Order Adopting Findings and Conclusions and Deferring Entry of Final Order [1]

CONCLUSIONS

1. The Commission has jurisdiction of the subject matter of this proceeding and of the respondents.

2. Section 5 of the Federal Trade Commission Act prohibits unfair methods of competition and unfair acts and practices in commerce, including agreements, understandings and combinations in restraint of trade.

3. The agreements, understandings and combinations documented by this record, between and among respondents and with others, are unfair methods of competition in commerce and unfair acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

ORDER

It is ordered, That the hearing examiner's initial decision as modified and supplemented by the findings and conclusions embodied in the accompanying opinion be, and it hereby is, adopted as the decision of the Commission.

It is further ordered, That the findings of fact and conclusions of law contained in the accompanying opinion be, and they hereby are, adopted as additional findings and conclusions of the Commission.

It is further ordered, That complaint counsel and counsel for respondents shall each file, within 30 days after the receipt of this order, a proposed form of order and briefs in support thereof, in accordance with the directions contained in the accompanying opinion.

It is further ordered, That entry of the final order in this matter be deferred until further order of the Commission.

By the Commission, with Chairman Weinberger not participating and Commissioner Elman not concurring.

In the Matter of

ZALE CORPORATION

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

Docket C-1774. Complaint, July 30, 1970—Decision, July 30, 1970

Consent order requiring a Dallas, Texas, retail jeweler operating through 439 retail outlets and 110 additional outlets under other trade names to cease using deceptive pricing practices, savings claims, and false guarantees.

---

[1] Final order to cease and desist issued February 25, 1971, 78 F.T.C. 446.

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 Zale Corporation, a corporation, hereinafter referred to as respondent, has violated the provisions of 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. Respondent Zale Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal office and place of business located at 512 South Akard Street, in the city of Dallas, State of Texas.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of watches, jewelry, diamonds, and other merchandise to the public. Respondent conducts said business through retail jewelry outlets in department and discount stores operated under agreements with the store operators and through approximately 439 retail jewelry outlets operating under the name "Zales" and approximately 110 additional retail jewelry outlets operating under various other trade names. Many of these retail jewelry outlets are operated through subsidiary corporations wholly owned or controlled by respondent.

PAR. 3. In the course and conduct of its business as aforesaid, from its headquarters in Dallas, Texas, respondent ships, and causes to be shipped, watches, jewelry, diamonds and other merchandise to said retail jewelry outlets located in States other than Texas for sale to the purchasing public. Similarly, advertising and promotional material is prepared, or caused to be prepared, by respondent in Dallas, Texas, and transmitted to and used by said retail jewelry outlets and published in newspapers having an interstate circulation. Respondent further engages in commercial intercourse, in commerce, consisting of the transmission and receipt of letters, invoices, reports, contracts and other documents of a commercial nature between headquarters and its retail jewelry outlets in the various States, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its aforesaid business and for the purpose of inducing others to purchase its watches, jewelry, dia-

monds, and other merchandise, respondent has made, and is now making, directly or by implication, numerous statements and representations on tickets, tags and labels and in advertisements in newspapers and on radio and television and by the use of other promotional material, with respect to the price, savings, and guarantee of said merchandise.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

WATCHES

. . . BENRUS

REG. 82.50 NOW 41.50

. . . ALL REDUCED UP TO 50%

BULOVA WATCHES

COMPARE SALES PRICES . . .

YOUR MONEY BACK IN 30 DAYS IF

YOU FIND A BETTER VALUE

BULOVA
WATCHES
—AT—
LOWEST
DISCOUNTS

COMPARE ZALE'S PRICES . . .
YOUR MONEY BACK IN 60 DAYS
IF YOU FIND A BETTER VALUE!

Also Hamilton and Elgin
Watches

SAVE NOW AT LOW DISCOUNT PRICES! . . .

Factory list		Our new low price
$24.75	Zale's has never sold this watch at list price. Now Zale's price is even lower than usual.	$19.05
$35.75	Zale's has never sold this watch at list price. Now Zale's price is even lower than usual.	$21.61
$45.00	Zale's has never sold this watch at list price. Now Zale's price is even lower than usual.	$25.15
$59.50	Zale's has never sold this watch at list price. Now Zale's price is even lower than usual.	$32.50
$75.00	Zale's has never sold this watch at list price. Now Zale's price is even lower than usual.	$40.81
$115	Zale's has never sold this watch at list price. Now Zale's price is even lower than usual.	$58.64

ZALE'S
JEWELERS

ZALE'S
JEWELERS

Lowest Prices on
BULOVA WATCHES
40% OFF AND MORE

Was	*Now*
$24.75	$19.05
$35.75	$21.61
$45.00	$25.15
$59.50	$32.50
$75.00	$40.81
$115.00	$58.64

Prices Plus Tax

Zale's Prices Are Always Lower Than
Manufacturers' List—Now They're Even Lower!

HEAD START ON SAVINGS!

ZALES

CLEARANCE '70!

Reg. $375
(Illustration of Ring)
NOW $281.25

Reg. $725
(Illustration of Ring)
NOW $543.75

Reg. $395
(Illustration of Ring)
NOW $286.25

Reg. $150
(Illustration of Ring)
NOW $112.50

Reg. $225
(Illustration of Ring)
NOW $168.75

SAVE
25%

off regular prices

Reg. $295
(Illustration of Ring)
NOW $236.00

Reg. $150
(Illustration of Ring)
NOW $120.00

Reg. $395
(Illustration of Ring)
NOW $316.00

Reg. $275
(Illustration of Ring)
NOW $220.00

Reg. $100
(Illustration of Ring)
NOW $80.00

SAVE
20%

off regular prices

CHOOSE FROM OUR LARGE SELECTIONS!

ZALES
JEWELERS

HEAD START ON SAVINGS!

ZALES

CLEARANCE '70!

GENUINE STONE DIAL WATCHES
Reg. $19.88
(Illustration of Watches)
NOW $15.88 ea.

21-JEWELS DAY AND DATE
Reg. $22.88
(Illustration of Watch)
NOW $17.88

21-JEWELS 14K GOLD CASE
Reg. $25.88
(Illustration of Watch)
NOW $19.88

21-JEWELS DRESS WATCH
Reg. $15.88
(Illustration of Watch)
NOW $11.88

JANUARY WATCH SALE!
FROM 20% TO 33%
OFF REGULAR PRICE
ON FAMOUS
BRAND WATCHES

CHOOSE FROM OUR LARGE SELECTIONS!

ZALES
JEWELERS

OUR GREATEST WATCH BUY EVER!

SAVE UP TO 40%

17-JEWELS
Water-resistant
Mfg. List $45.00
SALE $34.88

17-Jewels
Automatic
Mfg. List $75.00
SALE $49.88

25-Jewels
Automatic
Mfg. List $89.95
SALE $64.88

MEN: ZALES CAN SAVE YOU UP TO 40% ON AMERICA'S MOST FAMOUS BRAND WATCHES. Because this is a special purchase, we can't advertise the brand name. But come to Zales and see for yourself—These are from America's most famous watchmaker.

ZALES BANG-UP
JULY CLEARANCE!
Great Values! Shop Today!
SAVE 20%
off our regular low prices

FANTASTIC WATCH VALUES:

Regular Price	$24.95	Sale Price NOW	$19.96
Regular Price	29.95	Sale Price NOW	23.96
Regular Price	39.95	Sale Price NOW	31.96
Regular Price	49.95	Sale Price NOW	39.96
Regular Price	59.95	Sale Price NOW	47.96

PRE-CHRISTMAS
SALE

FAMOUS HAMILTON WATCHES

BUY NOW AND SAVE

It's the early bird savings scoop you just can't pass up if you appreciate quality at a price. Not ordinary watches—but fine, dependable HAMILTON watches—reduced—just before Christmas when you appreciate savings most!

17-Jewels	Not $49.95	At Zales $34.88
17-Jewels	Not $49.95	At Zales $34.88
17-Jewels	Not $59.95	At Zales $39.98
Dress Watch	Not $59.95	At Zales $39.88
17-Jewels	Not $69.95	At Zales $44.88.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, respondent has represented, and is now representing, directly or by implication:

1. That the higher stated prices set out in said advertisements in connection with the term "was" and "Regular" were the prices at which the advertised merchandise was sold or offered for sale in good faith by respondent or its subsidiary corporations in the trade area or areas where the representations were made in the recent, regular course of its business, and that purchasers saved the difference between respondent's advertised selling prices and the corresponding higher prices.

2. That the higher stated prices set out in said advertisements in connection with the terms "Factory List," "Mfg. List" and "NOT . . .AT ZALES. . ." were not appreciably in excess of the highest price at which substantial sales of such merchandise had been made in the recent, regular course of business in the trade area or areas where such representations appeared, and that purchasers saved the difference between respondent's advertised selling prices and the corresponding higher prices.

3. Through the use of the terms "Save 20%" and "Save 25%" and the terms "From 20% to 33% off regular price," set out in said advertisements, that all of respondent's watches and rings in the stores

covered by said advertisements were reduced in price by the stated savings from respondent's regular prices.

PAR. 6. In truth and in fact:

1. The higher prices set out in said advertisements in connection with the terms "was" and "Regular" were not the prices at which the advertised merchandise was sold or offered for sale in good faith by respondent or its subsidiary corporations in the trade area or areas where the representations were made for a reasonably substantial period of time in the recent, regular course of its business, and purchasers did not save the difference between respondent's advertised selling prices and the corresponding higher prices.

2. The higher prices set out in said advertisements in connection with the terms "Factory List," "Mfg. List" and "NOT . . . AT ZALES . . ." were appreciably in excess of the highest price at which substantial sales of such merchandise had been made in the recent, regular course of business in the trade area or areas where such representations appeared, and purchasers did not save the difference between respondent's advertised selling prices and the corresponding higher prices. Further, with respect to some of these watches, the original watch movement placed in the watchcase by the manufacturer has been subsequently removed therefrom by the respondent and placed in a case of another manufacturer. As a result of such acts and practices, these watches did not have a represented trade area price.

3. All of respondent's watches and rings in the stores covered by said advertisements were not reduced in price and the stated savings of "20%" and "25%" and "20% to 33%" from respondent's regular prices. Respondent's retail stores are instructed that the entire stock of diamond rings are not to be sold at the stated savings. Some diamond rings are not to be reduced at all. Further, respondent's retail stores are instructed that only a portion of the entire stock of watches are to be placed on sale and that certain designated manufacturers' watches are not to be sold at reduced prices.

Therefore, the statements and representations set forth in Paragraphs Four and Five hereof, were and are false, misleading and deceptive.

PAR. 7. Respondent, for the purpose of inducing the purchase of its watches, used fictitious manufacturers' suggested retail prices by attaching tickets or tags on which said suggested prices are printed to watch containers, thereby representing that the manufacturer of said watches had attached said tickets or tags and had specified or fixed the price shown thereon as its suggested retail price.

In truth and in fact, the manufacturer of said watches had not attached such tickets or tags to said watches, and had not specified or fixed the price shown thereon as its suggested retail price.

Therefore, such acts and practices were and are false, misleading and deceptive.

PAR. 8. Respondent advertises and sells some watches at retail without disclosing that the original watch movement placed in the watchcase by the manufacturer has been subsequently removed therefrom by the respondent and placed in a case of another manufacturer.

To the purchasing public said watches appear to be in the original condition of manufacture, and respondent's failure to disclose that the watch movement has been removed from its original case and placed in a case of another manufacturer misleads purchasers into believing that said watches are the original, unaltered product of the manufacturer with whom they are identified.

Furthermore, as a result of such acts and practices by the respondent, many watch manufacturers will not honor their guarantees covering the original watches. Purchasers who buy such watches are misled and deceived into believing that the manufacturer will honor their guarantees on said watches.

Therefore, such acts and practices of the respondent were and are false, misleading and deceptive.

PAR. 9. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent has been, and now is, in substantial competition in commerce, with corporations, firms and individuals in the sale of watches, jewelry, diamonds, and other merchandise of the same general kind and nature as that sold by respondent.

PAR. 10. The use by respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's merchandise by reason of said erroneous and mistaken belief.

PAR. 11. The aforesaid acts and practices of the 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 methods of competition in commerce, and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

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 Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent 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 thirty (30) days, and having duly considered the comments filed thereafter pursuant to § 2.34(b) of its Rules, now, in further conformity with the procedure prescribed in such Rule, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its office and principal place of business located at 512 South Akard Street, Dallas, Texas.

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

It is ordered, That respondent Zale Corporation, a corporation, and its officers, and its subsidiaries and their officers, and respondent's representatives, agents, and employees, directly or through any corporoate or other device, in connection with the advertising, offering for sale, sale, or distribution of watches, jewelry, diamonds or other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, by and through its retail jewelry outlets operated

under the trade name "Zales" or any other trade name, do forthwith cease and desist from:

1. Using the terms "was" or "Regular," or any other word, words or representations of similar import or meaning, to refer to any price amount which is in excess of the price at which such merchandise has been sold or offered for sale in good faith by respondent in the trade area or areas where the representation is made for a reasonably substantial period of time in the recent, regular course of its business; or otherwise misrepresenting the former price at which such merchandise has been sold or offered for sale by respondent.

2. Using the terms "Factory List," "Mfg. List" or "NOT . . . AT ZALES . . .," or any other word, words or representations of similar import or meaning, to refer to any amount which is appreciably in excess of the highest price at which substantial sales of such merchandise have been made in the recent, regular course of business in the trade area where such representations are made; or otherwise misrepresenting the price at which such merchandise has been sold in the trade area where such representations are made.

3. Using the terms "Save 20%," "Save 25%," or "From 20% to 33% off," or any other word or words stating or implying reductions in price unless such reductions apply to each article of the particular class of merchandise represented to be offered for sale at the advertised reductions.

4. (a) Representing, in any manner, that purchasers or prospective purchasers of said merchandise will be afforded savings amounting to the difference between respondent's stated price and respondent's former price unless such merchandise has been sold or offered for sale in good faith at the former price by respondent for a reasonably substantial period of time in the recent, regular course of its business.

(b) Representing, in any manner, that purchasers or prospective purchasers of said merchandise will be afforded savings amounting to the difference between respondent's stated price and a compared price for said merchandise in respondent's trade area unless a substantial number of the principal retail outlets in the trade area regularly sell said merchandise at the compared price or some higher price.

