

*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.

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IN THE MATTER OF

NAT BEINHORN

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

*Docket C-2204. Complaint, May 1, 1972—Decision, May 1, 1972*

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

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 Beinhorn, an individual trading as Nat Beinhorn hereinafter referred to as respondent, has 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:

PARAGRAPH 1. Respondent Nat Beinhorn is an individual doing business under and by virtue of the laws of the State of New York.

Respondent is primarily a retail furrier of fur products with his office and principal place of business located at 130 West 30th Street, New York, New York.

PAR. 2. Respondent is now and for some time last past has been engaged in the introduction into commerce, and in the sale, advertis-

ing, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and has 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 bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 5. Certain of said fur products were misbranded in violation of the Fur Products Labeling Act in that they were not labeled in accordance with the rules and regulations promulgated thereunder in the following respect:

(a) Required item numbers were not set forth on labels, in violation of Rule 40 of said rules and regulations.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced by the respondent 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 such 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 were bleached, dyed, or otherwise artificially colored when such was the fact.

PAR. 7. Certain of said fur products were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the rules and regulations promulgated under such Act in the following respect:

(a) Required item numbers were not set forth on invoices, in violation of Rule 40 of said rules and regulations.

PAR. 8. Respondent sold and distributed fur products which were bleached, dyed or artificially colored. Certain of these fur products were falsely and deceptively invoiced in violation of Section 5(b)(2)

of the Fur Products Labeling Act in that the said fur products were described on invoices as "Mink" without disclosing that said fur products were bleached, dyed or otherwise artificially colored. The respondent's description of the said fur products as "mink" without a disclosure that the said fur products were bleached, dyed or artificially colored had the tendency and capacity to mislead respondent's customers and others into the erroneous belief that the fur products were not bleached, dyed or otherwise artificially colored. Such failure to disclose a material fact was to the prejudice of respondent's customers and the purchasing public and constituted false and deceptive invoicing under Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 9. The aforesaid acts and practices of respondent, 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 in violation 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 Consumer Protection 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 Fur Products Labeling 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 Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed 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

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hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Nat Beinhorn is an individual doing business under and by virtue of the laws of the State of New York. He is primarily a retail furrier of fur products with his office and principal place of business located at 130 West 30th Street, New York, New York.

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

## ORDER

*It is ordered,* That respondent, Nat Beinhorn, an individual trading as Nat Beinhorn, 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 introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the 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" 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 in 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.

3. Failing to set forth on labels the item number or mark to be assigned to each fur product.

## 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.

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*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.

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 IN THE MATTER OF

## NAT BEINHORN

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

*Docket C-2204. Complaint, May 1, 1972—Decision, May 1, 1972*

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

## 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 Beinhorn, an individual trading as Nat Beinhorn hereinafter referred to as respondent, has 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:

PARAGRAPH 1. Respondent Nat Beinhorn is an individual doing business under and by virtue of the laws of the State of New York.

Respondent is primarily a retail furrier of fur products with his office and principal place of business located at 130 West 30th Street, New York, New York.

PAR. 2. Respondent is now and for some time last past has been engaged in the introduction into commerce, and in the sale, advertis-

ing, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and has 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 bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 5. Certain of said fur products were misbranded in violation of the Fur Products Labeling Act in that they were not labeled in accordance with the rules and regulations promulgated thereunder in the following respect:

(a) Required item numbers were not set forth on labels, in violation of Rule 40 of said rules and regulations.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced by the respondent 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 such 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 were bleached, dyed, or otherwise artificially colored when such was the fact.

PAR. 7. Certain of said fur products were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the rules and regulations promulgated under such Act in the following respect:

(a) Required item numbers were not set forth on invoices, in violation of Rule 40 of said rules and regulations.

PAR. 8. Respondent sold and distributed fur products which were bleached, dyed or artificially colored. Certain of these fur products were falsely and deceptively invoiced in violation of Section 5(b)(2)

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3. Describing fur products which have been bleached, dyed, or otherwise artificially colored by the name of mink or by any other animal name or names without disclosing that the said fur products were bleached, dyed or otherwise artificially colored.

4. Failing to set forth on invoices the item number or mark required to be assigned to such fur products.

*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 in which he has complied with this order.

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 IN THE MATTER OF

## NAT SHOMER, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

*Docket C-2205. Complaint, May 1, 1972—Decision, May 1, 1972*

Consent order requiring three Brooklyn, New York, importers of fabrics to cease importing, selling or transporting fabrics so highly flammable as to be dangerous when worn.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Nat Shomer, Inc., Best Importing Co., Inc., and Shomer's Imports, Inc., corporations, and Nat Shomer, individually and as an officer of said corporations, and Isaac Mitrani, individually and as an officer of Best Importing Co., Inc., hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, 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. Respondents Nat Shomer, Inc., Best Importing Co., Inc., and Shomer's Imports, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York. The address of the above corporations is 2513 65th Street, Brooklyn, New York.

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Respondent Nat Shomer is an officer of the corporate respondents. Respondent Isaac Mitrani is an officer of Best Importing Co., Inc. They formulate, direct and control the acts, practices and policies of their respective corporate respondents including those hereinafter set forth.

Respondents are engaged in the importation, sale and distribution of textile products, including, but not limited to, women's scarves.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and the importation into the United States, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products as the terms "commerce" and "product" are defined in the Flammable Fabrics Act, as amended, which fail to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were 100 percent nylon scarves with metallic stripes billed out as style number 212 and women's black scarves with a fiber content composition of 100 percent nylon ground and a 100 percent rayon ornamentation.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, 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 New York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Flammable Fabrics Act and the Federal Trade Commission Act; and

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 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 Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order.

1. Respondents Nat Shomer, Inc., Best Importing Co., Inc., and Shomer's Imports, Inc., are corporations, organized, existing and doing business under and by virtue of the laws of the State of New York, with their office and principal place of business located at 2513 65th Street, Brooklyn, New York.

Respondent Nat Shomer is president of said corporations. He formulates, directs and controls the acts, practices and policies of said corporations and his principal office and place of business is located at the above stated address. Respondent Isaac Mitrani is an officer of Best Importing Co., Inc., and he also formulates, directs and controls the acts, practices and policies of said corporation and his principal office and place of business is located at the above stated address.

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 Shomer, Inc., Best Importing Co., Inc., and Shomer's Imports, Inc., corporations, their successors and assigns and their officers and Nat Shomer, individually and as an officer of said corporations, and Isaac Mitrani, individually and as an officer of Best Importing Co., Inc., and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting, or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped

or received in commerce as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric, or related material fails to conform to an applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

*It is further ordered,* That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to the complaint, of the flammable nature of said products and effect the recall of said products from such customers.

*It is further ordered,* That the respondents herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

*It is further ordered,* That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since January 21, 1971, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action.

Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

*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

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or any other change in the corporation which may affect compliance obligations arising out of this 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 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 the order to cease and desist contained herein.

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 IN THE MATTER OF

## LOUIS BRAUN, INC., ET AL.

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

*Docket C-2206. Complaint, May 1, 1972—Decision, May 1, 1972*

Consent order requiring a New York City fur merchant to cease falsely and deceptively invoicing his merchandise.

## 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 Louis Braun, Inc., a corporation, and Louis Braun, 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:

PARAGRAPH 1. Respondent Louis Braun, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

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

Respondents are fur merchants with their office and principal place of business located at 150 W. 30th Street, 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 manu-

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facture 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; and have introduced into commerce, sold, advertised and offered for sale in commerce and transported and distributed in commerce, furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products or furs were falsely and deceptively invoiced by the 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 such Act.

Among such falsely and deceptively invoiced fur products or furs but not limited thereto, were fur products or furs covered by invoices which failed:

1. To disclose that the fur contained in the fur products or furs was bleached, dyed, or otherwise artificially colored, when such was the fact.

2. To show the name or names (as set forth in the Fur Products Name Guide) of the animal or animals that produced the fur contained in the fur products or furs.

PAR. 4. Certain of said fur products or furs were falsely and deceptively invoiced in violation of the Fur Products Labeling Act for the reason that they were not invoiced in accordance with the rules and regulations promulgated thereunder in that the fact that said fur products or furs were composed of bleached, dyed or otherwise artificially colored fur was not disclosed in the required information on invoices covering the said fur products or furs in violation of Rule 19(a) of said rules and regulations.

PAR. 5. The aforesaid acts and practices of respondents 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 Division of Textiles and

Furs, Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the 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 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 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 Louis Braun, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

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

Respondents are fur merchants with their office and principal place of business located at 150 W. 30th 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 Louis Braun, Inc., a corporation, and its officers, and Louis Braun, 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 into commerce, or the manufacture for introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution 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, or in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely or deceptively invoicing furs or 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. Failing when a fur or fur product is pointed or contains or is composed of bleached, dyed or otherwise artificially colored fur, to disclose such facts as a part of the required information on invoices pertaining thereto.

*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.

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IN THE MATTER OF

DAVID KASSMAN, INC., ET AL.

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

*Docket C-2207. Complaint, May 1, 1972—Decision, May 1, 1972*

Consent order requiring a New York City fur merchant to cease falsely and deceptively invoicing its merchandise.

## 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 David Kassman, Inc., a corporation, and David Kassman, 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:

PARAGRAPH 1. Respondent David Kassman, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

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

Respondents are fur merchants with their office and principal place of business located at 342 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; and have introduced into commerce, sold, advertised and offered for sale in commerce and transported and distributed in commerce, furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products or furs were falsely and deceptively invoiced by the 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 such Act.

Among such falsely and deceptively invoiced fur products or furs but not limited thereto, were fur products or furs covered by invoices which failed:

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1. To disclose that the fur contained in the fur products or furs was bleached, dyed, or otherwise artificially colored, when such was the fact.

