

Franchising and Business Opportunity Ventures” filed by Rolls-Royce Corp.

On March 31, 2003, the Commission published a notice in the **Federal Register** soliciting comments on a petition filed by Rolls-Royce Corp. (“Rolls-Royce” or “Petitioner”). Rolls-Royce sells maintenance center franchises to service its turboprop, turbofan, and industrial gas turbine engines. The petition sought an exemption, pursuant to Section 18(g) of the Federal Trade Commission Act, from coverage under the Commission’s Trade Regulation rule entitled “Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures” (“Franchise Rule”).

In accordance with Section 18(g), the Commission conducted an exemption proceeding under Section 553 of the Administrative Procedure Act, 5 U.S.C. 553, and invited public comment during a 60-day period ending May 30, 2003. No comments were received. After reviewing the petition, the Commission has concluded that the Petitioner’s request should be granted.

The statutory standard for exemption requires the Commission to determine whether application of the Trade Regulation Rule to the person or class of persons seeking exemption is “necessary to prevent the unfair or deceptive act or practice to which the rule relates.” If not, an exemption is warranted.

The pre-sale disclosures required by the Franchise Rule are designed to prevent deceptive acts or practices. The Rule requires franchisors to provide investors with the material information they need to make an informed investment decision in circumstances where they might otherwise lack the resources, knowledge, or ability to obtain the information, and thus protect themselves from deception.

The abuses that the disclosure remedy of the Franchise Rule is designed to prevent are most likely to occur, as the Statement of Basis and Purpose of the Rule notes, in sales where three factors are present:

- (1) A potential investor has a relative lack of business experience and sophistication;
- (2) The investor has inadequate time to review and comprehend the unique and often

complex terms of the franchise agreement before making a major financial commitment; and

(3) A significant information imbalance exists in which the prospective franchisee is unable to obtain essential and relevant facts known to the franchisor about the investment.

The petition demonstrates that potential maintenance center franchisees are and will continue to be a select group of highly sophisticated and experienced businesspeople; that they make very significant investments; and that they have more than adequate time to consider the dealership offer and obtain information about it before investing.

In particular, we note that the purchase of a Rolls-Royce maintenance center is among the most costly of franchise offerings. On average, the maintenance centers have approximately \$10 million in assets, excluding land and buildings. As a practical matter, investments of this size and scope typically involve knowledgeable investors, the use of independent business and legal advisors, and an extended period of negotiation that generates the exchange of information necessary to ensure that investment decisions are the product of an informed assessment of the potential risks and benefits.

The Commission has reviewed the potential for unfair or deceptive acts or practices in connection with the offer of Rolls-Royce maintenance centers and found no evidence or likelihood of a significant pattern or practice of abuse. If any such evidence exists, it has not yet been brought to the Commission’s attention in this proceeding.

Thus, both the record in this proceeding and all prior experience to date with other Franchise Rule exemptions support the conclusion that Petitioner’s sale of Rolls-Royce maintenance centers accomplishes what the Rule was intended to ensure. The conditions most likely to lead to abuses are not present in the sale of the maintenance centers, and the process generates sufficient information to ensure that applicants will be able to make an informed investment decision. For these reasons, the Commission finds that the application of the Franchise Rule to Petitioner’s sale of maintenance

center franchises is not necessary to prevent the unfair or deceptive acts or practices to which the Rule relates.

Accordingly, the Commission has determined that the provisions of 16 CFR Part 436 shall not apply to the advertising, offering, licensing, contracting, sale or other promotion of maintenance centers by Rolls-Royce Corp. This opinion is based on the information submitted and representations made in Rolls-Royce’s petition. The grant of the petition applies only to the extent that actual company practices conform to the practices described in the petition.

Issued: November 10, 2003.  
It is so ordered.

By the Commission.