(c) Representing, in any manner, that purchasers or prospective purchasers of said merchandise will be afforded savings amounting to the difference between respondent's stated price

and a compared value price for comparable merchandise in respondent's trade area, unless substantial sales of merchandise of like grade and quality are being made in the trade area at the compared price or a higher price and unless respondent has in good faith conducted a market survey or obtained a similar representative sample of prices in its trade area which establishes the validity of said compared price and it is clearly and conspicuously disclosed in immediate conjunction with any such representation that the comparison is with merchandise of like grade and quality.

5. Misrepresenting, in any manner, the amount of savings available to purchasers or prospective purchasers of respondent's merchandise at retail.

6. Failing to maintain adequate records (a) which disclose the facts upon which any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in Paragraphs 1–5 of this order are based, and (b) from which the validity of any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in Paragraphs 1–5 of this order can be determined.

7. Representing in advertising or promotional material or using tickets, tags, or labels stating that any price amount is or has been established or suggested as the retail selling price by the manufacturer or distributor for an article of merchandise unless the stated price has been in fact so established for the identical article to which respondent represents it to be applicable.

8. Representing, directly or by implication, that watches, the movements of which have been removed from their original case and placed in a different case, are guaranteed unless the identity of the guarantor, the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed in immediate conjunction with any such representation.

Provided, however, That with respect to respondent's retail jewelry outlets in department and discount stores operated under agreements with the store operators, this order shall not take effect for a period of one year from the date upon which the Commission issues its decision containing this order to cease and desist.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions, subsidiaries, or affiliated corporations and their respective divisions.

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

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it 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.

It is further ordered, That the respondent shall file with the Commission a second report in writing setting forth in detail the manner and form in which it has complied with this order one year from the date upon which the Commission issues its decision containing this order to cease and desist.

IN THE MATTER OF

ARLINGTON IMPORTS, INC.,

DOING BUSINESS AS

CAPITAL IMPORTS, ETC.

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

Docket 8813. Complaint, Apr. 2, 1970—Decision, July 31, 1970

Consent order requiring a Washington, D.C., seller of new and used automobiles to cease selling used Volkswagens as new, failing to notify customers that a new odometer has been placed on a used automobile, and failing to disclose that the warranties on used cars are not those of the Volkswagen company.

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 Arlington Imports, Inc., a corporation doing business as Capital Imports, and Crystal Cars, Inc., a corporation and Dominick P. DeCantis, individually and as an officer of each of said corporations, hereinafter referred to as respondents, have violated the provisions of 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. Respondent Arlington Imports, Inc., doing business as Capital Imports, is a corporation organized, existing and formerly doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal office and place of business formerly located at 1301 Good Hope Road, S.E., in the city of Washington, District of Columbia.

Respondent Crystal Cars, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal office and place of business located at 1301 Good Hope Road, S.E., in the city of Washington, District of Columbia.

Respondent Dominick P. DeCantis is an individual and is an officer of each of the corporate respondents. Prior to June 1968, he formulated, directed and controlled the acts and practices of Arlington Imports, Inc., including the acts and practices hereinafter set forth. In June 1968, he formed Crystal Cars, Inc., in which he formulates, directs and controls the acts and practices of said corporation, including the acts and practices alleged hereinafter. His address is the same as the corporate respondents.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution, and service and repair of used Volkswagen automobiles, as well as other new and used automobiles, to the public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, the aforesaid automobiles to be sold to purchasers thereof located in the District of Columbia and Virginia and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said automobiles in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their automobiles, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers of interstate circulation, typical and illustrative of which are the following:

VWS—1968
IMMEDIATE DELIVERY
ALL COLORS IN STOCK
ALSO AUTOMAT. TRANS.
ALSO LEFTOVER '67s
PRICED FROM
$1,695

Can finance with $95 down
trades accepted
CAPITAL IMPORTS
1301 Good Hope Road, S.E.
1 Block from 11th St. Bridge
Via Rt. 295 & Beltway, 584-0500

* * * * * * *

'68-'69 VOLKSWAGEN
Sedans & Sunroofs
IMMEDIATE DELIVERY
Over 20 to choose from
PRICED FROM $1695
Can finance with $95 down
Sales & Service at both fine locations
CRYSTAL CARS

D.C.	VA.
1301 Good Hope Rd. S.E.	3311 Wash. Blvd.
Foot of 11th St. Bridge	Arlington
Via Beltway & Rt. 295	Opposite Kanns
581-8700	525-5355

PAR. 5. By and through the use of the above quoted statements and representations, and others of similar import and meaning but not expressly set out herein, separately and in connection with the oral statements and representations of their salesmen and representatives, the respondents have represented, and are now representing, directly or by implication, that:

1. The respondents are an authorized Volkswagen dealer franchised by the manufacturer to sell Volkswagen automobiles.

2. The respondents have in stock and sell new and unused Volkswagen automobiles to the public.

PAR. 6. In truth and in fact:

1. The respondents are not an authorized Volkswagen dealer and are not franchised by the manufacturer to sell Volkswagen automobiles.

2. The respondents do not have in stock and do not sell new and unused Volkswagen automobiles to the public. The respondents sell only used automobiles. A number of used Volkswagen automobiles advertised and sold by respondents have previously been reconditioned by, among other things, the replacement of the odometers so that purchasers are unable to tell from the indicated mileage or the appearance of used Volkswagen automobiles that the automobiles have been used. Because of respondents' advertisements, the oral representations of respondents' employees and the appearance of the aforesaid automobiles, purchasers have failed to note the terms of

the respondents' bill of sale form which refer to the car as used, and said purchasers have been deceived and were likely to be deceived into purchasing respondents' used Volkswagen automobiles in the erroneous and mistaken belief that such automobiles were new.

Therefore, the statements and representations as set forth in Paragraph Four and Five hereof, were and are false, misleading and deceptive.

PAR. 7. In the further course and conduct of their business as aforesaid and for the purpose of inducing the purchase of their products, by and through the statements of respondents or their salesmen, the respondents have represented to customers and prospective customers that Volkswagen automobiles which respondents offered for sale had been used solely as demonstrators or had been driven only a limited number of miles, when in fact, the respondents did not have knowledge of the prior use of the automobiles or the number of miles the automobiles had been driven.

Therefore, respondents' representations, as aforesaid, were and are false, misleading and deceptive.

PAR. 8. In the further course and conduct of their business, as aforesaid, the respondents have failed to disclose to purchasers of Volkswagen automobiles that said automobiles had been manufactured specifically for sale in a foreign market rather than the United States and that therefore the specifications of the Volkswagen automobiles sold by respondents differed, among other ways, in components, such as engine size, from new and unused Volkswagen automobiles of the same year manufactured specifically for, and sold by authorized Volkswagen dealers in the United States. These differences, which are not readily apparent to the public and would be recognized only by trained and experienced persons, affected the performance of the automobiles, the purchasers convenience and the cost and time for repair.

Therefore, respondents' failure to disclose such material facts, as aforesaid, was and is a false, misleading and deceptive act and practice.

PAR. 9. In the further course and conduct of their aforesaid business, respondents have, in many instances, provided purchasers of Volkswagen automobiles with warranties for service and repair of the automobiles. In such instances, respondents have failed to advise said purchasers of the material fact that warranties provided by respondents are not identical in extent of coverage or duration to warranties provided by authorized Volkswagen dealers. Further, respondents, in some instances, have failed to inform said purchasers that

work to be done under the warranties is to be only performed by respondents.

Therefore, respondents' failure to disclose such material facts, as aforesaid, was and is a false, misleading and deceptive act and practice.

PAR. 10. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of used Volkswagen automobiles and other new and used automobiles of the same general kind and nature of that sold by respondents.

PAR. 11. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' products and services by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and the respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having issued its complaint on April 2, 1970, charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with a copy of that complaint; and

The Commission having duly determined upon motion certified to the Commission that, in the circumstances presented, the public interest would be served by waiver here of the provision of Section 2.34(d) of its Rules that the consent order procedure shall not be available after issuance of complaint; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law had been violated as set forth in such complaint, and waivers and provisions as required by the Commission's Rules; and

The Commission having considered the aforesaid agreement and having determined that it provides an adequate basis for appropriate disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings are made, and the following order is entered:

1. Respondent Arlington Imports, Inc., a corporation, doing business as Capital Imports, is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its office and principal place of business located at 1301 Good Hope Road, S.E., in the city of Washington, District of Columbia.

Respondent Crystal Cars, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its office and principal place of business located at 1301 Good Hope Road, S.E., in the city of Washington, District of Columbia.

Respondent Dominick P. DeCantis is an officer of said corporations. He formulates, directs and controls the policies, acts and practices of said corporations, and his address is the same as that of said corporations.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Arlington Imports, Inc., a corporation, and its officers, doing business as Capital Imports, or under any other name or names, and Crystal Cars, Inc., a corporation, and its officers, and Dominick P. DeCantis, individually and as an officer of each of said corporations, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of any used Volkswagen automobiles or other new and used automobiles, or any other product or service, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing directly or by implication, that respondents are an authorized Volkswagen dealer or are a franchised dealer of the Volkswagen factory; or misrepresenting, in any manner, respondents' trade or business connections, affiliations, associations or status.

2. Representing, directly or by implication, that respondents have in stock or sell any new or unused Volkswagen automobiles,

or misrepresenting, in any manner, the types of vehicles which respondents stock or sell.

3. Advertising any used vehicle or group of used vehicles without clearly and conspicuously disclosing in any and all advertising thereof that the vehicle or vehicles are used.

4. Offering for sale, or selling any vehicle which has been used or reconditioned without clearly and conspicuously disclosing by decal or sticker attached thereto that the vehicle is used and the nature of reconditioning.

5. Failing orally to disclose to prospective customers prior to the showing of any vehicle to a prospective customer in which the odometer has been replaced that the mileage indicated thereon does not reflect the actual miles vehicles have been driven.

6. Offering for sale or selling any vehicle in which the odometer has been replaced without clearly and conspicuously disclosing by decal or sticker attached thereto that the mileage indicated on the vehicle does not reflect the actual miles the vehicles have been driven.

7. Failing to orally disclose prior to the time of sale, and in writing on any bill of sale or any other instrument of indebtedness, executed by a purchaser of respondents' Volkswagens and with such clarity as is likely to be observed and read by such purchaser, that:

> Warranties provided by respondents are not identical to warranties provided by authorized Volkswagen dealers and that service and repair of Volkswagens under said warranties will only be performed by respondents.

8. Representing, directly or by implication, that automobiles are warranted by respondents, unless the nature, conditions and extent of the warranty, identity of the warrantor and the manner in which the warrantor will perform thereunder are clearly and conspicuously disclosed.

9. Representing, in any manner, the nature or extent of previous use of any vehicle offered for sale unless in each such instance respondents have on hand and maintain records which will establish the nature and extent of previous use of each such vehicle offered for sale.

10. Failing to disclose orally and in specific detail to its prospective customer, if a vehicle being offered for sale to that customer differs, in any of its components or in any other manner, from new and unused vehicles of the same make and year produced for sale in the domestic American market.

11. Offering for sale, or selling, any vehicle which differs in any of its components or in any other manner from new and unused vehicles of the same make and year produced for sale in the domestic American Market, without clearly and conspicuously disclosing by decal or sticker attached thereto that there are such differences and itemizing them in detailed and specific terms.

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

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate 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 effect compliance obligations arising out of the order.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

IMPERIAL BUILDERS SUPPLY, INC., ET AL.

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

Docket C-1775. Complaint, July 31, 1970—Decision, July 31, 1970

Consent order requiring a Des Moines, Iowa, seller of residential siding products to cease conducting misleading contests, making deceptive pricing, guarantee and quality claims, making token installations, and using other unfair tactics.

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 Imperial Builders Supply, Inc., a corporation, and Max Lettween, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of 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. Respondent Imperial Builders Supply, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Iowa, with its principal office and place of business located at 1166 20th Street, Des Moines, Iowa.

Respondent Max Lettween is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is the same as that of the corporate respondent.

The aforementioned respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of various items of home improvements, including residential siding products to the general public and the installation thereof.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of Iowa to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Basically, respondents' sales plan has been to have puzzles published in newspapers, and to request that such puzzles be solved and returned to the company for entry in a "Contest," awarding a Grand Prize of all the siding for the winner's home; a Second Prize of a color television set; in one case, a Third Prize of a Hoover Upright Vacuum Cleaner, and in all cases including the words, "PLUS MANY OTHER PRIZES." All contests include eight rules. Illustrative of the rules are those quoted as follows from an advertisement run in the TV Supplement of the Kansas City Star for the week of September 11-17, 1966:

1. Entrants must be home owners or buying a home and 21 years of age or older.

2. Find the home below that matches the one in the coupon and write its number beneath the one in the coupon. Check every detail . . . the difference could be in the window, chimney, door, etc.

3. All entries will be judged not only on accuracy but on neatness and originality as well.

4. All entries must be received by midnight, Wednesday, September 21, 1966.

5. All entries must be sent through the mail. Be sure to include your name and address. Mail to Imperial Builders, 3560 Broadway, Kansas City, Mo.

6. The decision of the judges will be final. In case of a tie, names will be drawn.

7. No entries will be returned.

8. Contest winners will be announced in The Kansas City Star Dec. 18, 1966.

After entries are received, and before the date on which contest winners are to be announced, entrants are contacted for the purpose of selling siding on the basis that they are prospective or actual prize winners of a $400 discount from the regular price of siding.

PAR. 5. By and through the use of the above quoted statements and representations, and others of similar import and meaning, but not expressly set out herein, respondent and his salesmen or representatives have represented directly or by implication, in advertising and promotional material and in direct oral solicitations to prospective purchasers, for the purpose of inducing the purchase of their products, that:

1. Through the use of rules, a legitimate contest is being conducted and that there are judges designated who will make a bona fide decision as to the winner thereof.

2. Entrants may win prizes other than those specifically set out as the Grand Prize, Second Prize, or where applicable, Third Prize.

3. Respondents' products are being offered for sale at special savings from the respondents' regular selling prices as a result of the contest.

4. Products sold by respondent will never require repainting or repairing.

5. Respondents' products are everlasting and are made of indestructible materials, being impervious to storm, hail, fire and other elements.