2. To show the name or names (as set forth in the Fur Products Name Guide) of the animal or animals that produced the fur contained in the fur products or furs.

PAR. 4. Certain of said fur products or furs were falsely and deceptively invoiced in violation of the Fur Products Labeling Act for the reason that they were not invoiced in accordance with the rules and regulations promulgated thereunder in that the fact that said fur products or furs were composed of bleached, dyed or otherwise artificially colored fur was not disclosed in the required information on invoices covering the said fur products or furs in violation of Rule 19(a) of said rules and regulations.

PAR. 5. The aforesaid acts and practices of respondents 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 Division of Textiles and Furs, Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the 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 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



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 David Kassman, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

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

Respondents are fur merchants with their office and principal place of business located at 342 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 David Kassman, Inc., a corporation, and its officers, and David Kassman, 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 into commerce, or the manufacture for introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution 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; or in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely or deceptively invoicing furs or 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. Failing when a fur or fur products is pointed or contains or is composed of bleached, dyed or otherwise artificially colored fur, to disclose such facts as a part of the required information on invoices pertaining thereto.

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*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.

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IN THE MATTER OF

## VERRON SOIERIES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

*Docket C-2208. Complaint, May 1, 1972—Decision, May 1, 1972*

Consent order requiring a New York City importer of textile products to cease importing, selling or transporting fabrics so highly flammable as to be dangerous when worn.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Verron Soeries, Inc., a corporation, and Roger Verron, 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 Flammable Fabrics Act, as amended, 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 Verron Soeries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its address is 1440 Broadway, New York, New York.

Respondent Roger Verron is an officer of the corporate respondent. He formulates, directs and controls the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are engaged in the importation, sale and distribution of textile products, including, but not necessarily limited to fabric.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and the importation into the United States, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, fabric, as the terms "commerce" and "fabric" are defined in the Flammable Fabrics Act, as amended, which fail to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove was fabric style No. 591.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, 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 draft of complaint which the New York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Flammable Fabrics Act, as amended, and the Federal Trade Commission Act; and

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 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 com-

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plaint, 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 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 Verron Soeries, 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 1440 Broadway, New York, New York.

Respondent Roger Verron is president of said corporation. He formulates, directs and controls the acts, practices and policies of said corporation and his principal office and place of business is located at the above stated address.

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 the respondents Verron Soeries, Inc., a corporation, its successors and assigns, and its officers, and Roger Verron, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting, or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric, or related material fails to conform to an applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

*It is further ordered,* That respondents notify all of their customers who have purchased or to whom have been delivered the fabric

## Decision and Order

which gave rise to the complaint, of the flammable nature of said fabric and effect the recall of said fabric from such customers.

*It is further ordered,* That the respondents herein either process the fabric which gave rise to the complaint so as to bring it into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said fabric.

*It is further ordered,* That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the fabric which gave rise to the complaint, (2) the amount of said fabric in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said fabric and effect the recall of said fabric from customers, and of the results thereof, (4) any disposition of said fabrics since April 2, 1971, and (5) any action taken or proposed to be taken to bring said fabric into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said fabric, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

*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 this 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 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.

Complaint

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IN THE MATTER OF

CUSTOM MODES, INC., ET AL.

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

*Docket C-2209. Complaint, May 1, 1972—Decision, May 1, 1972*

Consent order requiring a New York City manufacturer of ladies' custom-made gowns and dresses to cease importing or selling fabrics so highly flammable as to be dangerous when worn and failing to maintain proper records of fiber content of its textile fiber products.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Flammable Fabrics Act, as amended, 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 Custom Modes, Inc., a corporation, and Edward Rudnick, 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 Flammable Fabrics Act, as amended, and 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 Custom Modes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Respondent Edward Rudnick is an officer of said corporate respondent. He formulates, directs, and controls the acts, practices and policies of said corporation.

The respondents are engaged in the business of the manufacture and sale of ladies' custom-made gowns and dresses with their office and principal place of business located at 491 Seventh Avenue, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the manufacture for sale, the sale or offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products as the terms "commerce" and "product," are defined in the Flammable Fabrics Act, as amended, which fail to conform to an applicable

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standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove are gowns and dresses.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and as such 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.

PAR. 4. Respondents are now, and for some time last past have been, engaged in the introduction, delivery for introduction, manufacture for sale, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, 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. 5. Respondents have failed to maintain and preserve proper records showing the fiber content of textile fiber products manufactured by them in violation of Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the rules and regulations promulgated thereunder.

PAR. 6. The acts and practices of respondents as set forth in Paragraph Five 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 and deceptive acts and practices and unfair methods of competition 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 Division of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with

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violation of the Federal Trade Commission Act, the Textile Fiber Products Identification Act and the Flammable Fabrics Act, as amended; 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 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 Custom Modes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Edward Rudnick is an officer of the corporate respondent. He formulates, directs and controls the acts and practices and policies of said corporate respondent.

Respondents are engaged in the business of the manufacture and sale of ladies' custom-made gowns and dresses with their office and principal place of business located at 491 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 Custom Modes, Inc., a corporation, its successors and assigns and its officers, and Edward Rudnick individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, do forthwith cease and desist from manufacturing for sale, selling or offering for sale, in



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commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported, in commerce, or selling or delivering after sale or shipment in commerce any product, fabric or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

*It is further ordered,* That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to this complaint of the flammable nature of said products, and effect recall of said products from such customers.

*It is further ordered,* That the respondents herein either process the products which gave rise to the complaint so as to bring the products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

*It is further ordered,* That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further action proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since July 16, 1971, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less

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per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric or related material.

*It is further ordered,* That respondents Custom Modes, Inc., its successors and assigns and its officers, and Edward Rudnick individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division 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 failing to maintain and preserve proper records of fiber content of textile fiber products manufactured by them as required by Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the rules and regulations thereunder.

*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 corporate respondent shall forthwith distribute a copy of this order to each of its operating divisions.

*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.

## Complaint

IN THE MATTER OF

## BP OIL CORPORATION

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS*Docket C-2210. Complaint, May 2, 1972—Decision, May 2, 1972*

Consent order requiring a Cleveland, Ohio, distributor of petroleum and related filling station products to cease violating the Truth in Lending Act by issuing credit cards without prior request from recipient or in substitution for an accepted credit card as defined in Sec. 226.13(a) of Regulation Z of said Act.

## COMPLAINT

Pursuant to the provisions of the Truth in Lending Act, as amended, and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that BP Oil Corporation, a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts and implementing regulation, 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 BP Oil Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1725 Midland Building, Cleveland, Ohio.

PAR. 2. Respondent is now, and for some time in the past has been, engaged in the advertising, offering for sale, sale and distribution of petroleum and related products to the public.

PAR. 3. In the ordinary course and conduct of its business, as aforesaid, respondent regularly issued credit cards, as "credit card" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System and subsequent to October 26, 1970, has caused and is causing such credit cards to be issued to its customers as a means by which said customers may obtain merchandise and services from respondent on credit, as "credit" is defined in Regulation Z.

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PAR. 4. In a substantial number of instances, respondent issued credit cards to consumers who had not filed a written credit application with respondent.

Typical and illustrative of the circumstances in which said credit cards were issued, but not all inclusive thereof, are the following:

1. Respondent advertises the acceptance of, and does in fact accept, credit cards issued by other companies. When a purchase is made using a credit card other than that issued by respondent, the sales invoice contains the following language:

Please issue me a BP credit card. (Strike out if card not desired.)

Since the above quoted language was not clearly and conspicuously disclosed, a substantial number of consumers signed the aforementioned sales invoices under the mistaken belief that they were merely obligating themselves to pay for the purchases made, and were unaware of the language purporting to authorize respondent to issue said consumers a credit card.

2. In a substantial number of instances, respondent issued credit cards to recipients of unsolicited credit cards which were mailed by its predecessor, Sinclair Oil Company. Such cards were in renewal of Sinclair credit cards which had not been signed or used by the recipient.

PAR. 5. By and through the use of the practices described in Paragraph Four hereof, respondent issued credit cards without a request or application therefor, and said credit cards were neither in renewal of nor in substitution for an accepted credit card, as "accepted credit card" is defined in Regulation Z, in violation of Section 132 of the Truth in Lending Act and Section 226.13(b) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failure to comply with Section 226.13 of Regulation Z constitutes a violation of that Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

## DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Truth in Lending Act, and 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 order; and

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Respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by 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 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. BP Oil Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1725 Midland Building, Cleveland, Ohio.

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 BP Oil Corporation, a corporation, its successors and assigns, and respondent's officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the issuance of credit cards, as "credit card" is defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act, as amended, (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), shall forthwith cease and desist from:

1. Issuing any credit card without prior request or application therefor from the recipient, unless said credit card is in renewal of or in substitution for an accepted credit card, as "accepted credit card" is defined in Section 226.13(a) of Regulation Z.

2. Issuing any credit card pursuant to any form of authorization from the consumer, either written or oral, unless it is clearly and conspicuously disclosed to the consumer that, by his action, he is authorizing respondent to issue him a credit card.

*It is further ordered,* That respondent shall forthwith deliver a copy of this order to cease and desist to all present and future management personnel of respondent responsible for the issuance of

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credit cards and that respondent secure a signed statement acknowledging receipt of said order from each such person.

*It is further ordered,* That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such as dissolution, assignment or sale resulting in the emergence of a successor corporation or the transfer of that portion of respondent's business affected hereby to any subsidiary.

*It is further ordered,* That the respondent 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.

