

**Analysis of Proposed Consent Order to Aid Public Comment
In the Matter of American Telecom Services, Inc.
File No. 082-3114**

The Federal Trade Commission has accepted, subject to final approval, an agreement containing a consent order from American Telecom Services, Inc. (“ATS”). ATS, with headquarters in Atlanta, Georgia, is a distributor of telephones and phone services.

The proposed consent order has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) 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 ATS’s cash rebate promotions. To make its products more attractive to retailers and their customers, ATS has offered numerous mail-in rebates ranging from \$5 to \$50 in value. In implementing these promotions, ATS used third party fulfillment houses to process and pay rebate requests received from its customers. The complaint alleges that ATS engaged in deceptive practices relating to these rebate offers. Specifically, the complaint alleges that ATS falsely represented that purchasers of eligible ATS products will receive rebate checks within eight weeks after receipt of their properly completed requests. The proposed complaint further alleges that tens of thousands of consumers who submitted properly completed requests for rebates since 2006 have experienced substantial delays, including delays of one year or longer. According to the complaint, these delays have been due, in part, to ATS’s inability to pay its third party fulfillment houses, as well as its refusal to timely pay third party fulfillment houses with which it had disagreements.

The proposed order contains provisions designed to prevent ATS from engaging in similar acts and practices in the future. Part I of the proposed order prohibits ATS from misrepresenting the time in which any rebate will be mailed and from failing to provide any rebate within the time specified, or if no time is specified, within thirty days. This provision also prohibits the company from misrepresenting any material terms of any rebate program, including the status of or reasons for any delay in providing any rebate.

Parts II through V of the proposed order are standard reporting and compliance provisions. Part VI provides that the order will terminate after twenty (20) years, with certain exceptions.

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 in any way their terms.