6. Respondents' products and installations are fully guaranteed in every respect, without condition or limitations for the lifetime of the original purchaser.

PAR. 6. In truth and in fact:

1. While winners of the contests are purportedly selected by judges on the basis of accuracy, neatness and/or originality, in fact, they are more frequently selected by respondents at random on the basis of friendship, promotional value of the winner's name, economy of job required by the "winner," or other personal reasons not related to a true contest. Winners have been declared who did not, in fact, enter the contest.

2. No prizes, other than those specifically listed as the Grand Prize, Second Prize or Third Prize are awarded except that respondent advises entrants that they have won $400 off the price of siding, although respondent normally sells siding to everyone at a discount, with $400 or more being considered a normal discount, and, therefore, the value of allegedly winning $400 is illusory.

3. Respondents' products are not being offered for sale at special or reduced prices, and savings are not thereby afforded respondents' customers because of a reduction from respondents' regular selling prices. In fact, respondents do not have a regular selling price, but the prices at which respondents' said products are sold vary from customer to customer depending on the resistance of the prospective purchasers.

4. Products sold by respondents will require repainting or repairing.

5. Respondents' products are not everlasting and can be destroyed. They are not impervious to storm, hail, fire and other elements.

6. Respondents' siding materials and installations are not unconditionally guaranteed in every respect without condition or limitation for an unlimited period of time or for any other period of time. Such guarantee as may be provided is subject to numerous terms, conditions and limitations, and fails to set forth the nature and extent of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder.

Therefore, the statements and representations as set forth in Paragraph Five hereof were and are false, misleading and deceptive.

PAR. 7. In the further course and conduct of their business, and in furtherance of a sales program for inducing the purchase of their siding materials, respondents and their salesmen or representatives have engaged in the following additional unfair and false, misleading and deceptive acts and practices:

1. In a substantial number of instances and in the usual course of their business, respondents sell and transfer their customers' obligations, procured by the aforesaid unfair, false, misleading and deceptive means, to various financial institutions. In any subsequent legal action to collect on such obligations, these financial institutions or other third parties, as a general rule, have available and can interpose various defenses which may cut off certain valid claims customers may have against respondents for failure to perform or for certain other unfair, false, misleading or deceptive acts and practices.

2. Respondents subsequent to the signing of the contract by the purchaser represent that such contract is noncancellable and initiate token installations within a matter of hours after the execution of the contracts for the purpose of claiming partial performance on their contracts, with the intention of suspending work until it can be completed at respondents' convenience and convincing the customer that the contract is noncancellable, despite the foregoing false and deceptive sales scheme. In a substantial number of instances, the work is not resumed for weeks and even months. This practice is generally known in the trade as "spiking the job."

Therefore, the acts and practices as set forth in Paragraph Seven hereof were and are unfair and false, misleading and deceptive acts and practices.

PAR. 8. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of siding materials and other products of the same general kind and nature as that sold by respondents.

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

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices 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 respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by

the respondents 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 respondents 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 respondents have 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 thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Imperial Builders Supply, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Iowa, with its office and principal place of business located at 1166 20th Street, Des Moines, Iowa.

Respondent Max Lettween is an individual and an officer of said corporation. He formulates, directs and controls the policies, acts and practices of the corporate respondent, including the acts and practices under investigation. His address is the same as that of the corporate respondent.

Respondents cooperate and act together in carrying out the acts and practices being investigated.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Imperial Builders Supply, Inc., a corporation, and its officers, and Max Lettween, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution or installation of residential siding, or other home improvement products or services or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that names of contest winners are selected on the basis of merit when all of the

names are not selected by merit; or, misrepresenting in any manner the method by which names are selected in any drawing or contest.

2. Representing, directly or by implication, that there are many other prizes in a contest, when, in fact, there are not; representing an alleged discount as a prize, when, in fact, it is offered to all contest entrants, or in any other manner representing that contest entrants have or may win a prize which has not been established by clearly defined, predetermined contest rules.

3. Representing, directly or by implication, that any price for respondents' products is a special or reduced price, unless such price constitutes a significant reduction from an established selling price at which such products have been sold in substantial quantities by respondents in the recent regular course of their business; or misrepresenting, in any manner, the savings available to purchasers.

4. Representing, directly or by implication, that respondents' products will never require repainting or repair; or misrepresenting, in any manner, the efficacy, durability, efficiency, composition, or quality of respondents' products.

5. Representing, directly or by implication, that respondents' products are everlasting or are made of indestructible materials.

6. Representing, directly or by implication, that storms, hail, fire or other elements will not damage respondents' products.

7. Representing, directly or by implication, that any of respondents' products are guaranteed, unless the nature and extent of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

8. Failing to incorporate the following statement clearly and conspicuously on the face of all notes or other evidence of indebtedness executed by respondents' customers which, in the hands of any holder would not be subject to all defenses which would be available to the customer in an action by respondent:

"NOTICE"

"Any holder of this instrument takes this instrument subject to all defenses of the maker hereof which would be available to said maker in any action arising out of the

contract which gave rise to the execution of this instrument if such action had been brought by any party to said contract."

9. Failing within at least three days prior to any performance on any contract, to deliver to the customer a fully executed copy of the contract, together with a separate written statement, clearly and conspicuously advising the customer that there will be no performance on the contract for a designated period which shall in no case be less than three days after receipt by the customer of the aforesaid documents and that such customer may, during this designated period, elect to cancel the contract, without prejudice, by written notice to the other party.

10. Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondents' products or services, and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

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

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

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

EVAN-PICONE, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SECS. 2(d) AND 2(e) OF THE CLAYTON ACT

Docket C-1776. Complaint Aug. 3, 1970—Decision, Aug. 3, 1970

Consent order requiring a New York City manufacturer and distributor of women's dresses to cease discriminating among competing customers in paying promotional allowances and furnishing services or facilities.

COMPLAINT

The Federal Trade Commission having reason to believe that the party named in the caption hereof, and hereinafter more particularly designated and described, has violated and is now violating the provisions of subsections (d) and (e) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act, U.S.C. Title 15, Section 13, hereby issues its complaint, stating its charges with respect thereto as follows:

Count I

PARAGRAPH 1. Respondent, Evan-Picone, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal place of business located at 1407 Broadway, New York, New York.

PAR. 2. Respondent is now and has been engaged in the manufacture, distribution and sale of women's dresses under the trade name of Evan-Picone. Respondent sells its products to retail specialty and department stores located throughout the United States. Respondent's total annual sales have been substantial, exceeding ten million dollars for the calendar year ending December 31, 1967, and eleven million dollars for the calendar year ending December 31, 1968.

PAR. 3. In the course and conduct of its business, respondent has engaged and is now engaging in commerce, as "commerce" is defined in the Clayton Act, as amended, in that respondent sells and causes its products to be transported from its place of business located in the State of New Jersey, to customers located in other States of the United States and in the District of Columbia. There has been at all times mentioned herein a continuous course of trade in commerce in said products across State lines between said respondent and its customers.

PAR. 4. In the course and conduct of its business in commerce, respondent paid or contracted for the payment of something of value to or for the benefit of some of its customers as compensation or in consideration for services or facilities furnished by or through such customers in connection with their offering for sale or sale of products sold to them by respondent, and such payments were not made available on proportionally equal terms to all other customers competing in the sale and distribution of respondent's products.

PAR. 5. Included among the payments alleged in Paragraph Four were credits, or sums of money, paid either directly or indirectly by way of discounts, allowances, rebates or deductions, as compensation

or in consideration for promotional services or facilities furnished by customers in connection with the offering for sale, or sale of respondent's products, including advertising in various forms, such as newspapers and catalogues.

Illustrative of such practices, but not limited thereto, respondent, during the period 1967 through 1968, made payments and allowances to various customers in various areas, including the cities of Washington, D.C.; Baltimore, Maryland; Philadelphia, Pennsylvania; New York, New York and the surrounding areas of each for advertising services furnished by such customers in connection with the sale or offering for sale of respondent's products as follows:

Washington, D.C. Area

Customer	Amount of allowance	
	1967	1968
J. Garfinckel	$500.00	$1,100.00
Woodward & Lothrop	876.00	

Baltimore, Maryland Area

Cusotmer	Amount of allowance	
	1967	1968
Stewart & Co	$100.00	$603.00
Hamburgers	57.35	
Hochschild Kohn & Co		100.00

Philadelphia, Pennsylvania Area

Customer	Amount of allowance	
	1967	1968
Wanamaker's	$1,323.00	$450.00
Strawbridge & Clothier	1,768.40	
C. A. Rowell	250.00	
The Blum Store	200.00	

New York, New York Area

Customer	Amount of allowance	
	1967	1968
B. Altman	$1,250.00	
A. Constable	25.00	
B. Sertz	400.00	
Lord & Taylor	1,061.00	
Martins	440.00	
Plymouth	700.00	
Saks Fifth Avenue	5,794.00	$8,200.00
Abercrombie & Fitch		950.00
Bergdorf Goodman		1,450.00
Bloomingdale's		2,772.00
Bonwit Teller		1,535.00
Wallach's		517.33

Respondent did not offer and otherwise make available such promotional allowances on proportionally equal terms to all other customers in the Washington, D.C.; Baltimore, Maryland; Philadelphia, Pennsylvania and New York, New York metropolitan areas, competing with those who received such allowances.

PAR. 6. The acts and practices of respondent as alleged above are in violation of subsection (d) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act (U.S.C. Title 15, Section 13).

Count II

PAR. 1. Paragraphs One through Three of Count I are hereby adopted and made part of this Count as fully as if herein set out verbatim.

PAR. 2. In the course and conduct of its business in commerce, respondent discriminated in favor of some purchasers against other purchasers of its products bought for resale by contracting to furnish or furnishing, or by contributing to the furnishing of services or facilities connected with the handling, sale or offering for sale of such products so purchased upon terms not accorded to all competing purchasers on proportionally equal terms.

PAR. 3. Included among the services or facilities furnished some purchasers, as alleged in Paragraph Two of Count II, is that of placing advertisements in nationally circulated publications with the listing in such advertisements of certain favored purchasers as retail outlets where the advertised products could be obtained.

Illustrative of such practices but not limited thereto, respondent, during the year of 1968 caused favored purchasers in the cities and surrounding areas of Washington, D.C.; Philadelphia, Pennsylvania; and New York, New York to be listed in nationally circulated publications as retail outlets at which respondents products were available as follows:

Washington, D.C. Trade Area

Customer	Publication	Date of advertisement
J. Garfinckel	N.Y. Times	2/18/68
		8/11/68
	Harper's Bazaar	3/68

Philadelphia, Pennsylvania Trade Area

Customer	Publication	Date of advertisement
J. Wanamaker	N.Y. Times	2/18/68

New York, New York Trade Area

Customer	Publication	Date of advertisement
Bonwit Teller	Vogue	1/15/68
Abercrombie & Fitch	Vogue	5/68
Abercrombie & Fitch	Madamoiselle	4/68
Bloomingdales	N.Y. Times	2/18/68
Bloomingdales	Harper's Bazaar	3/68
Bloomingdales	New Yorker	4/8/68
B. Altman	McCalls	2/23/68
Saks Fifth Avenue	Playbill	1/68
Saks Fifth Avenue	Playbill	6/68
Bergdorf Goodman	Madamoiselle	8/68

PAR. 4. During the same period of time, respondent sold its products to retailers competing with said favored purchasers and has not furnished or offered to furnish the services or facilities as set forth in Paragraph Three of Count II herein, to said unfavored retailers on proportionally equal terms.

PAR. 5. The acts and practices of respondent as alleged above violate subsection (e) of Section 2 of the Clayton Act, as amended (U.S.C. Title 15, Section 13).

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of subsections (d) and (e) of Section 2 of the Clayton Act, as amended, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of complaint; and

The respondent 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 complaint to issue herein, 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 considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Evan-Picone, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 1407 Broadway, in the city of New York, State of New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent.

ORDER

It is ordered, That the respondent Evan-Picone, Inc., a corporation, its officers, directors, agents, representatives and employees, directly, indirectly, or through any corporate or other device, in or in connection with the sale of wearing apparel products in commerce, as "commerce" is defined in the Clayton Act, as amended, do forthwith cease and desist from:

1. Paying or contracting for the payment of anything of value to, or for the benefit of, any customer of the respondent as compensation for or in consideration of advertising or promotional services, or any other service or facility furnished by or through such customer in connection with the handling, sale, or offering for sale of respondent's products, unless such payment or consideration is made available on proportionally equal terms to all other customers, including customers who do not purchase directly from respondent, who compete with such favored customer in the distribution or resale of such products.

2. Furnishing, contracting to furnish, or contributing to the furnishing of services or facilities in connection with the handling, processing, sale or offering for sale of respondent's products to any purchaser of such products bought for resale when such services or facilities are not accorded on proportionally equal terms to all other purchasers, including purchasers who do not purchase directly from respondent, who resell such products in competition with any purchaser who receives such services or facilities.

It is further ordered, That the respondent shall, within sixty (60) days after service upon it 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 the provisions of the order set forth herein.

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

It is further ordered, That the respondent notify the Commission

at least thirty (30) days prior to any proposed change in the corporate 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.

IN THE MATTER OF

AMERICAN CHINCHILLAS, INC., ET AL.

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

Docket C-1777. Complaint, Aug. 7, 1970—Decision, Aug. 7, 1970

Consent order requiring a Tacoma, Wash., distributor of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, and misrepresenting its services to its customers.

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 American Chinchillas, Inc., a corporation, and Henry E. Gummeringer and Evelyn Gummeringer, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of 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. Respondent American Chinchillas, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business located at 5424 South Puget Sound Avenue, Tacoma, Washington.

Respondents Henry E. Gummeringer and Evelyn Gummeringer are individuals and officers of American Chinchillas, Inc., and they formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past, have been engaged in the advertising, offering for sale, sale and distribution of chinchilla breeding stock to the public.

PAR 3. In the course and conduct of their aforesaid business, respondents now cause, for some time last past have caused, their said chinchillas, when sold, to be shipped from their place of business in the State of Washington to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of obtaining the names of prospective purchasers and inducing the purchase of said chinchillas, the respondents make numerous statements and representations by means of television broadcasts, direct mail advertising, and through the oral statements and display of promotional material to prospective purchasers by their salesmen, with respect to the breeding of chinchillas for profit without previous experience, the rate of reproduction of said animals, the expected return from the sale of their pelts and the training assistance to be made available to purchasers of respondents' chinchillas.