**Donald S. Clark,**

*Secretary.*

[FR Doc. 03–29923 Filed 12–01–03; 8:45 am]

**BILLING CODE 6750–01–M**

**FEDERAL TRADE COMMISSION**

**Granting of Request for Early Termination of the Waiting Period Under the Premerger Notification Rules**

Section 7A of the Clayton Act, 15 U.S.C. 18a, as added by Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, requires persons contemplating certain mergers or acquisitions to give the Federal Trade Commission and the Assistant Attorney General advance notice and to wait designated periods before consummation of such plans. Section 7A(b)(2) of the Act permits the agencies, in individual cases, to terminate this waiting period prior to its expiration and requires that notice of this action be published in the **Federal Register**.

The following transactions were granted early termination of the waiting period provided by law and the premerger notification rules. The grants wee made by the Federal Trade Commission and the Assistant Attorney General for the Antitrust Division of the Department of Justice. Neither agency intends to take any action with respect to these proposed acquisitions during the applicable waiting period.

**TRANSACTION GRANTED EARLY TERMINATION**

ET date	Trans num	Et req status	Party name
06–OCT–03 .....	20030983	G G G G	Lehman Brothers Holdings Inc. Brad K. Heppner. Capital Analytics, LP. Crossroads Corporate Advisers, LP.

## TRANSACTION GRANTED EARLY TERMINATION—Continued

ET date	Trans num	Et req status	Party name
08-OCT-03 .....	20031004	G	Crossroads Corporate Investors II, LP.
		G	Crossroads Investment Company, LP.
		G	e-Valuate, LP.
		G	The Main Office Management Company, LP.
		G	Crossroads Investment Advisers, LP.
		G	Crossroads Cornerstone Partners, LP.
		G	Crossroads Corporate Investors, LP.
		G	Security Assurance Advisers, LP.
		G	Companhia Siderurgica Nacional.
		G	Tilcia Rodriguez de Vergara.
08-OCT-03 .....	20031007	G	Tangua Incorporated.
		G	Companhia Siderurgica Nacional.
	20031014	G	Eduardo Valdes Aleman.
		G	Tangua Incorporated.
	20030963	G	TA IX L.P.
		G	Dr. Howard Schilit.
	20030999	G	Center for Financial Research & Analysis, Inc.
		G	Warburg Pincus Private Equity VIII, L.P.
	20031010	G	Proxim Corporation.
		G	Proxim Corporation.
10-OCT-03 .....	20031003	G	The Procter & Gamble Company.
		G	W.L. Gore & Associates, Inc.
	20031018	G	W.L. Gore & Associates, Inc.
		G	eCollege.com.
	20030680	G	Leeds Equity Partners III, LP.
		G	DataMark Inc.
	20030966	G	Mr. Raul Alarcon, Jr.
		G	International Church of the Foursquare Gospel.
	20030997	G	KSFG-FM Station.
		G	Essent Healthcare, Inc.
14-OCT-03 .....	20031013	G	CHRISTUS Health.
		G	CHRISTUS St. Joseph's Health System.
	20040012	G	PTCOP, Inc.
		G	Dean Foods Company.
	20040013	G	Vestar Capital Partners IV, L.P.
		G	M-Foods Dairy, LLC.
	20030982	G	M-Foods Dairy, TXCT, LLC.
		G	Scientific Games Corporation.
	20040004	G	International Game Technology.
		G	IGT Online Entertainment Systems, Inc.
15-OCT-03 .....	20030618	G	Nelson A. Carbonell, Jr.
		G	Cysive, Inc.
	20040005	G	Cysive, Inc.
		G	William I. Koch.
	20040006	G	Walter Industries, Inc.
		G	Applied Industrial Material Corporation.
	20040007	G	FTI Consulting, Inc.
		G	Lawrence J. Ellison.
	20040008	G	Lexecon, Inc.
		G	ERG Acquisition Corp.
16-OCT-03 .....	20040009	G	CE Acquisition Corp.
		G	FTI Consulting, Inc.
	20040010	G	Micahel R. Milken.
		G	Lexecon, Inc.
	20040011	G	CE Acquisition Corp.
		G	ERG Acquisition Corp.
	20040012	G	GenCorp Inc.
		G	Norman E. Alexander.
	20040013	G	Atlantic Research Corporation.
		G	Silicon Laboratories Inc.
20-OCT-03 .....	20040014	G	Cygnal Integrated Products, Inc.
		G	Cygnal Integrated Products, Inc.
	20040015	G	DLJ Merchant Banking Partners II, L.P.
		G	The Lehigh Press, Inc.
	20040016	G	The Lehigh Press, Inc.
		G	HSBC Holding plc.
	20040017	G	Roxanne Quimby.
		G	Burt's Bees, Inc.
	20040018	G	LBO France Gestion SAS.
		G	Speciality Materials Investors.
21-OCT-03 .....	20040019	G	Materis Participations.

