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that 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 Commodore Business Machines, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1200 Wilson Drive, in the City of West Chester, State of Pennsylvania.

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

This order shall not apply to representations made by respondent exclusively outside the United States and its possessions and territories.

I

It is ordered, That respondent Commodore Business Machines, Inc., a 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 manufacture, advertising, offering for sale, sale, or distribution of the Commodore 64 computer, or any other computer hardware or software product, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

a. That any such product is available for sale to the public or has any capability, unless at the time such representation is made such product is then available for sale in reasonable quantities to the public or has said capability.

b. That any such product will be available for sale to the public or will have any capability, unless at the time of such representation respondent possesses and relies upon a reasonable basis for said representation.

II

It is further ordered, That respondent or its successors or assigns maintain accurate records of all materials that were relied upon by respondent in disseminating any representation covered by this order.

Such record shall be retained by respondent or its successors or assigns for three (3) years from the date that the representations to which they pertain are last disseminated. It is further ordered that any such records shall be retained by respondent or its successors or assigns and that respondent or its successors or assigns shall make such documents available to the Commission for inspection and copying upon request.

III

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in 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.

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Decision and Order

IV

It is further ordered, That respondent shall forthwith distribute a copy of this order to each of its operating divisions.

V

It is further ordered, That respondent 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 it has complied with this order.