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IN THE MATTER OF

CATTLEMENS QUALITY MEAT, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

*Docket C-2211. Complaint, May 4, 1972—Decision, May 4, 1972*

Consent order requiring two affiliated meat retailers of Oak Park, Illinois, and Gary, Indiana, to cease using bait advertisements, misrepresenting the price, quality and quantity of their products and to cease violating the Truth in Lending Act by failing to make all disclosures required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts and regulation, the Federal Trade Commission having reason to believe that Cattlemens Quality Meat, Inc., a corporation, Glen Park Meat, Inc., a corporation (formerly Cattlemens Quality Meats of Gary, Inc.), and William David Evans, individually and as an officer of Cattlemens Quality Meat, Inc., hereinafter referred to as respondents, have violated the provisions of said Acts, 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 Cattlemens Quality Meat, Inc., is a corporation organized, existing and doing business under and by virtue

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## Complaint

of the laws of the State of Missouri, with its principal office located at 850 West Madison Street, Oak Park, Illinois.

Respondent Glen Park Meats, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office located at 4769 Broadway, Gary, Indiana.

Respondent William David Evans, an individual is an officer of the corporate respondent, Cattlemens Quality Meat, Inc., and a major stockholder in Glen Park Meats, Inc. He formulates, directs and controls the acts and practices of all the corporate respondents named herein including the acts and practices set forth. His principal office is located at 850 Madison Street, Oak Park, Illinois.

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

## COUNT I

Alleging violations of Sections 5 and 12 of the Federal Trade Commission Act.

PAR. 2. Respondents are now and for some time last past have been engaged in the advertising, offering for sale, sale and distribution of beef and other meat products which come within the classification of food, as the term "food" is defined in the Federal Trade Commission Act, to members of the purchasing public.

PAR. 3. In the course and conduct of their aforesaid business, respondents have disseminated and caused the dissemination of certain advertisements in commerce as "commerce" is defined in the Federal Trade Commission Act, including advertisements in daily newspapers of general circulation, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of food, as the term "food" is defined in the Federal Trade Commission Act and have disseminated and caused the dissemination of advertisements as aforesaid, for the purpose of inducing and which are likely to induce, directly or indirectly, the purchase of food in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of beef and other meat of the same general kind and nature.

PAR. 5. Typical of the statements appearing in the newspaper advertisements disseminated as aforesaid are the following:

YOU CAN PAY MORE—BUT YOU CAN'T BUY BETTER BEEF—QUALITY MEATS ARE NOW AVAILABLE FOR YOUR "HOME FREEZERS"

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TENDER & DELICIOUS COMMERCIAL BEEF HALVES (the word commercial is in very small print) 38¢ LB.

USDA PRIME SMALL FREEZER ORDER \$34.50 TOTAL PRICE EXAMPLE 50 lb at 69¢ lb.

USDA CHOICE BEEF HINDS 54¢ LB.

USDA CHOICE BEEF SIDES 45¢ LB.

GUARANTEE: IF YOU ARE NOT COMPLETELY SATISFIED RETURN WITHIN 10 DAYS AND ALL YOUR MONEY WILL BE REFUNDED OR ALL OF YOUR ORDER REPLACED.

NO MONEY DOWN

CHARGE IT! 90 DAYS SAME AS CASH.

\* \* \* \* \*  
 PORK AND BEEF SALE YOU BUY THE BEEF WE GIVE YOU THE PORK

USDA CHOICE SMALL FREEZER SPECIAL STEAKS ROASTS—APPROX. 10 to 12% GROUND BEEF EXAMPLE 50 lb beef chuck 39¢ lb.

ALL BEEF SOLD HANGING WEIGHT Subject to Average Cutting Loss.

\* \* \* \* \*  
 TRIPLE HEADER BEEF SALE SELECTION #1—CONSISTS OF SECTION 'C'

Porterhouse steaks, T Bone Steaks, Sirloin Steaks, Tip Roasts. Ground Steak—Approx. 10-12%

EXAMPLE: 75 lbs at 59¢

Total Price \$44.25

US GOV'T INSPECTED LOIN

SELECTION #2—CONSISTS OF SECTION 'A' round steaks, eye of round roasts, bottom round roast, sirloin tip steaks, rump roasts, ground round approx 10-12%

EXAMPLE: 75 lbs at 49¢

TOTAL PRICE \$36.75

US GOV'T INSPECTED ROUND

SELECTION #3—Consists of Section 'D' bar-b-que steak, chuck roast, pot roast, beef shank, stew beef, swiss steak, rolled roast, ground chuck approx 10 to 12%

EXAMPLE: 75 lbs at 35¢ lb.

TOTAL PRICE \$26.25

US GOV'T INSPECTED CHUCK

USDA CHOICE HINDQUARTERS—\$54.00 PER 100 lbs. Avg wt at 54¢ lb.

\* \* \* \* \*  
 COOKOUT SPECIALS—U.S.D.A. CHOICE TENDER & DELICIOUS BEEF HINDQUARTER 56¢ lb.

STEAK PAC—\$29.50—BEEF LOIN

EXAMPLE 50 lbs at 59¢ lb

MOSTLY STEAKS

T-BONES! SIRLOINS!

Porterhouse Filets!

\* \* \* \* \*  
 (Small Print) Guaranteed Tender & Delicious U.S.D.A. Commercial (Large Print) BEEF HALVES 39¢ lb.



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(Small Print) Tender & Delicious U.S.D.A. COMMERCIAL

(Large Print) BEEF HINDQUARTER 49¢ lb.

USDA CHOICE STEAKS, ROAST GROUND BEEF APPROX 12% 19.50 total price

example 50 lbs at 39¢ lb

USDA CHOICE CHUCK

OUR BUDGET PLAN

1. Set Amount of payments yourself stock up now—why wait in line at today's rising meat prices?
2. No money down needed—Take money out of your food budget.
3. 105 Days same as cash—No Interest or carrying charges—or make your payments on a 6, 9 or 12 month plan.
4. This is no new bill—you have been paying more than this for meat every week.

\* \* \* \* \*

BEEF SALE—THREE DAYS ONLY

D-E-E-LICIOUS TENDER-AGED (Small Print) U.S.D.A. COMMERCIAL

(Large print) BEEF HALVES \$.39

EXAMPLE 300 lbs at 39¢ lb.

4½ MONTHS SAME AS CASH FOR ANY ORDER. (Small print) Financing Arranged.

\* \* \* \* \*

CHARGE IT BEEF SALE—YOUR CHOICE

ANY SELECTION FROM \$3.25 to 5.14 per week SAME AS CASH

NO MONEY DOWN—105 DAYS SAME AS CASH OR TAKE 12 MONTHS TO PAY.

\* \* \* \* \*

PAR. 6. By and through the use of the aforesaid advertisements and others of similar import and meaning not specifically set out herein, respondents have represented, directly or by implication that:

1. Offers set forth in said advertisements were bona fide offers to sell meat products, including U.S.D.A. Choice and U.S.D.A. Prime Beef at the advertised price per pound.
2. The advertised beef orders when cut and packaged for the purchaser will contain 10 to 12 percent ground beef.
3. Beef and other advertised meats, are guaranteed, and a purchaser's money will be promptly refunded upon return of the purchased meat, or at his election the purchaser may receive a complete replacement order on return of the purchased meat.
4. Purchasers may arrange to make deferred payments for their purchases directly to respondents' retail stores and no interest and/or carrying charges will be made on such deferred payment obligation.
5. Persons making purchases at a stated price per day or per week are effectuating savings by paying a significantly lower total price

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than that which they have been paying elsewhere for meat purchases.

PAR. 7. In truth and in fact:

1. The offers set forth in said advertisements, and other offers not set forth in detail herein, were not, and are not, bona fide offers to sell meat products at the advertised price, but, to the contrary were made to induce prospective purchasers to visit respondents' stores and places of business for the purpose of purchasing said products. When prospective purchasers in response to said advertisements, attempt to purchase advertised beef, respondents and respondents' employees inform them that the advertised prices apply only to meat of low grade and quality, said meat being frequently below the grade and quality of meat graded "U.S. Good" by the United States Department of Agriculture. Prospective purchasers are further informed that the said advertised meat because of its low grade and quality is subject to excessive weight loss in cutting and trimming. Respondents and their salesmen frequently display old, fat and unsightly beef as the advertised meat, disparage it in a manner calculated to discourage the purchase thereof, and attempt to, and frequently do, sell much higher priced meats.

2. Persons who succeed in purchasing advertised beef products frequently find that their packaged orders, on delivery, contain ground beef in excess of 12 percent of the total meat received.

3. Contrary to respondents' advertised guarantee, dissatisfied purchasers have experienced difficulty in securing, or have not secured, full refunds of their purchase price; and have had difficulty in securing, or have not secured, satisfactory exchange orders for meat returned under the guarantee. Purchasers have also been advised of conditions and limitations not disclosed in respondents' advertised guarantee.

4. Purchasers learn, often after purchase, that payments on their installment contracts must be made to respondent's finance company or to one of several finance companies with whom such contracts are placed by respondents for collection.

5. The stated prices per day or per week do not represent a significant saving to prospective purchasers over the price of similar meat available at other retail outlets to such purchasers. Furthermore, respondents fail to disclose the number of days or weeks which such payments are required to be made in order to complete a purchaser's obligation.

PAR. 8. Respondents by their advertisements disseminated as aforesaid have represented, and now represent, directly and by implica-

tion, and by failure to disclose the average weight loss in the meat purchased due to cutting, dressing and trimming that beef halves and hindquarters advertised will weigh approximately their advertised and/or hanging weight when cut and trimmed, and/or that other meat purchases when ready for home freezer storage will equal or approximate their total purchase weight.

Said representations were, and are, contrary to the fact as beef halves, and other beef carcass sections, are sold by the pound at their carcass or uncut weight. The cutting, trimming and removing of fat, bone and waste materials greatly reduces the total weight, and a meat order when cut, trimmed and ready for home freezer storage is not equal to, nor does it approximate the total weight of said meat at the time of purchase.