Typical and illustrative, but not all inclusive of the said statements and representations made in respondents' television and radio broadcasts and promotional literature, are the following:

These gentle little fellows are Chinchillas. They can make you money just as they are making money for people that are now raising them. . . . They are easily cared for and being odorless can be raised in the basement, garage or spare room. . . . Demand for top quality Chinchilla pelts far exceeds the supply. That is why we need more breeders to produce more pelts to a market that is growing every year. Make Chinchillas your future. . . . Most people who have started out with us have had no experience with Chinchillas whatsoever, but with our advisory and marketing services, they are meeting with success. Remember, Chinchillas can be a tremendous continuing earning power in your future.

There are many people that have started out in spare rooms in their houses, garages even in their dens. Some people at this writing are taking from $4,000 to $7,000 out of their basements.

Is experience necessary in order to succeed? People who have purchased Chinchillas from us in the past have had no experience with Chinchillas. Those who have taken advantage of our advisory service are meeting with success.

If we buy Chinchillas, does your interest continue in my welfare?

To purchasers of our breeding stock, we offer a complete advisory service.

Statistics establish that Chinchillas are hardy and that farm mortality is low.

Top quality—every adult pair of American Chinchillas is graded by a

prominent fur judge and assigned a grading certificate, and a pedigree record.

Although reproductive performance differs among various herds, it is not uncommon for normal healthy Chinchillas to produce two litters a year with an average of two babies a litter.

What is the gestation period?

Usually 111 days, making three litters a year possible, but on the average two litters.

What is the size of a litter?

Average about two; but can be from one to five.

Is the pioneer stage passed?

The pioneering has been done and it is now on a profitable basis.

Chinchilla breeding can be a very profitable business and a very good hobby. Persons of sound bnsiness judgment will easily recognize this potential when considering the facts.

Can Chinchillas be a sound investment?

We feel that there is no other known industry which would show such tremendous and continued earning power with equal maximum of safety than raising Chinchillas of a superior quality and under the proper management. We consider Chinchilla farming as safe or safer, and far more profitable, when properly conducted, than most investments or other lines of business.

Educational assistance. American Chinchillas, Inc. furnishes you with a complete manual, special bulletins on the latest methods of ranching. Monthly meetings where you will be taught by well experienced ranchers. Service calls on your ranch. This know how is the most valuable future of the American Chinchilla Program. It insures your future success.

* * * * * * *

We are proud to state that to our knowledge no customer of ours can fail if he follows our advice and our program.

PAR. 5. By and through the use of the aforesaid statements and representations and others of similar import and meaning, but not expressly set out herein, separately and in connection with oral statements and representations to prospective purchasers, respondents have represented, and are now representing, in sales promotions, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas from breeding stock purchased from respondents in homes, basements or garages, and large profits can be made in this manner.

2. The breeding of chinchillas from breeding stock purchased from respondents, as a commercially profitable enterprise, requires no previous experience in the breeding, caring for and raising of such animals.

3. Chinchillas are hardy animals, and are not susceptible to diseases.

4. Purchasers of respondents' breeding stock receive top quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will produce at least four live offspring per year.

6. Each female chinchilla purchased from respondents and each female offspring will produce several successive litters of from one to five live offspring at 111-day intervals.

7. The offspring referred to in Paragraph Five subparagraph (6) above will have pelts selling for an average price of $30 per pelt, and that pelts from offspring of respondents' breeding stock generally sell from $25 to $60 each.

8. A purchaser starting with three females and one male of respondents' chinchilla breeding stock will have an annual income of $5,000 to $10,000 from the sale of pelts after the fifth year.

9. Purchasers of respondents' breeding stock can expect a great demand for the offspring and the pelts thereof.

10. Respondents will buy all pelts of offspring of chinchillas purchased from them.

11. Respondents breed and develop their own chinchilla breeding stock.

12. Through the assistance and advice furnished to purchasers of respondents' breeding stock by respondents, purchasers are able to successfuly breed and raise chinchillas as a commercially profitable enterprise.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas from breeding stock purchased from respondents in homes, basements or garages, and large profits cannot be made in this manner. Such quarters or buildings, unless they have adequate space and the requisite temperature, humidity, ventilation and other necessary environmental conditions are not adaptable to or suitable for the breeding or raising of chinchillas on a commercial basis.

2. The breeding of chinchillas from breeding stock purchased from respondents as a commercially profitable enterprise requires specialized knowledge in the breeding, caring for and raising of said animals much of which must be acquired through actual experience.

3. Chinchillas are not hardy animals and are susceptible to pneumonia and other diseases.

4. Chinchilla breeding stock sold by respondents is not of top quality.

5. Each female chinchilla purchased from respondents and each female offspring will not produce at least four live offspring per year, but generally less than that number.

6. Each female chinchilla purchased from respondents and each female offspring will not produce several successive litters of from one to five live offspring at 111-day intervals, but generally less than that number.

7. The offspring referred to in subparagraph (6) of Paragraph Five above will not produce pelts selling for an average price of $30 per pelt but substantially less than that amount; and pelts from offspring of respondents' breeding stock will generally not sell for $25 to $60 each since some of the pelts are not marketable at all and others would not sell for $25 but for substantially less than that amount.

8. A purchaser starting with three females and one male of respondents' breeding stock will not have an annual income of $5,000 to $10,000 from the sale of pelts after the fifth year but substantially less than that amount.

9. Purchasers of respondents' breeding stock cannot expect a great demand for the offspring and pelts thereof.

10. Respondents do not buy all pelts of offspring of chinchillas purchased from them.

11. Respondents do not breed and develop their own breeding stock but obtain such animals from others for resale.

12. Purchasers of respondents' breeding stock are not able to successfully breed and raise chinchillas as a commercially profitable enterprise through the assistance and advice furnished them by respondents.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were, and are, false, misleading and deceptive.

PAR. 7. In the course and conduct of their business, and at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of chinchilla breeding stock of the same general kind and nature as those sold by respondents.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were, and are, true and into the purchase of substantial quantities of respondents' chinchillas by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the respondents, as herein alleged, were and are all to the prejudice and injury of the

public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices 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 respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents 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 respondents have 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 thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent American Chinchillas, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its office and principal place of business located at 5424 South Puget Sound Avenue, Tacoma, Washington.

Respondents Henry E. Gummeringer and Evelyn Gummeringer are individuals and officers of American Chinchillas, Inc., and they formulate, direct and control the acts and practices of said corporation, including the acts and practices hereinafter set forth. Their address is the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject

matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents American Chinchillas, Inc., a corporation, and its officers, and Henry E. Gummeringer and Evelyn Gummeringer, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of chinchilla breeding stock or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication, that:

1. It is commercially feasible to breed or raise chinchillas in homes, basements, garages or other quarters or buildings unless in immediate conjunction therewith it is clearly and conspicuously disclosed that the represented quarters or buildings can only be adaptable to and suitable for the breeding and raising of chinchillas on a commercial basis if they have the requisite space, temperature, humidity, ventilation and other environmental conditions.

2. Breeding chinchillas as a commercially profitable enterprise can be achieved without previous knowledge or experience in the breeding, caring for and raising of such animals.

3. Chinchillas are hardy animals or are not susceptible to disease.

4. Purchasers of respondents' chinchilla breeding stock will receive top quality or any other grade or quality of chinchillas unless such purchasers receive animals of the represented grade or quality.

5. Each female chinchilla purchased from respondents and each female offspring will produce at least four live young per year.

6. The number of live offspring which will be produced per female chinchilla is any number or range of numbers; or representing, in any manner, the past number or range of numbers of live offspring produced per female chinchilla from respondents' breeding stock unless, in fact, the past number or range of numbers represented are those of a substantial number of purchasers and accurately reflect the number or range of numbers of live offspring produced

per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

7. Each female chinchilla purchased from respondents and each female offspring will produce successive litters of one to five live offspring at 111-day intervals.

8. The number of litters or sizes thereof which will be produced per female chinchilla is any number or range thereof; or representing, in any manner, the past number or range of numbers of litters or sizes produced per female chinchilla from respondents' breeding stock unless, in fact, the past number or range of numbers represented are those of a substantial number of purchasers and accurately reflect the number or range of numbers of litters or sizes thereof produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

9. Pelts from the offspring of respondents' chinchilla breeding stock sell for an average price of $30 per pelt; or that pelts from the offspring of respondents' breeding stock generally sell from $25 to $60 each.

10. Chinchilla pelts which will be produced from respondents' breeding stock will sell for any price, average price, or range of prices; or representing, in any manner, the past price, average price or range of prices of pelts from chinchillas of respondents' breeding stock unless, in fact, the past price, average price or range of prices represented are those of a substantial number of purchasers and accurately reflect the price, average price or range of prices realized by these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

11. A purchaser starting with three females and one male of respondents' breeding stock will have, from the sale of pelts, a net profit or earnings of $5,000 to $10,000 after the fifth year.

12. Purchasers of respondents' breeding stock will realize future earnings, profits or income in any amount or range of amounts; or representing, in any manner, the past earnings, profits or income of purchasers of respondents' breeding stock unless, in fact, the past earnings, profits or income

represented are those of a substantial number of purchasers and accurately reflect the average earnings, profits or income of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

13. Chinchillas or chinchilla pelts are in great demand; or that purchasers of respondents' breeding stock can expect to be able to sell the offspring or the pelts of the offspring of respondents' chinchillas because said chinchillas or pelts are in great demand.

14. Respondents will buy all pelts of offspring of chinchillas purchased from them.

15. Respondents breed and develop their own chinchilla breeding stock or misrepresenting, in any manner, the origin or source of products sold by them.

16. The assistance or advice furnished to purchasers of respondents' chinchilla breeding stock by respondents will enable purchasers to successfully breed or raise chinchillas as a commercially profitable enterprise.

B. 1. Misrepresenting, in any manner, the assistance, training, services or advice supplied by respondents to purchasers of their chinchilla breeding stock.

2. Misrepresenting, in any manner, the earnings or profits to purchasers, the quality or reproduction capacity of any chinchilla breeding stock.

C. Failing to deliver a copy of this order to cease and desist to all present and future salesmen and other persons engaged in the sale of the respondents' products or services and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

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

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

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

GERALD WHITE

DOING BUSINESS AS

PILGRIM FINANCIAL SERVICE

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

Docket C-1778. Complaint, Aug. 11, 1970—Decision, Aug. 11, 1970

Consent order requiring a Lawrence, Mass., respondent engaged in the business of operating a collection agency to cease using various debt collection forms, using an envelope which has a Washington, D.C., return address, and misrepresenting that legal action will be taken against debtors.

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 Commisison, having reason to believe that Gerald White, an individual doing business as Pilgrim Financial Service, hereinafter referred to as respondent, has violated the provisions of 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. Respondent Gerald White is an individual doing business as Pilgrim Financial Service. The office and principal place of business of Pilgrim Financial Service is located at 125 South Broadway, Lawrence, Massachusetts.

PAR. 2. Respondent is now, and for some time past has been, engaged in the business of operating a collection agency.

PAR. 3. Respondent solicits and receives accounts for collection from business and professional people. In the course and conduct of his business, respondent has engaged, and is now engaged, in commercial intercourse, in commerce, among and between various States of the United States, including the transmission and receipt of monies, checks, collection letters and forms, contracts, and other written instruments. In carrying out his aforesaid collection business, respondent maintains, and at all times mentioned herein has main-

tained, a substantial course of trade in commerce as "commerce" is defined in the Federal Trade Commisison Act.

PAR. 4. In the course and conduct of his business as aforesaid, respondent has transmitted and mailed, and has caused to be transmitted and mailed, to alleged delinquent debtors and to other persons various forms and other printed material.

Typical and illustrative of such forms and material, but not all inclusive thereof, are the following:

1. A printed form and a brown window envelope in which the form is mailed, containing the following statements:

Final Demand for the Payment of Debt

PAYMENT DEMAND, 748 Washington Building, Washington, D.C.

NOTICE MAILED FROM WASHINGTON, D.C., BY PAYMENT DEMAND.

This Demand is made to give you a last opportunity to pay and to lay a foundation for action on said claim if the same is not paid within the time aforesaid.

The Form Enclosed Is Confidential—No One Else May Open.

Parts of the form are printed in Gothic style type and the form is similar in appearance to a U.S. government check. The brown window envelope, with a return address of 748 Washington Building, Washington, D.C., is similar in appearance to envelopes used by governmental agencies for official purposes.

2. The printed form described in subparagraph 1 of this Paragraph also contains the following statements:

Subject to the Laws of the

COMMONWEALTH OF MASSACHUSETTS

A Creditor may request an Attorney-at-Law to attach Property such as Automobile, Jewelry, Boat, Live Stock, Crops, Machinery, House, Real Estate, Bank Account, Bank Vault, Stocks, Bonds and Earnings, Commission or Salary.

3. A printed form containing the following statements:

Court action has been requested by your Creditor.

Legal procedure will cost you additional expense in Process Servers Fees and Court Costs, Besides you will have to take time out to appear in Court,

This is to advise you that this is your final opportunity to pay your legally and past due debt of $_____ to _____.

4. A printed form sent to employers of alleged delinquent debtors which contains the following statement:

Gentlemen:

Would you kindly pass this message to ---------- asking him to call me at once.

This form bears the name "Mr. Raymond White," along with respondent's telephone number and business address.

PAR. 5. By and through the use of the statements and representations quoted under subparagraphs 1 and 3 of Paragraph Four, and others of similar import and meaning not specifically set forth herein, respondent represents, directly or by implication:

1. That "Payment Demand" is a bona fide organization authorized to effect collection of alleged delinquent accounts.

2. That "Payment Demand" is an agency of the U.S. Government or operates under the aegis of the U.S. Government.

3. That failure of an alleged delinquent debtor to remit money to respondent will result in the immediate institution of legal action to effect payment.

PAR. 6. In truth and in fact:

1. "Payment Demand" is not a bona fide organization authorized to effect collection of alleged delinquent accounts, but is merely a name placed on the forms by the supplier thereof.