## TRANSACTION GRANTED EARLY TERMINATION—Continued

ET date	Trans num	Et req status	Party name
23-OCT-03 .....	20040029	G	AT&T Wireless Services, Inc.
		G	AT&T Wireless Services, Inc.
		G	Pittsburgh Cellular Telephone Company.
	20040033	G	SBC Communications Inc.
		G	Allen Salmasi.
23-OCT-03 .....		G	Nextwave Personal Communications Services.
	20040027	G	Stage Stores, Inc.
		G	Kelso Investment Associates V, L.P.
		G	PHC Retain Holding Company.
	20040042	G	Marubeni Corporation.
24-OCT-03 .....		G	Exelon Corporation.
		G	Sithe International Inc.
	20040008	G	Morganthaler Partners VII, L.P.
		G	Robert Burch.
		G	Jonathan Manufacturing Corp.
24-OCT-03 .....	20040019	G	Carl C. Icahn.
		G	Philip Services Corp.
		G	Philip Services Corp.
	20040030	G	UBS AG.
		G	ABN AMRO Holding N.V.
24-OCT-03 .....		G	ABN AMRO Inc.
	20040034	G	TT Electronics PLC.
		G	Robert R. Dyson.
		G	Optek Technology, Inc.
	20040036	G	George A. Steiner Trust.
24-OCT-03 .....		G	Michael R. Kelly.
		G	National Service Industries, Inc.
	20040036	G	George A. Steiner Trust.
		G	Michael R. Kelly.
		G	National Service Industries, Inc.
27-OCT-03 .....	20040038	G	APAX Europe V—A L.P.
		G	IFCO Systems N.V.
		G	IFCO Systems N.V.
	20031017	G	TBC Corporation.
		G	Sears, Roebuck and Co.
27-OCT-03 .....		G	NTW Incorporated.
	20040032	G	Aggregate Industries plc.
		G	Floyd A. Meldrum.
		G	Southern Nevada Paving Company, Inc.
	20040040	G	SBC Communications, Inc.
28-OCT-03 .....		G	AT&T Wireless Services, Inc.
		G	Pinnacle Cellular Limited Partnership.
		G	Worcester Telephone Company.
	20040037	G	FTI Consulting, Inc.
		G	KPMG, LLP.
28-OCT-03 .....		G	KPMG, LLP.
	20040051	G	Thomas H. Lee Equity Fund V, L.P.
		G	Vestar Capital Partners IV, L.P.
		G	M-Foods Holdings, Inc.
	20040035	G	Armor Holdings, Inc.
29-OCT-03 .....		G	Simula, Inc.
		G	Simula, Inc.
	20040047	G	Carl C. Icahn.
		G	Eastman Kodak Company.
		G	Eastman Kodak Company.
30-OCT-03 .....	20040065	G	K2 Inc.
		G	Brass Eagle Inc.
		G	Brass Eagle Inc.
		G	MeadWestvaco Corporation.
		G	Sunrise Capital Partners, L.P.
31-OCT-03 .....		G	Day Runner, Inc.
		G	Day Runner, Inc.
		G	Day Runner Direct, Inc.
		G	Day Runner Hong Kong Limited.
	20040003	G	MeadWestvaco Corporation.
31-OCT-03 .....		G	Day Holdings, LLC.
		G	Day Runner, Inc.
		G	Day Runner Direct, Inc.
		G	Day Runner Hong Kong Limited.
	20040052	G	NetScreen Technologies, Inc.
		G	Neoteris, Inc.