Therefore, the advertisements referred to in Paragraphs Five and Eight were and are misleading in material respects and have constituted, and constitute, "false advertisements" as the term is defined in the Federal Trade Commission Act, and the representations referred to in Paragraphs Six and Eight were, and are, false, misleading and deceptive.

PAR. 9. In many instances, in the usual course of their business, respondents without notice and consent of their purchasers sell and transfer purchasers' notes and contracts, procured by the aforesaid false, misleading and deceptive means, to various third parties and other finance companies. In any subsequent action to collect monies from said purchasers pursuant to said notes and contracts, certain valid legal defenses and claims which said purchasers may have against respondents upon said notes and contracts are unavailable as against said third parties.

PAR. 10. 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 the aforesaid products, including higher priced products than those advertised by reason of said erroneous and mistaken belief.

PAR. 11. The aforesaid acts and practices of respondents, as herein alleged, including the dissemination by respondents of false advertisements as aforesaid, 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 Sections 5 and 12 of the Federal Trade Commission Act.

## COUNT II

Alleging violations of the Truth in Lending Act and the Federal Trade Commission Act, the allegations of Paragraph One hereof is adopted by reference as if fully set forth verbatim.

PAR. 12. Respondents, in the ordinary course and conduct of their business as aforesaid, regularly engage, and for some time past have engaged, in the extension of consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 13. Subsequent to July 1, 1969, respondents, in the ordinary course of business and in connection with credit sale transactions, have in some instances made the required disclosures under the Truth in Lending Act and Regulation Z on a single piece of paper without identifying the transaction for which the disclosures are made, in violation of Section 226.8(a) of Regulation Z.

## 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 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 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 Section 2.34(b) of its rules, the Commission hereby issued its complaint in the form contemplated by said agreement, makes the following jurisdictional findings and enters the following order:

1. Respondent Cattlemens Quality Meat, Inc., is a corporation organized, existing and doing business under and by virtue of the laws

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of the State of Missouri, with its principal office and place of business located at 850 West Madison Street, Oak Park, Illinois.

Respondent William David Evans is an officer of said corporation. He formulates directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above stated address.

Respondent Glen Park Meats, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 4769 Broadway, Gary, Indiana.

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 Cattlemens Quality Meat, Inc., a corporation and Glen Park Meats, Inc., a corporation, their successors and assigns and officers, and William David Evans, individually and as an officer of Cattlemens Quality Meat, Inc., and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the offering for sale, sale and distribution of meat or other food products, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Disseminating, or causing the dissemination, by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, of any advertisement which represents directly or by implication:

(a) That any product is offered for sale, when the purpose of such representations is not to sell the offered product, but to obtain prospects for the sale of other products at higher prices.

(b) That any product is offered for sale when such an offer is not a bona fide offer to sell such product.

(c) That any product is 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 in immediate conjunction therewith.

(d) That any product is guaranteed unless in all instances respondents fully, satisfactorily and promptly perform all of their obligations and requirements under the terms of the guarantee.

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(e) That any product offered for sale may be purchased at any stated price per day, per week or for any other specified period of time unless, in immediate conjunction therewith is clearly and conspicuously disclosed, the number of payments or the total sum which the purchaser will be required to pay pursuant to any time payment plan so advertised.

2. Disseminating, or causing the dissemination of any advertisement by means of United States mails, or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which:

(a) Fails to clearly and conspicuously disclose:

(1) That beef sides, hindquarters and other untrimmed pieces of meat offered for sale are sold subject to average weight loss due to cutting, dressing and trimming.

(2) That the price charged for such untrimmed meat is based on the hanging weight before cutting, dressing and trimming occurs.

(3) The average percentage range of weight loss of such meat due to cutting, dressing and trimming.

(b) Fails to clearly and conspicuously include:

(1) When United States Department of Agriculture graded meat is advertised which is below the grade of "USDA Good," the statement, "This meat is of a grade below U.S. Prime, U.S. Choice, and U.S. Good."

(2) When meat not graded by the United States Department of Agriculture is advertised:

(a) The Statement "This meat has not been graded by the United States Department of Agriculture," and

(b) If such meat is a portion of the total meat offered, a statement indicating the portion which is ungraded and the percentage of such ungraded portions, by weight, of the total meat offered.

3. Disseminating, or causing the dissemination, of any advertisement by means of United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which misrepresents in any manner:

(a) The extent of their guarantee and the manner in which the gaurantor will perform thereunder.

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(b) The amount of ground beef which will be contained in beef orders when the same are packaged and ready for home freezer storage.

(c) The amount, grade, quality, identity or classification of meat which will be received by a purchaser.

(d) The price of any product, the savings available to purchasers thereof, or the terms, conditions and requirements of any installment payment contracts executed by the purchasers thereof.

4. Disseminating, or causing to be disseminated, by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of any meat or other food product in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which contains any of the representations prohibited in Paragraph 1 or the misrepresentations prohibited in Paragraph 3, or fails to comply with the affirmative requirements of Paragraph 2 hereof.

5. Discouraging the purchase of, or disparaging in any manner, or encouraging, instructing or suggesting that others discourage or disparage any meat or other food products which are advertised or offered for sale in advertisements, disseminated or caused to be disseminated by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act.

6. Failing to deliver a copy of this order to cease and desist to all operating divisions of the corporate respondents, and to all officers, managers, and salesmen thereof, both present and future, and to any person now engaged or who becomes engaged in the sale of meat or other food products as respondents' agent, representative or employee, and to secure from each of said persons a signed statement acknowledging receipt of a copy thereof.

7. Failing to include the following legend on the face of any note or other instrument of indebtedness executed by respondents' purchasers in connection with the purchase of meat or any other food product, but only when such notes or other instruments of indebtedness are sold or otherwise transferred to companies or persons affiliated with respondents:

## NOTICE

The holder of this instrument shall take it subject to any and all defenses which the maker hereof has against the seller Cattlemens Quality Meat, Inc.,

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Glen Park Meats, Inc., and/or any affiliate or successor, which arise out of any representations or other conduct, in connection with the contract giving rise to this instrument, which violates the Federal Trade Commission Act or any other statute administered by the Federal Trade Commission.

*It is further ordered,* That respondents, Cattlemens Quality Meat, Inc., Glen Park Meats, Inc., corporations, and their officers, and respondent, William David Evans, individually and as an officer of Cattlemens Quality Meat, Inc., and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing, on any document containing the consumer credit cost disclosures required by Regulation Z, if the disclosure is on a separate document, to identify the transaction to which the disclosures relate, as required by Section 226.8(a) of Regulation Z.

2. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4, 226.5, and 226.8 of Regulation Z in the manner, form and amount required by Sections 226.6, 226.9 and 226.10 of Regulation Z.

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

*It is further ordered,* That respondents notify the Commission at least 30 days prior to any proposed change in any 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 corporations which may affect compliance obligations arising out of the order.

*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.



## Complaint

IN THE MATTER OF

## BROWNING ARMS COMPANY

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION ACT*Docket C-2212. Complaint, May 4, 1972—Decision, May 4, 1972*

Consent order requiring a Morgan, Utah, manufacturer of firearms and accessories to cease fixing the resale prices of its products, requiring its dealers to agree to its specified prices, requiring dealers and sales personnel to report any persons not observing retail selling prices, requiring those dealers caught price-cutting to cease their practices as a condition of future sales, and to prevent its dealers from reselling its products to other dealers or distributors. Respondent is also required to indicate on any future price lists that the prices are only suggested or approximate.

## 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 the Browning Arms Company, a corporation, and more particularly described and referred to hereinafter as respondent, has violated and is now violating the provisions of Section 5 of the Federal Trade Commission Act (38 Stat. 719, as amended; 15 U.S.C. 45), 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 with respect thereto as follows:

PARAGRAPH 1. Respondent, Browning Arms Company, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Utah, with its office and principal place of business located on Route #1 in Morgan, Utah.

PAR. 2. Respondent has been and is now engaged in the manufacture, sale and distribution of firearms and firearm accessories with gross sales in 1970 in excess of \$32,000,000. Respondent's firearms are manufactured in Belgium according to respondent's specifications and such firearms are subsequently distributed and sold to approximately 10,500 authorized dealers located throughout the United States.

PAR. 3. In the course and conduct of its business as aforesaid, respondent has been and is now engaged in commerce, as "commerce"

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is defined in the Federal Trade Commission Act, in that respondent has caused and now causes its various products to be shipped from the states in which they are manufactured, assembled, or warehoused to other States of the United States for resale and distribution through its authorized dealers.

PAR. 4. 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 competition with other persons, firms and corporations engaged in the manufacture, sale and distribution of firearms and firearm accessories.

PAR. 5. Respondent, in combination, agreement, understanding and conspiracy with some of its authorized dealers, or with the cooperation or acquiescence of other of its dealers, has for the last several years been engaged in a planned course of action to fix, establish and maintain certain specified uniform prices at which its products are resold. In furtherance of said planned course of action, respondent has for the past several years engaged in the following acts and practices, among others:

(a) Regularly furnishing all its dealers with price lists and necessary supplements thereto containing the established resale prices;

(b) Establishing agreements, understandings, and arrangements with its dealers, some of whom are located in states which do not have fair trade laws, as a condition precedent to the granting of a dealership, that such dealers will maintain its resale prices;

(c) Informing its dealers, by direct and indirect means, that it expects and requires all of its dealers to maintain and enforce its resale prices, or such dealerships will be terminated;

(d) Requiring its dealers to agree not to sell or otherwise supply its firearms and firearm accessories to anyone who is not an authorized dealer of the respondent;

(e) Soliciting and obtaining from its dealers, cooperation and assistance in identifying and reporting dealers who advertise, offer to sell or sell respondent's products at prices lower than its established resale prices; and,

(f) Directing its salesmen, representatives, and other employees to secure and report information identifying any dealer who fails to adhere to and maintain its established resale prices.