2. "Payment Demand" is not an agency of the U.S. Government and does not operate under the aegis of the U.S. Government.

3. The failure of an alleged delinquent debtor to remit money to respondent does not always result in the immediate institution of legal action. On the contrary, legal proceedings are not generally used as a collection device.

Therefore, the statements and representations as set forth in subparagraphs 1 and 3 of Paragraph Four and in Paragraph Five hereof, were, and are, unfair practices and are false, misleading, and deceptive.

PAR. 7. By and through the use of the statements and representations quoted under subparagraph 2 of Paragraph 4, respondent misrepresents and inaccurately states the rights of creditors under applicable state laws. The sole purpose of said statements and representations is to induce alleged delinquent debtors to remit money to respondent.

Therefore, the aforesaid acts and practices were, and are, unfair, misleading, and deceptive.

PAR. 8. By and through the use of the forms described in subparagraph 4 of Paragraph Four, respondent conceals the purpose for which such communications are made. The sole purpose of said

forms is to induce alleged delinquent debtors to contact respondent and to obtain information by subterfuge.

Therefore, the aforesaid acts and practices were, and are, unfair, misleading, and deceptive.

PAR. 9. In the course and conduct of his business as aforesaid, and at all times mentioned herein, respondent has been, and is now, in substantial competition, in commerce, with corporations, firms, and individuals engaged in the business of collecting alleged delinquent accounts.

PAR. 10. The use by respondent of the aforesaid false, misleading, and deceptive statements, representations, and practices has had, and now has, the capacity and tendency to mislead members of the public into the erroneous and mistaken belief that said statements and representations were, and are, true and into the payment of alleged delinquent accounts and the supplying of information which they otherwise would not have supplied, by reason of said erroneous and mistaken belief.

PAR. 11. The aforesaid 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 methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

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 Industry Guidance proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent 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 agreement is for settlement purposes only and does not constitute an admission by the respondent that the law has been violated as alleged in said 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 having placed said agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Gerald White is an individual doing business as Pilgrim Financial Service. The office and principal place of business of Pilgrim Financial Service is located at 125 South Broadway, Lawrence, Massachusetts.

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

It is ordered, That respondent Gerald White, an individual doing business as Pilgrim Financial Service, or under any other name or names, and respondent's representatives, agents, and employees, directly or through any corporate or other device, in connection with the solicitation of accounts for collection or the collection of, or attempts to collect, alleged delinquent accounts or the obtaining of, or attempts to obtain, information concerning alleged delinquent debtors, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using any debt collection form or other material.

a. which appears to be, or simulates, an official or governmental form or document;

b. which bears the name "Payment Demand" or any other name which creates the false impression that a party other than respondent is attempting to collect an alleged debt;

c. which misrepresents or inaccurately states the rights of a creditor under state law to attach the real or personal property, income, wages, or other property of an alleged delinquent debtor.

d. which contains a statement of the rights of a creditor to attach after judgment the real or personal property, income, wages, or other property of an alleged delinquent debtor without disclosing that judgment may not be entered against the debtor unless he has first had an opportunity to appear and defend himself in a court of law: *Provided, how-*

ever, That it shall be a defense hereunder for respondent to establish that a form containing a statement prohibited by this paragraph (d) is sent only to debtors against whom final judgments have been obtained.

2. Using any envelope for debt collection purposes:

a. which appears to be, or simulates, an official or governmental envelope;

b. which purports to come from a party other than respondent;

c. which contains a Washington, D.C., return address without disclosing in a prominent place, in clear language, and in type at least as large as the largest type used on said envelope, respondent's name and the fact that the enclosed forms do not come from the United States Government:

d. which contains the statement "The Form Enclosed Is Confidential No One Else May Open" or any statement of similar import.

3. Representing directly or by implication, that legal action will be instituted against an alleged delinquent debtor unless such legal action will in fact be instituted as represented if the debtor fails to make payment or otherwise settle his account.

4. Using any form, questionnaire, or other debt collection communication, whether written or oral, which does not clearly and conspicuously disclose that the purpose of such communication is to obtain information concerning an alleged delinquent debtor or to collect an alleged delinquent account.

It is further ordered, That respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form of his compliance with this order.

In the Matter of

NAT ABRAMS FURS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACT

Docket C-1779. Complaint, Aug. 13, 1970—Decision, Aug. 13, 1970

Consent order requiring a New York City manufacturer of fur products to cease misbranding and falsely or deceptively invoicing its furs.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Nat Abrams Furs, Inc., a corporation, and Nat Abrams, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling 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:

PAR. 1. Respondent Nat Abrams Furs, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Individual respondent Nat Abrams is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, including those hereinafter referred to.

Respondents are manufacturers of fur products with their office and principal place of business located at 345 Seventh Avenue, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4 (2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur

contained in the fur products was dyed, when such was the fact.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced by respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under said Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was dyed, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that said fur products were invoiced to show that the fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. The aforesaid acts and practices of respondents, as herein alleged are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs 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 Fur Products Labeling Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents 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 respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent and agreement and placed such agreement on the

public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Nat Abrams Furs, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Nat Abrams is an officer of said corporation. He formulates, directs and controls the acts, practices and policies of said corporation.

Respondents are manufacturers of fur products with their office and principal place of business located at 345 Seventh Avenue, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Nat Abrams Furs, Inc., a corporation, and its officers, and Nat Abrams, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

1. Representing, directly or by implication, on labels that the fur contained in any fur product is natural when the fur contained therein is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix labels to fur products showing in words and figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing fur products by:

1. Failing to furnish invoices, as the term "invoice" is defined in the Fur Products Labeling Act, showing in

words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing, directly or by implication, on invoices that the fur contained in the fur products is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further offered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate 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.

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

It is further ordered, That respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

In the Matter of

KADIMA, INC., ET AL.

CONSENT ORDER, ETC. IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACTS

Docket C-1780. Complaint, Aug. 13, 1970—Decision, Aug. 13, 1970

Consent order requiring a Pinellas Park, Fla., manufacturer of boys' wear to cease violating the Textile Fiber Products Identification Act by misbranding its textile fiber products.

Complaint

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Kadima, Inc., a corporation, and Samuel Baruch, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promul-

gated under the Textile Fiber Products Identification 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. Respondent Kadima, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida. The respondent corporation maintains its office and principal place of business at 6250 82nd Avenue North, Pinellas Park, Florida.

Respondent Samuel Baruch is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of the corporate respondent including those hereinafter referred to. His address is the same as that of the corporate respondent.

Respondents are engaged in the manufacture of textile fiber products, namely boys' wear.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 3. Certain of said textile fiber products were misbranded by respondents within the intent and meaning of Section 4(a) of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, invoiced, advertised, or otherwise identified as to the name or amount of the constituent fibers contained therein.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products, namely boys' wear, which contained substantially different amounts and types of fibers than as represented.

PAR. 4. Certain of said textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or

otherwise identified as required under provisions of Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products with labels which failed:

1. To disclose the true generic names of the fibers present; and
2. To disclose the percentages of such fibers by weight.

PAR. 5. Certain of said textile fiber products were misbranded in violation of the Textile Fiber Products Identification Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder inasmuch as the required information as to fiber content was not set forth in such a manner as to separately show the fiber content of each section of textile fiber products containing two or more sections, in violation of Rule 25(b) of the aforesaid Rules and Regulations.

PAR. 6. The acts and practices of respondents as set forth above were, and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce, under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs 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 Textile Fiber Products Identification Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents 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 respondents

have violated the said Acts, 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 thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Kadima, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its office and principal place of business located at 6250 82nd Avenue North, Pinellas Park, Florida.

Respondent Samuel Baruch is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his address is the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Kadima, Inc., a corporation, and its officers, and Samuel Baruch, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from misbranding such textile fiber products by:

1. Falsely or deceptively stamping, tagging, labeling, invoicing, advertising or otherwise identifying such products as to the name or amount of the constituent fibers contained therein.

2. Failing to affix a stamp, tag, label, or other means of

identification to each such textile fiber product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

3. Failing to separately set forth the required information as to fiber content on the required label in such a manner as to separately show the fiber content of the separate sections of textile fiber products containing two or more sections where such form of marking is necessary to avoid deception.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate 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.

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

It is furthered ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

MISS HOLIDAY ORIGINALS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING ACTS

Docket C-1781. Complaint, Aug. 13, 1970—Decision, Aug. 13, 1970

Consent order requiring a New York City manufacturer of women's and misses' apparel to cease and desist from misbranding its wool products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Miss Holiday Originals, Inc., a corporation, and Marvin Cohen, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regula-

tions promulgated under the Wool Products Labeling Act of 1939, 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. Respondent Miss Holiday Originals, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 240 West 37th Street, New York, New York.

Respondent Marvin Cohen is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his address is the same as that of the corporate respondent.

Respondents are engaged in the manufacture and sale of women's and misses' apparel. They ship and distribute such products to various customers in the United States.

PAR. 2. Respondents, now and for some time last past, have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale, in commerce, as "commerce" is defined in said Wool Products Labeling Act of 1939, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded by the respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder in that they were falsely and deceptively stamped, tagged, labeled, or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were ladies' coats which were stamped, tagged, labeled or otherwise identified by respondents as containing "100% wool" whereas, in truth and in fact, said wool products contained substantially different fibers and amounts of fibers than as represented.

PAR. 4. Certain of said wool products were further misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded wool products, but not limited thereto, were wool products, namely women's and misses' apparel with labels on or affixed thereto, which failed to disclose the percentage of the

total fiber weight of the said wool products, exclusive of ornamentation not exceeding 5 per centum of said total fiber weight of (1) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool, when said percentage by weight of such fiber was 5 per centum or more; and (5) the aggregate of all other fibers.

PAR. 5. Certain of said wool products were misbranded in violation of the Wool Products Labeling Act of 1939 in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder in the following respect: that samples, swatches or specimens of wool products used to promote or effect sales of such wool products in commerce, were not labeled or marked to show the information required under Section 4(a)(2) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, in violation of Rule 22 of the aforesaid Rules and Regulations.

PAR. 6. The acts and practices of the respondents as set forth above were, and are, in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commision, would charge respondents with violation of the Federal Trade Commission Act and the Wool Products Labeling Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents 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 detemined that it had reason to believe that the respondents

have violated the said Acts, 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 thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Miss Holiday Originals, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Marvin Cohen is an officer of said corporation. He formulates, directs and controls the acts, practices and policies of said corporation.

Respondents are manufacturers of wool products with their office and principal place of business located at 240 West 37th Street, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Miss Holiday Originals, Inc., a corporation, and its officers, and Marvin Cohen, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivering for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from:

A. Misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.

2. Failing to securely affix to, or place on, each such product a stamp, tag, label, or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by Section 4(a)(2) of the Wool Products Labeling Act of 1939.

3. Failing to affix labels to samples, swatches or specimens of wool products used to promote or effect the sale of wool

products, showing in words and figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(a)(2) of the Wool Products Labeling Act of 1939.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate 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.

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

It is further ordered, That respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

MORRIS BECKERMAN TRADING AS MORRIS BECKERMAN WOOLEN CO.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING ACTS

Docket C-1782. Complaint, Aug. 13, 1970—Decision, Aug. 13, 1970

Consent order requiring a New York City individual trading as a wool wholesaler to cease misbranding his woolen products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Morris Beckerman, an individual trading as Morris Beckerman Woolen Co., hereinafter referred to as respondent has violated the provisions of said Acts and the Rules and Regulations promulgated under the Wool Products Labeling Act of 1939, 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. Respondent Morris Beckerman is an individual

trading as Morris Beckerman Woolen Co. with his office and principal place of business located at 270 West 39th Street, New York, New York.

Respondent is a wholesaler of wool products.

PAR. 2. Respondent is now and for some time last past has introduced into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded by the respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder in that they were falsely and deceptively stamped, tagged, labeled, or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were certain wool products stamped, tagged, labeled, or otherwise identified by respondents as 100 percent Wool, whereas in truth and in fact, said products contained woolen fibers together with substantially different fibers and amounts of fibers than represented.

PAR. 4. Certain of said wool products were further misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded wool products, but not limited thereto, was a wool product with a label on or affixed thereto which failed to disclose the percentage of the total fiber weight of the said wool product, exclusive of ornamentation not exceeding 5 per centum of the total fiber weight, of (1) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool, when said percentage by weight of such fiber was 5 per centum or more; and (5) the aggregate of all other fibers.

PAR. 5. The acts and practices of the respondent as set forth above were, and are, in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce within the meaning of the Federal Trade Commission Act.

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 Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939; and

The respondent 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 Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that the respondent has violated the said Acts, and the complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public records for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Morris Beckerman is an individual trading as Morris Beckerman Woolen Co., with his office and principal place of business located at 270 West 39th Street, New York, New York.

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

It is ordered, That respondent Morris Beckerman, individually and trading as Morris Beckerman Woolen Co. or under any other name, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are

defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.

2. Failing to securely affix to, or place on, each such product a stamp, tag, label, or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by Section 4(a)(2) of the Wool Products Labeling Act of 1939.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

IN THE MATTER OF

CORO, INC.

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

Docket C-1783. Complaint, Aug. 18, 1970—Decision, Aug. 18, 1970

Consent order requiring a New York City distributor of costume jewelry, including earrings, to cease using the term "Karatclad" or any other word or words implying that the article referred to has a gold plated surface.

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 Coro, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of 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. Respondent Coro, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 47 West 34th Street in the city of New York, State of New York.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of costume jewelry, including earrings, and other products to distributors, retailers and catalog houses for resale to the public.

PAR. 3. In the course and conduct of its business as aforesaid, respondent now causes, and for some time last past has caused, its said products, when sold, to be shipped from its place of business in the State of New York to purchasers thereof in various other States of the United States and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its business as aforesaid, and for the purpose of inducing the purchase of its jewelry, and particularly earrings, respondent, in its advertising has used the unqualified term "Karatclad" to describe the gold content of its jewelry.

PAR. 5. By means of the aforesaid term, respondent represented, directly or by implication, that its products, and particularly its earrings, are plated with a substantial surface of gold alloy by a mechanical bonding process.

