Authority (MWAA) stated that establishing separate trust accounts would strengthen airport public agencies' claim to PFCs which had been collected. The MWAA preferred trust accounts to escrow accounts, if the PFC funds could be protected sufficiently through trust accounts. Other airports shared the MWAA's view. However, the commenters did not quantify the amount of additional cost that implementation of this proposal would entail to air carriers. Moreover, the degree of additional protection offered to public agencies from such trust accounts in the event of air carrier bankruptcy was not felt to be significantly greater than the current practice. Based on these comments, the FAA cannot determine if the benefits of implementing this proposal would justify higher costs to air carriers.

The second proposal was to require that carriers establish third-party escrow accounts to hold PFC revenue between collection of that revenue and remittance to the public agency. United Airlines indicated that this proposal would increase the air carrier's cost while reducing the compensation available to recover such cost. The FAA notes that public agencies, in their contractual arrangements with air carriers serving their airports, may require PFC escrow accounts or security deposits provided that such security requirements apply to the air carriers in a manner that is not unjustly discriminatory. However, the FAA does not have sufficient data on the costs or expected benefits of such accounts at this time to pursue mandatory implementation.

The third proposal concerning bankruptcy would require the Airline Reporting Corporation (ARC) clearinghouse to remit PFC revenue directly to the public agencies when travel agencies' tickets are processed through the clearinghouse. This proposal presented a problem to some commenters because the majority of travel agency ticket sales are purchased with credit cards, with no funds being collected from the purchaser at time of sale. Travel agents report these credit sales through ARC without remitting any funds to ARC. The ARC clearinghouse bills credit card sales on the air carriers' behalf and reports the amounts billed to the air carriers. However, credit card issuers remit directly to the air carrier. At no point in this credit sale cycle does ARC have liquid funds from the credit card sales. As with the other proposals, the FAA does not have sufficient data on the costs or expected benefits of this proposal to pursue its mandatory implementation.

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[1] The FTC Act makes it unlawful for one to engage in ''unfair methods of competition and unfair or deceptive acts or practices in commerce.''

Guides. Based on this information, the Commission determined that it was in the public interest to offer guidance to the industry thereby promoting a higher level of compliance with the laws administered by the Commission by adopting the Guides. The Guides are voluntary guidelines containing interpretations of acts or practices that the Commission has issued to assist members of the industry in complying with Section 5 of the FTC Act.

The Furniture Guides generally advise members of the industry to make affirmative disclosures for the benefit of consumers to ensure that the prospective purchaser is not misled into thinking that the product is different from that which is actually offered, because of the appearance, description, depictions or representations made about the product, in advertising, labeling or other promotional materials. The Guides also advise that advertisers making representations concerning (a) tests made on products, or (b) the performance characteristics of upholstery fabrics do in fact have a ''reasonable basis'' for such representations. Further, the guides also inform advertisers that the Commission may require documentation from them to substantiate their representations concerning the product. The Guides also provide several definitions for the industry, including definitions regarding certain types of wood. In summary, the Guides for the Household Furniture Industry, 16 CFR Part 250, advise members of the industry to:

(1) Make affirmative disclosures of material facts concerning merchandise, which if known to a purchaser, would influence his or her decision to purchase the merchandise:

(2) Attach an accurate tag or label in a prominent location on each product;

(3) Describe wood, wood imitations and color used in or on furniture only with qualified wood names or generally accepted wood names. The description shall not be deceptive;

(4) Identify certain woods as ''walnut'', ''mahogany'' and ''mapel'' only if such woods are derived from specified species;

(5) Refrain from making representations or misleading inferences about a product being made of leather, when in fact it is not;

(6) Refrain from making false or misleading representations concerning outer coverings of furniture or furniture stuffing;

(7) Accurately describe the origin of furniture, whether domestic or foreign; and whether the furniture is actually new, being made of parts and materials that were entirely unused;

(8) Refrain from describing as ''floor sample'' furniture that has been rented, repossessed or ''traded-in'';

(9) Refrain from using deceptive trademarks or claiming to be a manufacturer or wholesaler when in fact they are not; and

(10) Look to the applicable guides and rules for further guidance on guarantees, pricing and advertising.

II. Regulatory Review Program

The Commission has determined to review all current Commission rules and guides periodically. These reviews seek information about the costs and benefits of the Commission's rules and guides and their regulatory and economic impact. The information obtained assists the Commission in identifying rules and guides that warrant modification or rescission. Therefore, the Commission solicits comments on, among other things, the economic impact of and the continuing need for the Household Furniture Industry Guides; possible conflict between the Guides and state, local or