PAR. 6. By means of the aforesaid acts and practices, and more, respondent, in combination, agreement, understanding and conspiracy with certain of its authorized dealers and with the acquiescence of other of its authorized dealers, has established, maintained and

pursued a planned course of action to fix and maintain certain specified uniform prices at which respondent's products will be resold.

PAR. 7. The acts and practices of respondent as hereinabove described, have been and are now having the effect of hindering, lessening, restricting, restraining and eliminating competition in the resale and distribution of respondent's firearms and firearm accessories, and constitute unfair methods of competition in commerce, all in derogation of the public interest and 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 Washington, D.C. Regional Office 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, its attorney and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, 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 Browning Arms Company, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Utah, with its offices and principal place of business located on Route #1 in Morgan, Utah.

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.

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## ORDER

*It is ordered,* That respondent, Browning Arms Company, 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 manufacture, distribution, offering for sale or sale of firearms and firearm accessories (hereinafter referred to in this order as "products,") in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Establishing, maintaining or enforcing any plan or policy under which contracts, agreements, understandings or arrangements are entered into with dealers in respondent's products which have the purpose or effect of fixing, establishing, maintaining or enforcing the retail prices at which respondent's products are to be resold.

B. Requiring any dealer or prospective dealer to enter into verbal agreements or understandings that such dealer or prospective dealer will maintain respondent's established or suggested retail prices as a condition of buying respondent's products.

C. Requesting dealers, either directly or indirectly, to report any person or firm who does not observe the resale prices suggested by respondent, or acting on reports so obtained by refusing or threatening to refuse sales to any person or firm so reported.

D. Directing or requiring respondent's salesmen, or any other agents, representatives, or employees, directly or indirectly, as part of any plan or program of requiring its dealers to adhere to its suggested resale prices, to report dealers who do not observe such suggested resale prices, or to act on such reports by refusing or threatening to refuse sales to dealers so reported.

E. Requiring from dealers charged with price cutting or failure to observe suggested resale prices, promises or assurances of the observance of respondent's resale prices as a condition precedent to future sales to said dealers.

F. Publishing, disseminating or circulating to any dealer, any price lists, price books, price tags or other documents indicating any resale or retail prices without stating on such lists, books, tags or other documents that the prices are suggested or approximate.

G. Requiring or inducing by any means, dealers or prospective dealers to refrain, or to agree to refrain from reselling respondent's products to any other dealers or distributors.

*Provided, however,* nothing hereinabove shall be construed to waive, limit or otherwise affect the right of respondent to enter into, establish, maintain and enforce in any lawful manner any price maintenance agreement excepted from the provisions of Section 5 of the Federal Trade Commission Act by virtue of the McGuire Act amendments to said Act.

*It is further ordered,* That the respondent herein shall within sixty (60) days after service upon it of this order, mail a copy of this order to each of its dealers in the States of Alabama, Alaska, Hawaii, Kansas, Mississippi, Missouri, Montana, Nebraska, Nevada, Rhode Island, Texas, Utah, Vermont, Wyoming and the Commonwealth of Puerto Rico and the District of Columbia under cover of the letter annexed hereto as Exhibit A, and furnish the Commission proof of the mailing thereof.

*It is further ordered,* That the respondent herein shall forthwith distribute a copy of this order to each of its operating divisions, and to all of its sales personnel and shall instruct each sales person employed by it now or in the future to read this order and to be familiar with its provisions.

*It is further ordered,* That respondent Browning Arms Company notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of this order, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation of or dissolution of subsidiaries or any other such change in the corporation.

*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.

(Letterhead of Browning Arms Company)

DEAR DEALER: Browning Arms Company has entered into an agreement with the Federal Trade Commission relating to the distributional activities and pricing policy of Browning Arms Company. A copy of the consent order entered into pursuant to that agreement is enclosed herewith.

Browning Arms Company has entered into this agreement solely for the purpose of settling a dispute with the Commission, and the agreement and consent order is not to be construed as an admission by Browning Arms Company that it has violated any of the laws administered by the Commission, or that any of the allegations in the complaint are true and correct. Instead, the order merely relates to the activities of Browning Arms Company in the future.

In order that you may readily understand the terms of the consent order, we have set forth the essentials of the agreement with the Commission, al-

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though you must realize that the consent order itself is controlling rather than the following explanation of its provisions:

(1) While Browning Arms Company may suggest resale prices for its products, distribute suggested resale price lists, and preticket with suggested prices, Browning Arms Company will not solicit the agreement of its dealers in your state to adhere to those suggested prices or take any other action to induce such dealers to follow those suggested prices since they are not binding.

(2) Browning Arms Company will not solicit, invite or encourage dealers in your state to report any person not following its suggested prices, and furthermore will not act on any such reports sent to it.

(3) Browning Arms Company will not require or induce its dealers in your state to refrain from advertising Browning Arms Company products at any price they choose or from selling Browning Arms Company products at any price to any person of their choice.

Sincerely yours,

JOHN V. BROWNING, *President.*

*Exhibit A*

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IN THE MATTER OF

MULTI-STATE DISTRIBUTING, INC., ET AL.

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

*Docket C-2213. Complaint, May 4, 1972—Decision, May 4, 1972*

Consent order requiring an Anaheim, Calif., seller and distributor of vending machines and merchandise sold therein to cease misrepresenting the profits to be realized from its vending machines, failing to maintain adequate records, misrepresenting the quality of the locations of its machines and the products sold therein, making false guarantees, failing to disclose that it is primarily interested in selling the merchandise, not the machines, and misrepresenting that the owner of the vending machines can easily sell his machines or routes at a profit. It is further ordered that customers' contracts may be cancelled within three days for any reason.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and by virtue of the authority in it by said Act, the Federal Trade Commission having reason to believe that Multi-State Distributing, Inc., a corporation, and Stewart Z. Weinstein, individually and as an officer of said corporation, and Robert D. Butler, 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

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be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Multi-State Distributing, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California. The respondent corporation maintains its office and principal place of business at 1681 West Broadway, Anaheim, California.

Respondent Stewart Z. Weinstein 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 10092 Suntan Circle, Huntington Beach, California.

Respondent Robert D. Butler 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 1408 West Whittier, Brea, California.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of vending machines and merchandise sold in vending machines 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, vending machines and merchandise, when sold to be shipped or delivered from their place of business in the State of California to purchasers thereof located in other States of the United States and have been and now are engaged in causing to be disseminated in newspapers of interstate circulation and by the United States mails, advertisements designed and intended to induce sales of vending machines and merchandise, and thereby maintain, and at all times mentioned herein have maintained, a substantial course of trade in said vending machines and merchandise 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 vending machines and merchandise, respondents have made, and are now making, numerous statements and representations in newspapers and promotional material regarding the great earning potential available to persons who own and operate vending machines sold by respondents.

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

CANDY AND SNACKS SUPPLY. WE ESTABLISH ALL ROUTES. (no selling involved). CASH REQUIRED.

Plan One.....	\$975
Plan Two.....	\$1,625
Plan Three.....	\$3,250

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Excellent income for a few hours weekly work. (Days and Evenings). Refilling and collecting money from coin operated dispensers within a qualified area. (Handles name brand candy and snacks).

Qualified individual will be selected by Multi-State, Inc. to devote 4 to 6 hours per week to supply established business with finest AAA-1 National Product (candy and snacks). \$1,625.00 cash required.

LOCATIONS \* \* \* In order to realize immediate profit, however, it is necessary that the route be established in as short a time as is feasible while securing the best possible locations. That is why we offer the service of providing starting locations. The faster you start selling merchandise through your machines, the faster we start selling you replacement merchandise.

SERVICE—There is no single word in the dictionary that is so vital to your success in this business. (By "service" we do not refer to mechanical service which is negligible; these machines are so constructed that you can expect a life-time of virtually trouble-free operation).

MECHANISM—Mechanically, your equipment is smooth-operating, efficient and extremely simple in design. Greatest wear is on the coin mechanism which is fully guaranteed against defects by the manufacturer. Separate parts are available if needed.

VARIETY OF PRODUCTS—As wholesalers of vending machine merchandise, our selection is complete and our prices are kept lowest by our policy of large sales volume on a strictly cash basis.

RESALE OF YOUR ROUTE—As everyone knows, a going, profitable business has a resale value well above the net worth of the actual equipment and inventory and this company is well aware of the fact we cannot prevent you from selling your route at a profit—that is the privilege that goes with owning your own business.

PAR. 5. In the course and conduct of their aforesaid business and for the purpose of inducing the purchase of vending machines and merchandise, respondents have made, and are now making, numerous statements and representations, orally, regarding the great earning potential available to persons who own and operate vending machines sold by respondents.

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

Vending machines sold by respondents earn \$1.50 net profit per machine per day.

Respondents obtain excellent locations for vending machines such as factories where there is a lot of foot traffic.

Respondents make most of their money by supplying candy and snacks and not by selling vending machines.

Respondents give exclusive rights to a territory if a large purchase of vending machines is made.

Respondents' candy will cost between three (3) and three and one-half ( $3\frac{1}{2}$ ) cents apiece.

PAR. 6. By and through the use of the statements and representations set forth in Paragraph Four and others of similar import but



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not specifically set out therein, and through said oral statements set forth in Paragraph Five, and others of similar import but not specifically set forth therein made by respondents, their employees, agents and representatives, respondents have represented, and do now represent, directly or by implication to the purchasing public, that:

1. Persons owning and operating vending machines sold by respondents will realize an excellent income.
2. The respondents' offer to sell vending machines is limited to persons who possess certain qualifications beyond having the necessary capital.
3. Respondents will obtain top sales producing locations for the placement of vending machines purchased from them.
4. Vending machines sold by respondents are of excellent quality and durability.
5. The coin mechanism in vending machines sold by respondents is fully guaranteed against defects by the manufacturer.
6. Respondents are primarily interested in selling candy and snacks to vending machine operators and only secondarily interested in selling vending machines.
7. Respondents will honor exclusive territorial agreements with their purchasers of vending machines.
8. Most top name brand candies and snacks can be vended through vending machines sold by respondents.
9. Purchasers of vending machines sold by respondents can obtain a large variety of candy and snacks from respondents at the "lowest prices."
10. That a purchaser of vending machines sold by respondents can easily sell his route at a profit because it is a "going business" or respondents will sell the machines on his behalf.