PAR. 6. In fact, respondent's products are not plated with gold or gold alloy applied by a mechanical bonding process but, on the contrary, there is a coating of gold or gold alloy placed thereon by electrolysis.

Therefore, the use of the term "Karatclad," as set forth in Paragraph Four hereof, is, and was, false, misleading and deceptive.

PAR. 7. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent has been, and now is, in substantial competition, in commerce, with corporations, firms and individuals in the sale of costume jewelry of the same general kind and nature as that sold by respondent.

PAR. 8. The use by respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's products by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid 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 methods of competition in commerce, and unfair and deceptive

acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

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 Deceptive Practices proposed to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent 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 considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, and having duly considered the comments filed thereafter pursuant to § 2.34 (b) of its Rules now, in further conformity with the procedure prescribed in such Rule, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Coro, Inc., is a corporation organizated, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 47 West 34th Street, city of New York, State of New York.

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

It is ordered, That respondent, Coro, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of costume jewelry or any other product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "Karatclad" or any other word or words implying that the article referred to has a surface plating of gold or gold alloy applied by a mechanical bonding process to describe any jewelry product which is "gold electroplated" or "heavy gold electroplated" unless said designation is accompanied by either the term "gold electroplated" or "heavy gold electroplated," whichever is applicable; or misrepresenting in any manner, the content or manner of application of any gold or gold alloy plating, covering, or coating on the surface of any jewelry product or part thereof.

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

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

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it 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.

IN THE MATTER OF

LEONARD F. PORTER, INC., ET AL.

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

Docket C-1784. Complaint, Aug. 24, 1970—Decision, Aug. 24, 1970

Consent order requiring a Seattle, Wash., manufacturer of carvings, jewelry and curios to cease claiming that they are hand-made hand-carved or "Eskimo made."

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 Leonard F. Porter, Inc., a corporation, and Leonard F. Porter, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of 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. Respondent Leonard F. Porter, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Washington with its office and principal place of business located at 600 Prefontaine Building, Seattle, Washington.

Respondent Leonard F. Porter is an officer of the corporate respondent. He formulates, directs, and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the manufacture, sale, and distribution of ivory carvings, jewelry, curios, and similar products to retailers for resale to the public. Said products generally have an Eskimo theme or motif.

PAR. 3. In the course and conduct of their business as aforesaid, respondents cause, and for some time last past have caused, their products, when sold, to be shipped and transported from their place of business in the State of Washington to purchasers thereof located in the State of Alaska, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business as aforesaid, and for the purpose of inducing the purchase of their products, respondents have affixed thereto gummed labels and tags bearing the terms "Eskimo made" and "carved by hand." By and through the use of such statements and representations, respondents represent that their products are shaped and formed from raw materials by Eskimos using exclusively hand labor and manually controlled methods of production.

PAR. 5. In truth and in fact, respondents' products are not made by Eskimos using exclusively hand labor and manually controlled methods of production, but are manufactured with the use of powered machinery.

Therefore, the statements and representations as set forth in Paragraph Four hereof were, and are, false, misleading, and deceptive.

PAR. 6. By and through the use of the aforesaid statements, representations, and practices, respondents place in the hands of retailers the means and instrumentalities by and through which such

retailers may mislead the public as to the nature and method of manufacture of respondents' products.

PAR. 7. In the course and conduct of their business as aforesaid, and at all times mentioned herein, respondents have been in substantial competition in commerce with corporations, firms, and individuals in the sale of merchandise of the same general kind and nature as that sold by respondents.

PAR. 8. The use by respondents of the aforesaid false, misleading, and deceptive statements, representations, and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the mistaken and erroneous belief that said statements and representations were, and are, true and into the purchase of substantial quantities of respondents' products by reason of said mistaken and erroneous belief.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondents' competitors, and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in said complaint, and waivers and provisions as required by the Commission's Rules; and

The Commission, having considered the agreement and having accepted the same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34 of its Rules, the Commission hereby issues its

complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Leonard F. Porter, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Washington with its office and principal place of business located at 600 Prefontaine Building, Seattle, Washington.

Respondent Leonard F. Porter is an officer of said corporation. He formulates, directs, and controls the policies, acts, and practices of said corporation and his address is the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Leonard F. Porter, Inc., a corporation, and its officers, and Leonard F. Porter, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the advertising, labeling, offering for sale, sale, or distribution of carvings, jewelry, curios, or other products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that a product or part thereof is hand-made or hand-carved unless such product or part has been shaped and formed from raw materials exclusively through the use of hand labor and manually controlled methods of production; or misrepresenting in any manner the techniques or methods used in the manufacture of any product.

2. Using the term "Eskimo made," or any term of similar import and meaning, to designate, describe, or refer to any product, or part thereof unless such product or part has been shaped and formed from raw materials exclusively through the use, by Eskimos, of hand labor and manually controlled methods of production; or misrepresenting in any manner the national origin or racial or ethnic background of any person engaged in the manufacture of respondents' products.

3. Placing in the hands of retailers or others the means and instrumentalities by and through which they may deceive or mislead the purchasing public concerning any product or part thereof in the respects set out in Paragraphs 1 and 2, above.

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

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

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

JAMES B. LANSING SOUND, INC.

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

Docket C-1785. Complaint, Aug. 24, 1970—Decision Aug. 24, 1970

Consent order requiring a Los Angeles, Calif., manufacturer and distributor of high fidelity loudspeaker equipment to cease fixing the resale price of its products, preventing retailers from selling to customers of their own choosing, and preventing retailers from soliciting sales outside their market areas.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act (Title 15, U.S.C. Section 41 *et seq.*) and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the party identified in the caption hereof and more particularly described and referred to hereinafter as respondent, has violated the provisions of Section 5 of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the interest of the public, hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent James B. Lansing Sound, Inc., is a corporation organized on or about October 7, 1946, and is existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 3249 Casitas Avenue, Los Angeles, California.

PAR. 2. Respondent is engaged in the manufacture, sale and distribution of high fidelity loudspeakers, loudspeaker systems and other components, among other merchandise, through a dealer organization located throughout the United States. The annual sales volume of this high fidelity equipment distributed under the trademark "JBL" is approximately six million dollars.

PAR. 3. In the course and conduct of its business of distributing its high fidelity equipment, respondent ships or causes to be shipped said products from the State in which they are manufactured or warehoused to dealers located throughout the United States. There is now and has been for several years last past a constant, substantial, and increasing flow of such products in "commerce" as that term is defined in the Federal Trade Commission Act.

PAR. 4. Except to the extent that competition has been hampered and restrained by reason of the practices hereinafter alleged, respondent's dealers, in the course and conduct of their business of offering for sale high fidelity products manufactured by respondent, are in substantial competition in commerce with one another and with other firms or persons engaged in the distribution and sale of similar products, and respondent is likewise in substantial competition with other firms engaged in the manufacture and distribution of said products.

PAR. 5. For several years last past, and continuing to the present time, it has been the policy and practice of respondent to establish, maintain and enforce a merchandising or distribution program under which contracts, combinations, agreements, understandings, or other arrangements are entered into with its independent retail dealers, which have the purpose and effect of:

a) fixing, establishing or maintaining the resale prices of respondent's products;

b) preventing the independent dealers from reselling their products to customers of their own choosing; and

c) restricting the independent dealers from soliciting sales through demonstrations or exhibitions outside of their geographic market area.

PAR. 6. Among the practices employed by respondent to carry out the aforementioned policy and planned course of conduct, respondent requires its retail dealers to agree to make their sales records of all JBL products available for inspection.

PAR. 7. Said acts, practices and methods of competition engaged in and pursued by respondent, and the combination, conspiracy,

agreement or common understanding entered into or reached between it and its dealers, are all unfair methods of competition and unreasonable restraints of trade in commerce, within the intent and meaning of Section 5 of the Federal Trade Commission Act, as amended, and to the prejudice of the public because of the restrictions upon free competition resulting therefrom.

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 Restraint of Trade proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of Section 5 of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, which was approved and consented to by Jervis Corporation in its capacity as parent corporation of respondent, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of the 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 said 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 thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent James B. Lansing Sound, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 3249 Casitas Avenue, Los Angeles, California.

2. Respondent is a corporate subsidiary of Jervis Corporation, a corporation organized, existing and doing business under and by virtue of the laws of the State of Michigan.

3. 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

I

It is ordered, That respondent James B. Lansing Sound, Inc., and its subsidiaries, successors, assigns, officers, directors, agents, representatives and employees, individually or in concert with others, directly or indirectly, or through any corporate or other device, in connection with the manufacture, distribution, offering for sale, or sale of high fidelity equipment in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Entering into, maintaining or enforcing any contract, agreement, combination, understanding or course of conduct which has as its purpose or effect the fixing, establishing or setting of the prices at which its independent dealers or distributors may resell their products: *Provided, however*, That nothing contained herein shall be construed to prevent respondent from engaging in a legitimate fair trade program in those states having fair trade laws.

2. Preventing or prohibiting any independent dealer or distributor from reselling his products to any person or group of persons, business or class of businesses, except as may be expressly provided herein.

3. Preventing or prohibiting any independent dealer or distributor from soliciting sales outside of his market area.

4. Requiring its independent dealers or distributors to make their sales records available to respondent for inspection.

II

It is further ordered, That respondent, within sixty (60) days from the effective date of this order, shall:

1. Mail a conformed copy of this order to all dealers or distributors of its JBL high fidelity equipment, and to all JBL dealers terminated since January 1, 1966.

2. Notify each of its operating divisions of the substance of the complaint and order herein.

3. Offer to reinstate any dealer or distributor who may have been terminated by respondent for having violated any of the policies of respondent which this order seeks to prohibit: *Provided, however*, That respondent need not offer to rein-

state any dealers in states having fair trade laws, who in fact were terminated by respondent for violating any fair trade agreement only.

4. File with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

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

IN THE MATTER OF

AMERICAN TIRE COMPANY, ET AL.

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

Docket C-1786. Complaint, Aug. 26, 1970—Decision, Aug. 26, 1970

Consent order requiring a Sepulveda, Calif., retailer of automobile tires, batteries and other automotive accessories, to cease using the term "6 ply rated" in any advertising without disclosing the basis of comparison, using "ultra premium" or "1st line" without disclosing that no industry-wide ratings exists, misrepresenting retreaded tires as new, failing to disclose that advertised price does not include tax, misrepresenting the brand name or price of any tire, advertising products to gain access to prospective purchasers of other products, and using deceptive guarantees.

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 American Tire Company, a corporation, and Robert Mirman, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of 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. American Tire Company is a corporation organized, existing and doing business under and by virtue of the laws of the

State of California with its principal office located at 16730 Schoenborn Street, Sepulveda, California.

Respondent Robert Mirman is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale at retail to the purchasing public of automobile tires, batteries and other automotive parts and accessories.

PAR. 3. In the course and conduct of their business as aforesaid, respondents operate, through lease arrangements, the automotive departments in a substantial number of department stores in the States of California and Washington. From their principal office in the State of California, respondents transmit to said leased departments, advertising materials, sales manuals, and other material of a commercial nature.

In the further course and conduct of their business, respondents cause to be shipped from their warehouse in the State of California or from the warehouse of their various suppliers in other States, tires, batteries and other automotive parts and accessories to respondents' leased departments for purchase at retail by the general public in said leased departments located in States other than the States from which such shipments originate.

Respondents have engaged in all of the aforesaid acts and practices in the course and conduct of their business and all such acts and practices have a close and substantial relationship to the interstate flow of respondents' business. There is now, and has been at all times mentioned herein, a substantial and continuous course of trade in said tires, batteries and other merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, and for the purpose of inducing the sale of the products offered in their leased departments, respondents publish, or cause to be published, in newspapers of general circulation and in brochures distributed through the mails, advertisements containing many statements and representations, direct and by implication, regarding the quality and construction of their tires, the guarantees being offered, the savings which consumers will realize by purchasing at the advertised prices and other matters. By and through such statements and representations, together with, in some instances, respondents fail-

ure to adequately disclose certain material facts in some of the aforesaid advertisements, respondents have engaged in the following unfair and deceptive acts and practices in connection with the advertising, offering for sale and sale of tires and other products.

(1) Used the word "nylon" to describe or designate certain tires without clearly and conspicuously disclosing that it is only the cord material of such tires that was nylon. Respondents' failure to make such disclosure has the capacity and tendency to lead prospective purchasers to believe that it was the entire tire, rather than the cord material, that was of nylon.

(2) Used the term "6 ply rated" to describe or designate certain tires without clearly and conspicuously disclosing (a) the actual number of plies in the tires so described or designated; (b) that there is no industrywide definition of ply rating; and (c) the basis of comparison of the claimed rating. Respondents' failure to make such disclosures has the capacity and tendency to mislead and deceive prospective purchasers as to the actual number of plies in such tires and the quality of the tires so described or designated in comparison with tires offered by others.

(3) Used the terms "ultra premium" and "1st Line" to describe or designate certain tires without clearly and conspicuously disclosing (a) that no industrywide or other accepted system of quality standards or grading of industry products currently exists, and (b) that representations as to grade, line, level or quality relate only to the private standards of the marketer of the tire so described. Respondents' failure to make such disclosures has the capacity to mislead and deceive prospective purchasers to understand and believe that there exists an accepted system of quality standards in the tire industry which enables prospective purchasers to make meaningful comparisons between the tires so described or designated and the tires offered by others.

(4) Used the terms "Nu-Tread" and "Snow-Tread" to describe or designate used tires that had been retreaded without clearly disclosing that the tires so described or designated were retreads or had been retreaded. Respondents' failure to make such disclosure has the capacity and tendency to mislead and deceive prospective purchasers to understand and believe that such tires were new.

(5) Failure to include the applicable Federal excise tax in the advertised price of tires or failed to disclose clearly and conspicuously that such advertised prices do not include the Federal excise tax and to set forth the applicable amount of such tax in

immediate conjunction with each such advertised price. Respondents' failure to include the amount of the tax in the price of the tire or to make the aforesaid disclosure and set forth the amount of the tax has the capacity and tendency to mislead and deceive prospective purchasers into the mistaken belief that the selling price of such tires is lower than it actually is.

(6) Used the terms "Famous Brand," "Nationally Advertised" and similar terms to describe or designate certain tires, thereby causing prospective purchasers to believe contrary to fact, that the tires so described or designated were among the following brand tires—Firestone, Goodyear, Goodrich, General or U.S. Royal.