## TRANSACTION GRANTED EARLY TERMINATION—Continued

ET date	Trans num	Et req status	Party name
	20040063	G G G G	Neoteris, Inc. Bookham Technology plc. New Focus, Inc. New Focus, Inc.

**FOR FURTHER INFORMATION CONTACT:**

Sandra M. Peay, Contact Representative, or Renee Hallman, Legal Technician, Federal Trade Commission, Premerger Notification Office, Bureau of Competition, Room H-303, Washington, DC 20580, (202) 326-3100.

By Direction of the Commission.

**Donald S. Clark,**

*Secretary*

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**FEDERAL TRADE COMMISSION**

[File No. 031 0001]

**Memorial Hermann Health Network Providers; Analysis To Aid Public Comment**

**AGENCY:** Federal Trade Commission.

**ACTION:** Proposed consent agreement.

**SUMMARY:** The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

**DATES:** Comments must be received on or before December 24, 2003.

**ADDRESSES:** Comments filed in paper form should be directed to: FTC/Office of the Secretary, Room 159-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580. Comments filed in electronic form should be directed to: [consentagreement@ftc.gov](mailto:consentagreement@ftc.gov), as prescribed in the **SUPPLEMENTARY INFORMATION** section.

**FOR FURTHER INFORMATION CONTACT:**

Alan Loughnan or Barbara Anthony, FTC Northeast Regional Office, One Bowling Green, Suite 318, New York, NY 10004. (212) 607-2809.

**SUPPLEMENTARY INFORMATION:** Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46(f), and Section 2.34 of the Commission's Rules of Practice, 16 CFR

2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for November 25, 2003), on the World Wide Web, at <http://www.ftc.gov/os/2003/11/index.htm>. A paper copy can be obtained from the FTC Public Reference Room, Room 130-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580, either in person or by calling (202) 326-2222.

Public comments are invited, and may be filed with the Commission in either paper or electronic form. Comments filed in paper form should be directed to: FTC/Office of the Secretary, Room 159-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580. If a comment contains nonpublic information, it must be filed in paper form, and the first page of the document must be clearly labeled "confidential." Comments that do not contain any nonpublic information may instead be filed in electronic form (in ASCII format, WordPerfect, or Microsoft Word) as part of or as an attachment to e-mail messages directed to the following e-mail box:

[consentagreement@ftc.gov](mailto:consentagreement@ftc.gov). Such comments will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with Section 4.9(b)(6)(ii) of the Commission's Rules of Practice, 16 CFR 4.9(b)(6)(ii).

**Analysis of Agreement Containing Consent Order To Aid Public Comment**

The Federal Trade Commission has accepted, subject to final approval, an agreement containing a proposed consent order with Memorial Hermann Health Network Providers ("Respondent" or "MHHNP"). The agreement settles charges that Respondent violated Section 5 of the Federal Trade Commission Act, 15

U.S.C. § 45, by facilitating and implementing agreements among MHHNP members on price and other competitively significant terms; refusing to deal with payors except on collectively agreed-upon terms; and negotiating uniform fees and other competitively significant terms in payor contracts and refusing to submit to members payor offers that do not conform to Respondent's standards for contracts.

The proposed consent order has been placed on the public record for 30 days to receive comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make the proposed order final. The purpose of this analysis is to facilitate public comment on the proposed order. The analysis is not intended to constitute an official interpretation of the agreement and proposed order, or to modify their terms in any way. Further, the proposed consent order has been entered into for settlement purposes only and does not constitute an admission by Respondent that it violated the law or that the facts alleged in the complaint (other than jurisdictional facts) are true. The allegations in the Commission's proposed complaint are summarized below.

*The Complaint*

Respondent MHHNP is a nonprofit corporation that contracts with third-party payors for the provision of medical services on behalf of its approximately 3,000 participating physicians. MHHNP is organized and operated to further the pecuniary interests of those physicians, who are licensed to practice medicine in the State of Texas and who are engaged in the business of providing medical services to patients in the Houston metropolitan area (hereinafter "Houston area").

Physicians often contract with third-party payors, such as insurance companies and preferred provider organizations. The contracts typically