PAR. 7. In truth and in fact:

1. Excellent income will not be realized by persons owning and operating vending machines sold by respondents. In fact, such persons generally received little or no net profit.
2. Respondents take no steps to check the qualifications of a potential purchaser who possesses the necessary capital beyond one personal interview.
3. Respondents do not obtain top income producing locations, but place most of the vending machines in establishments which have very little consumer traffic. The locations secured by respondents are usually undesirable, unsuitable and unprofitable.
4. Vending machines sold by respondents are of inferior quality and durability.

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5. A very limited guarantee is given and only with respect to defects existing at the time of shipment.

6. Respondents are primarily interested in selling vending machines and only secondarily interested in selling candy and snacks.

7. Respondents do not honor exclusive territorial agreements with their purchasers of vending machines.

8. Most top name brand candies and snacks cannot be vended through vending machines sold by respondents. Only a limited selection of candies and snacks can be vended through vending machines sold by respondents.

9. Prices charged by respondents for their candy and snacks are no lower than prices charged by other wholesalers of such candies and snacks.

10. Purchasers of vending machines sold by respondents do not easily sell their routes at a profit and respondents do not sell the machines for them.

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

PAR. 8. In the course and conduct of their aforesaid business and at all times mentioned herein, respondents have been and are now, in substantial competition in commerce, as "commerce" is defined in the Federal Trade Commission Act, with corporations, firms and individuals in the sale of vending machines and merchandise sold in vending machines of the same kind and nature of those sold by respondents.

PAR. 9. 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 the vending machines, and merchandise offered by respondents 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 of Section 5 of the Federal Trade Commission Act.

## DECISION AND ORDER

The Federal Trade 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 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 upon 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 Multi-State Distributing, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California. The respondent corporation maintains its office and principal place of business at 1681 West Broadway, Anaheim, California.

Respondent Stewart Z. Weinstein 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 10092 Suntan Circle, Huntington Beach, California.

Respondent Robert D. Butler 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 1408 West Whittier, Brea, California.

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 Multi-State Distributing, Inc., a corporation, its successors and assigns, and its officers, and Stewart

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Z. Weinstein, individually and as an officer of said corporation, and Robert D. Butler, individually and as an officer of said corporation, and respondents' agents, representatives and employees directly or through any corporation, subsidiary, division or any other device, in connection with the advertising, offering for sale, sale or distribution of vending machines, merchandise sold in vending machines, or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Making any representations regarding the amount of earnings, profit or compensation which might be realized as the result of purchasing and operating vending machines sold by respondents when said amounts represented exceed the average earnings, profits or compensation of all current owners and operators of vending machines sold by respondents.

2. Failing to maintain adequate records

- (a) which disclose the facts upon which any representations of the type described in Paragraph 1 of this order are based, and

- (b) from which the validity of any representations of the type described in Paragraph 1 of this order can be determined.

3. Representing, directly or by implication, that an offer of any product or service is restricted or limited to qualified individuals unless such represented restrictions or limitations are actually in force and adhered to in good faith.

4. Representing, directly or by implication, that respondents will obtain excellent locations for vending machines where there is a lot of foot traffic; or misrepresenting, in any manner, the quality of locations to be provided by respondents.

5. Representing, directly or by implication, that vending machines or any other products sold by respondents are of excellent quality or durability or misrepresenting, in any manner the nature, character, performance or efficacy of respondents' vending machines or any other products sold by respondents.

6. Representing, directly or by implication, that vending machines or other products are guaranteed unless the nature, extent and duration of their guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed in immediate conjunction therewith; and unless respondents do in fact perform each of their obligations directly or impliedly represented under the terms of such guarantee or guarantees.

7. Representing, directly or by implication, that respondents are primarily in the business of selling merchandise sold in vending machines and not in the business of selling vending machines; or misrepresenting in any manner the true nature of respondents' business activities.

8. Representing, directly or by implication, that a purchaser will receive an exclusive sales territory.

9. Representing, directly or by implication, that most top name brand candies and snacks can be vended through vending machines sold by respondents; or misrepresenting, in any manner, the type of merchandise which can be vended through vending machines sold by respondents.

10. Representing, directly or by implication, that any price charged for respondents' merchandise is a lower price than available from competing suppliers, unless such price constitutes a significant reduction from an established selling price at which such products have been sold in substantial quantities by respondents' competing suppliers; or misrepresenting, in any manner, the prices charged by respondents or their competitors.

11. Failing to maintain adequate records

(a) which disclose the facts upon which comparative pricing claims are based, and

(b) from which the validity of any savings claims, including comparative pricing claims, can be determined.

12. Representing, directly or by implication, that an owner and operator of vending machines sold by respondents can easily sell his route at a profit or that respondents will resell the machines on his behalf; or misrepresenting, in any manner, the resale value of a vending machine route or resale assistance to be provided to owners and operators by respondents.

*It is further ordered,* That respondents:

a. Inform orally all prospective customers and provide in writing in all contracts that (1) the contract may be cancelled for any reason by notification to respondents in writing within three days from the date of execution and that (2) the contract is not final and binding until respondents have completely performed their obligations thereunder by placing the vending machines in locations satisfactory to the customer and said customer has thereafter signed a statement indicating his satisfaction.

b. Refund immediately all monies to (1) prospective customers who have requested contract cancellation in writing

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within three days from the execution thereof and to (2) prospective customers who have refused to sign statements indicating satisfaction with respondents' placement of the machines, and (3) prospective customers showing that respondents' contract, solicitations or performance were attended by or involved violations of any of the provisions of this order.

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

*It is further ordered,* That respondents notify the Commission at least thirty (30) days prior to any proposed change in any corporate respondent, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries which may affect compliance obligations arising out of the order, or any other change in the corporation which may affect compliance obligations arising out of the order.

*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

## RINDGE INDUSTRIES, 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-2214. Complaint, May 11, 1972—Decision, May 11, 1972*

Consent order requiring a Ware, Mass., manufacturer of wool products, namely fabrics, to cease and desist from misbranding and falsely invoicing such 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 Rindge Industries, Inc., a corporation, and David L. Markert, 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 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 Rindge Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware. The respondent corporation maintains its office and principal place of business at 10 Maple Street, Ware, Massachusetts.

Rindge Industries, Inc., is comprised of two operating divisions engaged in the manufacture of fabrics, the Ware Division located in Ware, Massachusetts and the Gonic Division located in Gonic, New Hampshire.

Individual respondent David L. Markert is an officer of Rindge Industries, Inc. He formulates, directs and controls the policies, acts and practices of the corporation including those hereinafter referred to. His address is the same as that of the corporate respondent.

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 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 amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were wool products namely fabrics, which contained substantially different 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 fabrics, 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

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5 percentum 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 percentum or more; and (5) the aggregate of all other fibers.

PAR. 5. The acts and practices of 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, under the Federal Trade Commission Act.

PAR. 6. Respondents are now, and for some time last past, have been engaged in the advertising, offering for sale, sale, and distribution of certain products, namely fabrics. 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 Commonwealth of Massachusetts to purchasers 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. 7. Respondents in the course and conduct of their business have made statements on invoices to their customers, misrepresenting the fiber content of certain of their products.

Among such misrepresentations, but not limited thereto, were statements setting forth the fiber content thereof as "80% Wool, 20% Nylon," whereas, in truth and in fact, the product was not as represented but contained substantially different fibers and amounts of fibers than represented.

PAR. 8. The acts and practices set out in Paragraph Seven have the tendency and capacity to mislead and deceive the purchasers of said products as to the true content thereof.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged in Paragraph Seven were, and are, all to the prejudice and injury of the public, and constituted, and now constitute, 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 Division 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 Wool Products Labeling Act of 1939; 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 be issued 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 Rindge Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 10 Maple Street, Ware, Massachusetts.

Respondent David L. Markert 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.

Rindge Industries, Inc., is comprised of two operating divisions engaged in the manufacture of fabrics, the Ware Division located in Ware, Massachusetts, and the Gonic Division located in Gonic, New Hampshire.

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 Rindge Industries, Inc., a corporation, and its officers, and David L. Markert, 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, 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 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 respondents Rindge Industries, Inc., a corporation, and its officers, and David L. Markert, 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 of fabrics or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting the amount of constituent fibers contained in such products on invoices or shipping memoranda applicable thereto, or in any other manner.

*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.

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IN THE MATTER OF

WOLOCH FURS, INC., ET AL.

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

*Docket C-2215. Complaint, May 11, 1972—Decision, May 11, 1972*

Consent order requiring a New York City manufacturing furrier to cease misbranding, furnishing false guarantees, and deceptively invoicing its fur products.

## 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 Woloch Furs, Inc., a corporation, and Raymond Woloch and Nathan Woloch, individually and as officers 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:

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

Individual respondents Raymond Woloch and Nathan Woloch are officers of said corporation. They formulate, direct and control 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 145 West 30th Street, 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 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 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

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contained in the fur products was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, 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 pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, 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. Respondents furnished false guaranties that certain of their fur products were not misbranded, falsely invoiced or falsely advertised when respondents in furnishing such guaranties had reason to believe that fur products so falsely guaranteed would be introduced, sold, transported or distributed in commerce, in violation of Section 10(b) of the Fur Products Labeling Act .