(7) Represented, contrary to fact, that certain tires were being offered at prices which reflected a significant reduction from the prices at which the advertised tires had been sold to the public by respondents in the recent, regular course of their business prior to the advertised sale.

(8) Represented, contrary to fact, that respondents had conducted bona fide surveys of competitors' prices in respondents' trade area which established that certain tires were being offered by respondents at prices significantly lower than those being charged by others for the same tires in respondents' trade area.

(9) Represented, contrary to fact, that respondents were making a bona fide offer to sell certain Uniroyal tires. Although respondents may have sold small quantities of such tires from time to time, the real purpose of the advertised offers was to induce prospective purchasers to visit respondents' places of business in the expectation of purchasing Uniroyal tires whereupon respondents' sales personnel could endeavor to sell, and did sell, to many such prospective purchasers, different and less well known brands of tires at a higher price.

Therefore, the aforesaid statements, representations, acts and practices were, and are, false, misleading and deceptive.

PAR. 5. In the further course and conduct of their business, respondents have engaged in the following additional unfair and deceptive acts and practices. For the purpose of inducing the sale of their tires, respondents represent that certain of their tires are guaranteed against tread wear-out for a specified number of miles. Respondents further represent that claims under such guarantee will be adjusted on the basis of the price paid by the customer for the adjusted tire and that a comparable replacement tire will be provided, the customer being required to pay only for the mileage used on the adjusted tire.

By and through such representations, respondents lead prospective purchasers to understand and believe that adjustments will be made on a simple pro rata basis and the charge will be a proportionally accurate one calculated on the basis of the percentage of the guaranteed mileage used by the customer.

In truth and in fact, respondents do not make adjustments on a true pro rata basis. Furthermore, respondents fail to disclose in connection with representations of their guarantees that the Federal excise tax will be charged on replacement tires furnished pursuant to the guarantee and fail to disclose other conditions and limitations on such guarantees.

Therefore, the aforesaid statements, representations, acts and practices were, and are, false, misleading and deceptive.

PAR. 6. In th course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of tires, batteries and other automotive parts and accessories.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admis-

sion by the respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents 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 considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its Rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent American Tire Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of California with its principal office and place of business located at 16730 Schoenborn Street, Sepulveda, California.

Respondent Robert Mirman is an individual and officer of said corporation. He formulates, directs and controls the acts and practices of said corporation and his address is the same as that of the corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents and the proceeding is in the public interest.

ORDER

It is ordered, That respondents American Tire Company, a corporation, and its officers and Robert Mirman, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of tires, batteries or any other automotive parts or accessories or any other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Referring, in consumer advertising, to the cord material in a tire unless such material is identified by its generic name and respondents clearly and conspicuously disclose in immediate conjunction with each such reference that it is only the cord that is of the designated material.

(2) Using, in consumer advertisings, the terms "6 ply rated," "6 ply rating" or any other representation, direct or by im-

plication, that a tire has any numerical ply rating without disclosing clearly and conspicuously the actual number of plies in the tire so described and (a) that there is no industrywide definition of ply rating and (b) the basis of comparison of the claimed rating.

(3) Using, in consumer advertising, the terms "ultra premium," "1st Line" or any other designation of grade, line, level or quality to describe or designate a tire without disclosing clearly and conspicuously that (a) no industrywide or other accepted system of quality standards or other accepted system of grading of industry products currently exists and (b) representations as to grade, line, level or quality relate only to the private standard of the marketer of the tire so designated or described.

(4) Advertising or offering for sale used tires which have been retreaded without clearly and conspicuously describing or designating such tires as retreaded or retreads; misrepresenting, in any manner, that used tires are new.

(5) Failing to include the applicable Federal excise tax in the advertised price of a tire, or in the alternative, failing to disclose clearly and conspicuously that such advertised price does not include the Federal excise tax and failing to set forth the applicable amount of such tax clearly and conspicuously with such advertised price; misrepresenting, in any manner, the actual selling prices of respondents' tires or other merchandise.

(6) Using the terms "Famous Brand," "Nationally Advertised," "Famous Manufacturer's Brand" or any other words or phrases of similar import or meaning to describe or designate tires unless respondents disclose clearly and conspicuously in immediate conjunction with any such description or designation the brand name of such tires and the name of the manufacturer thereof; misrepresenting, in any manner, the brand name or the manufacturer of tires or any other merchandise offered for sale by respondents.

(7) (a) Representing, in any manner, that by purchasing any of respondents' tires or other merchandise, customers are afforded savings amounting to the difference between respondents' stated price and respondents' former price unless such tires or other merchandise have been sold at the former price by respondents for a reasonably substantial period of time in the recent regular course of their business.

(b) Representing, in any manner, that by purchasing any of respondents' tires or other merchandise, customers are afforded savings amounting to the difference between respondents' stated price and a compared price for said tires or other merchandise in respondents' trade area unless a substantial number of the principal retail outlets in the trade area regularly sell said tires or other merchandise at the compared price or some higher price.

(c) Representing, in any manner, that by purchasing any of respondents' tires or other merchandise, customers are afforded savings amounting to the difference between respondents' stated price and a compared value for comparable tires or other merchandise, unless substantial sales of tires or other merchandise of like grade and quality are being made in the trade area at the compared price or higher and unless respondents have in good faith conducted a market survey or obtained a similar representative sample of prices in their trade area which establishes the validity of said compared price and it is clearly and conspicuously disclosed that the comparison is with tires or other merchandise of like grade and quality.

(d) Representing, directly or by implication, that respondents have, through an independent survey, or in any other manner, determined the prices being charged, in the trade area in which the representation is made, for merchandise identical to that being advertised by respondents unless respondents, prior to making such representation, have determined, or caused to be determined, that the identical merchandise is being sold by the principal retail outlets in the trade area wherein the advertisement is published at the represented prices and respondents maintain adequate records supporting such determination.

(8) Failing to maintain adequate records (a) which disclose the facts upon which any savings claims, including former pricing claims and comparative value claims and similar representations of the type described in Paragraph 7 of this order are based, and (b) from which the validity of any savings claims and similar representations of the type described in Paragraph 7 of this order can be determined.

(9) (a) Representing, directly or by implication, that any product or service is offered for sale when such offer is not a bona fide offer to sell said product or service.

(b) Using any advertising, sales plan or promotional scheme involving the use of false, misleading or deceptive statements or representations to obtain leads or prospects for the sale of any product.

(c) Making representations purpoting to offer merchandise for sale when the purpose of the representation is not to sell the offered merchandise but to obtain leads or prospects for the sale of other merchandise.

(d) Disparaging, in any manner, or discouraging the purchase of any product advertised.

(10) (a) Representing, directly or by implication, that tires or any other articles of merchandise are guaranteed unless the nature and extent of the guarantee, the manner in which the guarantor will perform and the identity of the guarantor are clearly and conspicuously disclosed.

(b) Representing, directly or by implication, that guarantee adjustments will be made on a pro rata basis unless the allowance to the customer for the replacement tire is proportionately equal to the unused portion of the guarantee period.

(c) Failing to disclose in any statement of a tire guarantee that customers will be required to pay the applicable Federal excise tax on the replacement tire.

It is further ordered, That corporate respondent distributes a copy of this order to each of its operating divisions and departments and to the manager of each of its retail outlets.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate 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.

It is further ordered, That respondents herein within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

DEJUR-AMSCO CORPORATION

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

Docket C-1787. Complaint, Aug. 27, 1970—Decision, Aug. 27, 1970

Consent order requiring a New York City distributor of magnetic tape recording dictation and transcription devices, principally under the trademark "Stenorette," to cease fixing its retail dealers' resale prices, imposing customer and territorial restrictions, and imposing on its dealers exclusive dealing requirements and other anticompetitive restraints.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act (U.S.C., Title 15, Sec. 41 *et seq.*), and by virtue of the authority vested in it by such Act, the Federal Trade Commission having reason to believe that the DeJur–Amsco Corporation, a corporation more particularly described and referred to hereinafter as respondent, has violated the provisions of Section 5 of said Act and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby names the previously mentioned corporation as respondent herein, and issues its complaint against the named party stating its charges as follows:

PAR. 1. Respondent, DeJur-Amsco Corporation, is a corporation duly organized and existing under and by virtue of the laws of the State of New York with its main office and place of business located at Northern Boulevard and 45th Street, Long Island City, Borough of Queens, New York.

PAR. 2. Among other things, respondent is engaged in the sale and distribution of certain office equipment consisting of magnetic tape recording dictation and transcription devices. Respondent sells such dictation and transcription devices, including parts and accessories used in connection therewith, principally under the trademark "Stenorette."

Stenorette dictation equipment is manufactured for and imported by the respondent from the Grundig Company located in the Federal Republic of Germany. Respondent is now and for many years has been the exclusive distributor in the United States and its possessions of Grundig dictation equipment sold under the "Stenorette" name.

Where the term "Stenorette dictation equipment" is used in this complaint, it is defined to mean the dictating and transcribing machine equipment, accessories, parts and supplies thereof distributed by respondent in the United States and its possessions.

PAR. 3. Respondent sells its Stenorette dictation equipment through its Business Equipment Division to over 500 independent franchised dealers throughout the United States. Respondent's Business Equipment Division in fiscal 1967 realized multimillion dollar gross sales.

PAR. 4. To service its independent franchised dealers located throughout the United States, respondent maintains a comprehensive and integrated distribution system including sales and distribution offices in New York City, Chicago, Illinois, and Los Angeles, California. In the course and conduct of its business in Stenorette dictation equipment as above described, respondent ships such equipment or

causes such equipment, including parts and accessories therefor, to be shipped from States in which it does business to purchasers located in other States of the United States and the District of Columbia. There is now and has been at all times mentioned in this complaint, a pattern and course of interstate commerce in Stenorette dictation equipment, by respondent within the intent and meaning of the Federal Trade Commission Act.

PAR. 5. Except to the extent that competition has been hindered, frustrated, lessened, and eliminated as set forth in this complaint, respondent has been and is now in substantial competition with other corporations, individuals and partnerships engaged in the sale and distribution of dictation equipment similar to that described in Paragraph Two hereinabove.

PAR. 6. In the course and conduct of its business in Stenorette dictation equipment as above described, and beginning at least as early as January 1962, respondent has engaged and is now engaging in certain acts and practices whose purpose and effect have been to exclude, eliminate, suppress, restrain and restrict competition by, between and among its independent franchised dealers in the United States in the marketing, sale and distribution of Stenorette dictation equipment.

Among the acts and practices engaged in by respondent, but not limited thereto, has been the imposition by respondent upon its dealers of the following written restrictions and restraints:

a. The requirement that its dealers not sell, service, purchase, stock, deliver or deal in any dictating and/or transcribing equipment other than Stenorette dictation equipment;

b. The requirement that, except with respondent's prior written consent, its dealers shall only solicit sales, sell or deliver Stenorette dictation equipment (1) in the dealers' normal course and area of trade; (2) to consumers for use; (3) for shipment, delivery and use within the boundaries of the United States or its possessions;

c. The requirement that its dealers shall not solicit sales or make sales or deliveries of any Stenorette dictation equipment which might be prejudicial to or interfere with any other authorized dealer or sales representative of respondent and that, in the event there be any dispute between any dealer and any other authorized dealer or sales representative as to what constitutes such prejudicial activities or interference, such dispute shall be determined by respondent and its determination shall be final and conclusive;

d. The requirement that Stenorette dictation equipment products shall be acquired only from the respondent, and that without the

respondent's prior written consent its dealers may not purchase, receive, sell, deliver, or otherwise deal in Stenorette dictation equipment with, from or to any other authorized dealers or sales representative of respondent or anyone else dealing or trading in Stenorette dictation equipment;

e. The requirement that any of respondent's franchised dealers selling any Stenorette dictation equipment for use outside of the dealer's own territory, pay to the franchised dealer in the territory in which such equipment is to be used, a sum equal to the list price for the particular piece of equipment less 17 percent plus Federal excise tax;

f. The requirement that its dealers supply respondent with all requested information of sales, sales solicitation and any other activities of the dealers respecting Stenorette dictation equipment;

g. The requirement that in the selling and servicing of Stenorette dictation equipment and other conduct of the franchised dealers' business, the dealers agree to observe and conform in all respects with the policies and procedures of respondent.

PAR. 7. In the course and conduct of its business as above described, and beginning at least as early as January 1962, respondent has also engaged and is now engaging in certain acts and practices whose purpose and effect have been to establish, fix, control and maintain the retail prices at which respondent's independent franchised dealers advertise, offer for sale and sell Stenorette dictation equipment.

Among these acts and practices, but not limited thereto, have been the following:

a. The requirement that its dealers adhere to and be bound by nonexistent fair trade agreements and adhere to minimum resale prices established by the respondent, such established minimum resale prices not being part of, nor made in accordance with any established fair trade program;

b. The requirement that its dealers supply all requested information of sales, sales solicitation and promotional, advertising and any other activities of its dealers respecting Stenorette dictation equipment;

c. The requirement that any of respondent's franchised dealers selling any Stenorette dictation equipment for use outside of the dealer's own territory, pay to the franchised dealer in the territory in which such equipment is to be used, a sum equal to the list price for the particular piece of equipment less 17 percent plus Federal excise tax;

d. The use of cooperative advertising contracts or agreements with its dealers which require these dealers to advertise Stenorette dictation equipment at respondent's list or established retail prices;

e. The withholding of earned cooperative advertising credits from dealers who advertise Stenorette dictation equipment at retail prices less than respondent's list or established prices for such equipment;

f. Supplying or selling price lists, and advertising brochures and material to its dealers in which respondent's list or established retail prices for Stenorette dictation equipment are set forth;

g. Encouraging and requiring its dealers to distribute price lists and advertising material containing respondent's list or established retail prices to customers and prospective customers;

h. Furnishing newspaper, radio, and television advertising mats to its dealers in which respondent's list or established retail prices for Stenorette dictation equipment are set forth;

i. Encouraging and requiring its dealers to use such advertising mats containing respondent's list or established retail prices for Stenorette dictation equipment in conjunction with respondent's national advertising campaigns which feature respondent's list or established retail prices;

j. The employment of a public relations firm to screen advertisements placed by its dealers in local media.