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged in Paragraphs Three through Seven 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 Division 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 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 Woloch Furs, 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 145 West 30th Street, New York, New York.

Respondents Raymond Woloch and Nathan Woloch are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their address is the same as that of the corporate respondent.

Respondents are manufacturers of fur products.

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 Woloch Furs, Inc., a corporation, its successors and assigns and its officers, and Raymond Woloch and Nathan Woloch, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution 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 such fur products is "natural," when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix labels to fur products showing in words and in 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. Representing, directly or by implication, on invoices that the fur contained in the fur product is "natural" when such fur is pointed, bleached, dyed, tip-dyed or otherwise artificially colored.

2. 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.

*It is further ordered*, That Woloch Furs, Inc., a corporation, its successors and assigns, and its officers, and Raymond Woloch and Nathan Woloch, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported or distributed in commerce.

*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.

## Complaint

## IN THE MATTER OF

## PROGRESS FROCKS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

*Docket C-2216. Complaint, May 11, 1972—Decision, May 11, 1972*

Consent order requiring a New York City manufacturer of wearing apparel including women's cocktail dresses, to cease importing or selling any dangerously flammable product.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Progress Frocks, Inc., a corporation and Leo Hochberg, 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 Flammable Fabrics Act, as amended, 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 Progress Frocks, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Respondent Leo Hochberg is an officer of said corporate respondent. He formulates, directs, and controls the acts, practices and policies of said corporation.

The respondents are engaged in the business of the manufacture, sale and distribution of wearing apparel, including but not limited to women's cocktail dresses, with their office and principal place of business located at 1385 Broadway, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the manufacture for sale, the sale or offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products as the term "commerce" and "product," are defined in the Flammable Fabrics Act, as amended, which products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were women's cocktail dresses.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and as such 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 Division 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 Flammable Fabric Act, as amended; 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 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 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 Progress Frocks, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Leo Hochberg is an officer of the corporate respondent. He formulates, directs, and controls the acts, practices and policies of said corporate respondent.



Respondents are engaged in the business of manufacture, sale, and distribution of wearing apparel, including but not limited to women's cocktail dresses, with their office and principal place of business located at 1385 Broadway, 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 Progress Frocks, Inc., a corporation, its successors and assigns and its officers, and Leo Hochberg, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, do forthwith cease and desist from manufacturing for sale, selling or offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported, in commerce, or selling or delivering after sale or shipment in commerce any product, fabric, or related material; or manufacturing for sale, selling or offering for sale any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

*It is further ordered*, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to this complaint of the flammable nature of said products, and effect recall of said products from such customers.

*It is further ordered*, That the respondents herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

*It is further ordered*, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the

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flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since July 17, 1971, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any product, fabric or related material with this report.

*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 this order.

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

*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.

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IN THE MATTER OF

BROLAN MANUFACTURING CO., ET AL.

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

*Docket C-2217. Complaint, May 12, 1972—Decision, May 12, 1972*

Consent order requiring three Chicago, Ill., sellers and distributors of residential applied vinyl siding to cease misrepresenting that their vinyl siding will keep its freshly painted look permanently, that it will protect the home against such things as insects, hail, moisture, heat, etc., that the siding will save customers on their painting, repair, and maintenance bills, deceptively guaranteeing their products, misrepresenting that they

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have research relations with the B. F. Goodrich Company, misusing the term "mfg." or any term implying they are manufacturers, misusing the term "free," offering gift merchandise to certain persons, transferring customers' notes to other parties without also transferring the defenses, and failing to include on the face of each contract a notice that holders of the instrument take it subject to all conditions of the contract.

## 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 Brolan Manufacturing Co., a corporation, American Veneer, Inc., a corporation, American Home Exteriors, Inc., a corporation, and Lawrence S. Brown individually and as an officer 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 Brolan Manufacturing Co. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 2945 West Peterson Avenue, Chicago, Illinois.

Respondent American Veneer, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 2945 West Peterson Avenue, Chicago, Illinois.

Respondent American Home Exteriors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 2945 West Peterson Avenue, Chicago, Illinois.

Respondent Lawrence S. Brown is an individual and is an officer of Brolan Manufacturing Co., American Veneer, Inc., and American Home Exteriors, Inc. He formulates, directs and controls the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. His address is the same as that of 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 of residential applied vinyl siding and other products to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said prod-

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ucts, when sold, to be shipped from their place of business in the State of Illinois to purchasers thereof located in various other States of the United States, and maintains, and at all times 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, and for the purpose of inducing the purchase of their products, respondents have, by statements and representations in advertisements in various publications, in direct mail advertising, and by direct oral solicitations made by respondents or their salesmen or representatives, represented directly or by implication that:

(1) Vinyl siding sold by respondents will keep its freshly painted look forever and will never need painting.

(2) Respondents' vinyl storm doors and storm windows will eliminate condensation and sweating.

(3) Vinyl siding sold by respondents "won't scratch," "won't split," "won't stain!" and "won't dent!"

(4) Vinyl siding sold by respondents is "SOLID VINYL WOOD-GRAIN SIDING \* \* \*."

(5) Vinyl siding sold by respondents will eliminate such forces against the home as "insects, rain, hail, moisture, dirt, heat, dryness, denting with bikes, ladders and baseballs, etc. \* \* \*."

(6) Vinyl siding once applied to the home will eliminate costly repairs and maintenance.

(7) Purchasers of respondents' vinyl siding will save more than one half of what they have been spending on painting and repairs year after year.

(8) Respondents' vinyl siding materials are entirely new and revolutionary and differ substantially from other vinyl siding materials on the market.

(9) Respondents' vinyl siding materials are applied to homes in a unique method of application which differs substantially from the methods used by competitors.

(10) Respondents' products and the application or installation of them, are unconditionally guaranteed.

(11) Free merchandise or gifts will be given to persons who mail in their name and address to respondents.

PAR. 5. In truth and in fact:

(1) Respondents' siding materials will not keep their freshly painted look forever and may require painting as the color of vinyl siding fades away.

(2) Respondents' vinyl storm doors and storm windows will not eliminate condensation and sweating.

(3) Respondents' siding materials will scratch, split, stain and dent under certain conditions.

(4) Vinyl siding sold by respondents is not solid vinyl woodgrain siding; in fact, respondents' vinyl siding may not contain any wood-grain in its composition.

(5) Vinyl siding sold by respondents will not eliminate such forces against the home as "insects, rain, hail, moisture, dirt, heat, dryness, denting with bikes, ladders and baseballs, etc."

(6) Respondents' vinyl siding will not eliminate costly repairs and maintenance to the home, since such materials do not cover the entire house and cannot prevent the effects of weather on the internal structure of the home, particularly if the installation is faulty.

(7) Purchasers of respondents' vinyl siding materials will not save more than one half of what they have been spending on painting and repairs, particularly where said purchaser has been doing his own painting and maintenance work.

(8) Respondents' siding materials are neither new or revolutionary nor do they substantially differ from other vinyl siding materials available on the market.

(9) Respondents' vinyl siding is not applied to homes by a unique method of application which differs substantially from the methods used by competitors.

(10) Respondents' guarantee is not unconditional and it fails to set forth the full nature and extent of the guarantee.

(11) Respondents do not give free gifts or merchandise to persons who mail in their names and addresses in accordance with their promises or offers, but condition the giving of such gifts or merchandise on certain conditions, such as listening to a salesman, purchasing a vinyl siding job, or the like and use such promises and offers as a means of obtaining names of prospective purchasers of their products.

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

PAR. 6. Further in the course and conduct of their business, respondents have made certain use of the B. F. Goodrich trademark and company name to substantiate statements and representations with respect to their products in newspaper advertising. Among and typical of such statements and representations are the following:

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## Special Offer

Now B. F. Goodrich introduces low cost, Solid Vinyl Combination Storm Windows and Storm Doors!

2 great companies—B. F. Goodrich (trademark) and Brolan Mfg. Co. have achieved the most important Exclusive Breakthrough in Creating the *ULTIMATE* house Siding.

From the laboratories of B. F. Goodrich comes solid vinyl wood-grain house siding to give your home \* \* \*

PAR. 7. Through the use of the aforementioned statements, and others similar thereto, not specifically set out herein, respondents have represented, directly or by implication that:

1. B. F. Goodrich Company was making a special offer to the public by introducing low cost solid vinyl combination storm doors and storm windows.

2. Vinyl siding materials sold by respondents were the result of extensive research and development by the combined efforts of respondents and the B. F. Goodrich Company.

3. Quality and durability claims made by respondents were made with the approval and backing of the B. F. Goodrich Company.

PAR. 8. In truth and in fact:

1. B. F. Goodrich Company was not making any special offer to the public by introducing low cost solid vinyl combination storm doors and storm windows and merely manufactured the component parts for such products.

2. Vinyl siding materials sold by respondents were not the result of extensive research and development by the combined efforts of respondent and the B. F. Goodrich Company; in fact, B. F. Goodrich Company by itself developed the product "Geon" which is used by other companies to manufacture a number of products, of which siding is only one.

3. Quality and durability claims made by respondents were not made with the approval and backing of the B. F. Goodrich Company.

Therefore, the statements and representations set forth in Paragraphs Six and Seven are false, misleading and deceptive.

PAR. 9. Further in the course and conduct of their business, and for the purpose of inducing the sale of their products, respondents in their trade name and on their letterheads and in advertising and promotional material state they are a manufacturing company.

PAR. 10. Through the use of the aforesaid statement and representation and others similar thereto, but not expressly set out herein, respondents have represented, and are now representing, that they own, operate or control a factory or factories wherein their said

products are manufactured, and that they are the manufacturers of said products.

PAR. 11. In truth and in fact, said respondents do not own, operate or control a factory or factories wherein said products are manufactured, and do not manufacture any of the products sold by them.