PAR. 8. In the course and conduct of its business as above described, and beginning at least as early as January 1962, respondent has engaged and is now engaged in certain acts and practices whose purpose and effect have been to foster, promote, maintain and support its policies of restricting dealer competition and maintaining retail prices as alleged in Paragraph Six and Paragraph Seven hereinabove.

Among these acts and practices of respondent, but not limited thereto, have been the following:

a. Convening meetings of its dealers for the purpose of discussing uniform retail prices, uniform trade-in allowances, and customer restrictions;

b. Encouraging and soliciting its dealers to cooperate in identifying dealers who violate respondent's policies by selling Stenorette dictation equipment outside of their allotted territories;

c. Using its sales representatives to periodically check the sales and business records of its dealers to ascertain whether or not these dealers are violating respondent's policies by selling Stenorette dictation equipment below respondent's established retail prices;

d. Employing its sales representatives to review respondent's resale price maintenance and territorial allocation policies with its franchised dealers;

e. Requiring explanations from dealers suspected of violating re-

spondent's policies by selling Stenorette dictation equipment below respondent's established retail prices;

f. Using threats and warnings that it would disenfranchise dealers suspected of violating respondent's policies by selling Stenorette dictation equipment outside of their allotted territories or below respondent's established prices;

g. Disenfranchising dealers found to be in violation of respondent's policies by selling Stenorette dictation equipment outside of their allotted territories or below respondent's established retail prices.

PAR. 9. In the course and conduct of its business as above described and beginning as least as early as January 1962, respondent has prevented, restricted and discouraged its independent franchised dealers from making sales to, or engaging in sales activities with, federal and certain local governmental agencies and institutions in connection with the marketing, sale and distribution of Stenorette dictation equipment and has instead reserved such governmental and institutional type customers unto itself for the purpose of allocating, assigning and distributing their business in Stenorette dictation equipment to dealers of respondent's own choice.

PAR. 10. The effect of the acts and practices engaged in by respondent as alleged in Paragraphs Six, Seven, Eight, and Nine of this complaint are, have been, and may be to substantially lessen, restrain, prevent and exclude free and open competition by, between, and among respondent's independent franchised dealers in the marketing, sale and distribution of Stenorette dictation eqiupment in the United States and its possessions in the following manner:

a. By establishing and maintaining artificial and unrealistic marketing zones and areas for the retail sale of Stenorette dictation equipment;

b. By requiring dealers to recognize and refrain from selling or distributing Stenorette dictation equipment in designated geographic areas;

c. By allocating and assigning retail customers and accounts and preventing the sale of Stenorette dictation equipment to designated customers and accounts;

d. By fixing arbitrary and non-competitive retail prices for Stenorette dictation equipment;

e. By preventing the sale of Stenorette dictation equipment to retail customers except at prices established and determined by respondent.

PAR. 11. The foregoing acts and practices as alleged, are prejudi-

cial and injurious to the public; have a tendency to hinder and prevent competition and have actually hindered and restrained competition; and constitute unfair acts or practices and unfair methods of competition in commerce within the meaning and intent of Section 5 of the Federal Trade Commission Act.

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 Restraint of Trade proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of Section 5 of the Federal Trade Commission Act; and

The respondent 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 the 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 said 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 thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent DeJur–Amsco Corporation is a corporation organized and doing business under the laws of the State of New York with its main office and place of business located at Northern Boulevard and 45th Street, Long Island City, Borough of Queens, New York.

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

I. *It is ordered*, That respondent DeJur–Amsco Corporation, a corporation, its subsidiaries, successors, assigns, officers, directors, agents, representatives, and employees, individually or in concert, directly or through any corporate or other device, in connection with the distribution, offering for sale, or sale of respondent's products ("respondent's products" shall be understood to mean the office dictating and transcribing machine equipment and accessories, parts and supplies therefor which respondent has sold or may hereafter sell), in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Engaging in any one or more of the following acts or practices:

(1) Limiting, allocating, or restricting the geographic area in which any of its dealers may solicit sales for, sell, advertise or deliver respondent's products.

(2) Preventing, restricting, regulating, or hindering in any manner, any of its dealers from selling or delivering respondent's products to, or soliciting sales or procuring orders for such products from, any customer or class of customers or any prospective customer or class of customers including but not limited to federal, state, and local government agencies, the military, educational institutions, corporations, partnerships, private individuals or other of respondent's customers.

(3) Preventing, restricting or hindering any of its dealers from buying, or acquiring, respondent's products from any other dealer, whether or not such other dealer is a dealer of respondent, or from any source whatsoever.

(4) Preventing, restricting or hindering any of its dealers from selling, advertising, servicing, purchasing stocking, delivering, or dealing in the office dictating and transcribing machine equipment, accessories, parts and supplies therefor of any manufacturer, other than the manufacturer of respondent's products, or any supplier or dealer therein.

(5) Fixing, establishing, controlling or maintaining the prices at which its dealers may sell, advertise or promote respondent's products or the trade-in allowances which its dealers may give for any used dictation equipment of the respondent.

B. Including in its own advertising, or in any advertising or promotional aids and material supplied or sold to its dealers.

any price or prices at which its products may or must be resold by its dealers, or publishing disseminating or circulating to any dealer, any price list, price book or other document indicating any price or prices at which its products may or must be resold by its dealers, unless it is clearly and conspicuously stated that such resale prices are the respondent's "suggested prices only."

C. Entering into, continuing or enforcing, or attempting to enforce any contract, agreement, understanding, or arrangement or any provisions therein, which is prohibited in Paragraph A above.

D. Convening meetings of, or meeting with, its dealers for the purpose of obtaining their compliance with the acts and practices prohibited in Paragraph A above.

E. Harassing, intimidating, coercing, threatening or otherwise exerting pressure on its dealers, either directly or indirectly, to comply with any of the acts or practices prohibited in Paragraph A above.

F. Terminating, discriminating or taking reprisals against any of its dealers because such dealer has failed to comply with any of the acts or practices prohibited in Paragraph A, above.

Provided, however, That nothing contained in this order shall prevent respondent from establishing primary geographic areas of responsibility for each of its dealers; expecting its dealers to be diligent in their efforts to promote the sale of respondent's products within their respective areas of primary responsibility, and terminating a dealer whom it reasonably and in good faith feels has failed to adequately represent respondent in the sale of its products.

II. *It is further ordered*, That respondent DeJur–Amsco Corporation shall reinstate any former dealer terminated since January 1, 1966, for failure to comply with one or more of the acts and practices prohibited in Paragraph A, above, if any such dealer desires reinstatement.

III. *It is further ordered*, That respondent shall:

A. Forthwith serve a copy of this order by mail on each of its dealers.

B. Within thirty (30) days after service upon it of this order: serve a copy of this order by registered mail on each dealer terminated since January 1, 1966, together with a letter advising that such dealer, if within the provisions of Part II of this order, may apply within thirty (30) days from receipt thereof for reinstatement as one of respondent's dealers.

C. Within one hundred and twenty (120) days after service upon it of this order submit to the Commission: (1) a list of all dealers terminated since January 1, 1966; (2) a list of all dealers who have been reinstated pursuant to Paragraph B, above; and (3) a list of all dealers who have not been reinstated and the reason or reasons therefor.

IV. *It is further ordered*, That respondent notify the Commission at least 30 days prior to any proposed change in the corporate 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.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

HOUSEHOLD SEWING MACHINE CO., INC., ET AL.

MODIFIED ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

Docket 8761. Complaint, Aug. 30, 1968—Decision, Sept. 1, 1970

Order modifying an earlier consent order dated August 6, 1969, 76 F.T.C. 207, by adding a paragraph thereto which forbids respondents from failing to maintain adequate records upon which its prices and savings to customers are based.

ORDER MODIFYING ORDER TO CEASE AND DESIST

The Commission on August 6, 1969 [76 F.T.C. 207], having issued its order in this matter requiring respondents, in connection with the offering for sale, and sale and distribution of merchandise, in commerce, to cease and desist from:

1. Representing, directly or by implication, that any products or services are offered for sale when such offer is not a bona fide offer to sell said products or services.

2. Using any advertising, sales plan or promotional scheme involving the use of false, misleading or deceptive statements

or representations to obtain leads or prospects for the sale of any product.

3. Making representations purporting to offer merchandise for sale when the purpose of the representation is not to sell the offered merchandise but to obtain leads or prospects for the sale of other merchandise at higher prices.

4. Disparaging, in any manner, or discouraging the purchase of any product advertised.

5. Representing, directly or by implication, that any product has been manufactured or designed to be sold in any stated year, unless such product was in fact manufactured or designed to be sold in the year represented.

6. Misrepresenting in any manner the model year, the year of manufacture or design, or the age of any product.

7. Representing, directly or by implication, that any product was left in lay away, was repossessed, or that it is being offered for the balance of the purchase price which was unpaid by a previous purchaser, unless the specific product in each instance was left in lay away, was repossessed or is offered for the balance of the unpaid purchase price, as represented.

8. Misrepresenting in any manner the status, kind, quality of or price of the product being offered.

9. Representing, directly or by implication, that purchasers save the paid-in amount on repossessed or unclaimed lay away products, unless in each instance purchasers save the amount represented.

10. Misrepresenting in any manner the savings afforded to purchasers of respondents' products.

11. Using the names "Credit Dept." or "Household Credit Dept.," or other names of similar import or meaning; or otherwise representing directly or by implication, that respondents' principal business is that of lending money or settling or collecting accounts; or misrepresenting in any manner the nature or status of respondents' business.

12. Representing, directly or by implication, that products are guaranteed, unless the nature, conditions and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

13. Representing, directly or by implication, that names of winners are selected or obtained through "drawings" or by chance when all of the names selceted are not chosen by lot; or

misrepresenting in any manner the method by which names are selected in any drawing or contest.

14. Representing, directly or by implication, that certificates, awards or prizes are of a certain value or worth when recipients thereof are not in fact benefited by or do not save the amount of the represented value of such certificates, prizes or awards.

15. Representing, directly or by implication, that any savings, discount or allowance is given purchasers from respondents' selling price for specified products, unless said selling price is the amount at which such products have been sold or offered for sale in good faith by respondents for a reasonably substantial period of time in the recent regular course of their business.

16. Failing to disclose, orally prior to the time of sale and in writing on any trade acceptance, conditional sales contract, promissory note, or other instrument of indebtedness executed by the purchaser, with such conspicuousness and clarity as is likely to be observed and read by such purchaser:

(a) The disclosures, if any, required by federal law or the law of the State in which the instrument is executed;

(b) Where negotiations of the instrument to any third party is prohibited or otherwise limited under the law of the State in which the instrument is executed, that the negotiation or asignment of the trade acceptance, conditional sales contract, promissory note or other instrument of indebtedness to a finance company or other third party will not rescind or diminish any rights or defenses the purchaser may have under the contract;

(c) Where negotiation of the instrument to a third party is not prohibited by the law of the State in which the instrument is executed, that the trade acceptance, conditional sales contract, promissory note or other instrument may, at the option of the seller and without notice to the purchaser, be negotiated or assigned to a finance company or other third party; and

(d) Where the law of the State in which the instrument is executed does not preserve as against any holder of the instrument all the legal and equitable defenses the purchaser may assert against the seller, that in the event the instrument is negotiated or assigned to a finance company or other

third party, the purchaser may have to pay such finance company or other third party the full amount due under his contract whether or not he has claims against the seller's merchandise as defective; the seller refuses to service the merchandise; or the seller is no longer in business, or other like claims.

II

It is further ordered, That the respondents herein shall, in connection with the offering for sale, the sale, or distribution of sewing machines or any other products, when the offer for sale or sale is made in the buyer's home, forthwith cease and desist from:

(1) Contracting for any sale whether in the form of trade acceptance, conditional sales contract, promissory note, or otherwise which shall become binding on the buyer prior to midnight of the third day, excluding Sundays and legal holidays, after date of execution.

(2) Failing to disclose, orally prior to the time of sale and in writing on any trade acceptance, conditional sales contract, promissory note or other instrument executed by the buyer with such conspicuousness and clarity as likely to be observed and read by such buyer, that the buyer may rescind or cancel the sale by directing or mailing a notice of cancellation to respondents' address prior to midnight of the third day, excluding Sundays and legal holidays, after the date of the sale. Upon such cancellation the burden shall be on respondents to collect any goods left in buyer's home and to return any payments received from the buyer. Nothing contained in this right-to-cancel provision shall relieve buyers of the responsibility for taking reasonable care of the goods prior to cancellation and during a reasonable period following cancellation.

(3) Failing to provide a separate and clearly understandable form which the buyer may use as a notice of cancellation.

(4) Negotiating any trade acceptance, conditional sales contract, promissory note, or other instrument of indebtedness to a finance company or other third party prior to midnight of the fifth day, excluding Sundays and legal holidays, after the date of execution by the buyer.

(5) *Provided, however*, That nothing contained in Part II of this order shall relieve respondents of any additional obliga-

tions respecting contracts made in the home required by federal law or the law of the State in which the contract is made. When such obligations are inconsistent respondents can apply to the Commission for relief from this provision with respect to contracts executed in the State in which such different obligations are required. The Commission, upon proper showing, shall make such modifications as may be warranted in the premises.

It is further ordered, That the respondents herein shall forthwith deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondents' products or services, and shall secure from each such salesman or other person a signed statement acknowledging receipt of said order.

And the Commission on June 8, 1970, having issued its order to show cause why this proceeding should not be reopened and its order of August 6, 1969, modified by the addition of a new paragraph numbered 17 in Part I of this order which will read:

17. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraphs 7 through 10, 14 and 15 of Part I of this order, are based, and from which the validity of any such claim can be established.

Respondents not having filed an answer in which the order to show cause is opposed; and more than thirty days having expired since service of the order to show cause upon the respondents; and

The Commission being of the opinion that the public interest will be served best by modifying its order of August 6, 1969:

It is ordered, That this proceeding be, and it hereby is reopened.

It is further ordered, That the Commission's order of August 6, 1969 [76 F.T.C. 207], be and it hereby is modified by adding thereto as Paragraph 17 of Part I the following:

17. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraphs 7 through 10, 14 and 15 of Part I of this order, are based, and from which the validity of any such claim can be established.