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

PAR. 12. In the further course and conduct of their business, and in furtherance of a sales program for inducing the purchase of their products, respondents and their salesmen or representatives have engaged in the following additional unfair and false, misleading and deceptive acts and practices:

In a substantial number of instances and in the usual course of their business, respondents sell and transfer their customers' conditional sales contracts, promissory notes or other instruments of indebtedness to various financial institutions. In any subsequent legal action to collect on such instruments, 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 their failure to perform or for certain other unfair, false, misleading or deceptive acts and practices.

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

PAR. 13. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of residential applied siding, and other products, of the same general kind and nature as that sold by respondents.

PAR. 14. 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 by reason of said erroneous and mistaken belief.

PAR. 15. 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,

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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 Chicago Regional Office 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 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 Brolan Manufacturing Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 2945 West Peterson Avenue, Chicago, Illinois.

Respondent American Veneer, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 2945 West Peterson Avenue, Chicago, Illinois.

Respondent American Home Exteriors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 2945 West Peterson Avenue, Chicago, Illinois.



Respondent Lawrence S. Brown is an officer of said corporations. He formulates, directs and controls the policies, acts and practices of said corporations, and his principal office and place of business is located at the above-stated address.

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 Brolan Manufacturing Co., a corporation, American Veneer, Inc., a corporation, American Home Exteriors, Inc., a corporation, their successors and assigns, and Lawrence S. Brown, individually and as an officer of said corporations, and respondents' officers, agents, representatives and employees directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of residential siding, 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 indirectly, that vinyl siding sold by respondents will keep its freshly painted look forever without requiring painting or maintenance, or misrepresenting the efficacy, durability or efficiency of respondents' products.

2. Representing, directly or indirectly, that vinyl siding sold by respondents contains woodgrain or any other ingredients that are not actually used in the manufacture of respondents' products.

3. Representing, directly or indirectly, that vinyl siding sold by respondents will eliminate such forces against the home as insects, rain, hail, moisture, dirt, heat dryness or denting by other objects or misrepresenting the properties, qualities and merits of respondents' products.

4. Representing, directly or indirectly, that purchasers of respondents' residential siding materials will realize a substantial savings on their painting, repair and maintenance bills; or misrepresenting, in any manner, the savings available to purchasers of respondents' merchandise.

5. Representing, directly or indirectly, that respondents' vinyl siding materials are entirely new or revolutionary or differ substantially from other siding materials available on the market.

6. Representing, directly or indirectly, that respondents' method of application of siding materials to homes of customers

is unique or differs substantially from the methods of application employed by respondents' competitors.

7. Representing, directly or indirectly, that any of respondents' products and installations 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; and unless respondents promptly and fully perform all of their obligations and requirements, directly or impliedly represented, under the terms of each such guarantee.

8. Representing, directly or indirectly, that respondents' vinyl siding materials were the result of extensive research and development by the combined efforts of respondents and the B. F. Goodrich Company.

9. Representing, directly or indirectly, that B. F. Goodrich Company was making a special offer to the public by introducing respondents' products into the market.

10. Representing, directly or indirectly that the claims of quality and durability of respondents' products were made with the approval of the B. F. Goodrich Company or any other supplier; or misrepresenting, in any manner, the B. F. Goodrich trademark or company name or the trademark and company name of any other supplier.

11. Using the term "Manufacturer," "manufacturing" or "mfg." in their trade name; or otherwise representing, directly or indirectly, that respondents own, operate or control a factory or other manufacturing facility or facilities in connection with the sale of products which are not manufactured by respondents.

12. Using the word "free" or any other word or words of similar import or meaning in connection with the sale, offering for sale or distribution of respondents' products or services, in advertisements or other offers to the public, as descriptive of an article of merchandise or service:

(a) When all the conditions, obligations, or other prerequisites to the receipt and retention of the "free" article of merchandise or service offered are not clearly and conspicuously set forth at the outset so as to leave no reasonable probability that the terms of the offer might be misunderstood.

(b) When, with respect to any article of merchandise or service required to be purchased in order to obtain the

“free” article or service, the offerer either (i) increases the ordinary and usual price of such merchandise or service or (ii) reduces the quality or size thereof.

13. Using, in any manner a sales plan, scheme or device where-in false, misleading or deceptive statements or representations are made in order to obtain leads or prospects for the sale of other merchandise or services.

14. Offering gift merchandise to persons complying with certain conditions unless, in every instance, such merchandise is given to the persons complying with such conditions.

15. Assigning, selling or otherwise transferring respondents' notes, contracts or other documents evidencing a purchaser's indebtedness, unless any rights or defenses which the purchaser has and may assert against respondents are preserved and may be asserted against any assignee or subsequent holder of such note, contract or other documents evidencing the indebtedness.

16. Failing to include the following statement clearly and conspicuously on the face of any note, contract or other instrument of indebtedness executed by or on behalf of respondents' customers:

NOTICE

Any holder takes this instrument subject to the terms and conditions of the contract which gave rise to the debt evidenced hereby, any contractual provision or other agreement to the contrary notwithstanding.

*It is further ordered,* That respondents shall forthwith deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the offering for sale or sale of respondents' products or services, in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging the receipt of said order from each such person.

*It is further ordered,* That respondents shall forthwith distribute a copy of this order to each of their operating divisions and employees.

*It is further ordered,* That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents 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 corporations which may affect compliance obligations arising out of the order.

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*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, signed by such respondents, setting forth in detail the manner and form of their compliance with this order.

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IN THE MATTER OF

FOUR STATES ENTERPRISES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

*Docket C-2218. Complaint, May 15, 1972—Decision, May 15, 1972*

Consent order requiring three affiliated Camden, New Jersey, home improvement firms to cease representing their products or services were for sale, when in fact they were not; representing prices as being "sale prices" when in fact they were not; misrepresenting products as being everlasting or indestructable; failing to furnish free merchandise as advertised; misrepresenting company personnel as being specially trained; and to cease violating the Truth in Lending Act by failing to disclose the annual percentage rate, the total payments required and other disclosures required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Four States Enterprises, Inc., Four State Enterprises, Inc., and Regency Builders, Inc., corporations, and Jack Scolnick and Ellis Myers, individually and as officers of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts, 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 Four States Enterprises, 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 office and place of business located at 716 Federal Street, Camden, New Jersey.

Respondents Four State Enterprises, Inc., and Regency Builders, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania, with their offices and principal places of business located at 716 Federal Street, Camden, New Jersey.

Respondent Jack Scolnick is the president and respondent Ellis Myers is secretary-treasurer, of the respondents Four States Enterprises, Inc., Four State Enterprises, Inc., and Regency Builders, Inc. The business address for these individuals is 716 Federal Street, Camden, New Jersey. They formulate, direct and control the acts and practices of the corporate respondents, including 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 residential aluminum and stone siding, storm windows, storm doors, swimming pools, awnings, and various other home improvement products at retail to the public and in the installation thereof.

## COUNT I

Alleging violations of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count I as if fully set forth herein.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time past have caused, their said merchandise, advertising and promotional material, contracts and other business papers and documents to be shipped and transmitted into the State of New Jersey and from their place of business in said state, and to prospective purchasers and purchasers thereof located in various States of the United States other than New Jersey, 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 and for the purpose of inducing the purchase of their home improvement products, respondents have made numerous statements and representations, in newspaper advertisements, in direct mail advertising circulars and other promotional material, and through oral statements to prospective purchasers by salesmen or representatives, respecting the respondents' offers, prices and time limitations and respecting the qualities of the respondents' merchandise.

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Typical and illustrative of the foregoing, but not all inclusive thereof, are the following:

STONE and ALUMINUM SIDING SALE!

REG. \$499.00

VALUE

\$299.00

on FOUR STATE'S

SPECIAL OFFER

Completely Installed!

Includes all labor

and materials

ENJOY EVERLASTING HOME BEAUTY.

Comfortable Living and Savings

700 SQ. FT. OF ALUMINUM SIDING

Plus 300 Sq. Ft. of Genuine

Quarry Ribbon Stone

BONUS

with your order A \* \* \* TV SET

SPECIAL BONUS

LIMITED TIME ONLY! JUST FOR YOU!

NEW \* \* \* FUN \* \* \* 3 QUART MODEL

POP CORN POPPER

PAR. 5. By and through the use of the aforesaid statements and representations, and others of similar import but not specifically set forth herein, respondents have represented, directly or by implication that:

1. The offer set forth in said advertisements is an offer in good faith to sell the advertised products at the prices and on the terms and conditions stated.

2. Respondents' products are being offered for sale at special or reduced prices, and that savings are thereby afforded to purchasers from respondents' regular selling prices.

3. Respondents' aluminum siding is everlastingly beautiful.

4. Respondents' advertised offer is made for a limited time only.

5. Electrical appliances and other items will be given as a bonus to purchasers.

PAR. 6. In truth and in fact:

1. Respondents' said advertised offers are not genuine or good faith offers. Such offers are made for the purpose of obtaining leads as to persons interested in the purchase of respondents' products. After obtaining such leads, respondents' salesmen or representatives call upon such persons at their homes, and according to their established

mode of operation, they often show samples of the advertised products, which are flimsy or otherwise undesirable and also orally disparage the advertised product. They then attempt to sell and frequently do sell more expensive products and in greater amounts than the advertised products.

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

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

4. Respondents' advertised offer is not made for a limited time only. Said merchandise is advertised regularly at the represented prices and on the terms and conditions therein stated.

5. Respondents' electric appliances and other items offered as a bonus to buyers of respondents' products are not readily available and often are not distributed to such buyers.

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 further course and conduct of their aforesaid business, respondents have represented to prospective purchasers that their homes had been selected as models for installation of respondents' siding; that after such installations, their homes would be used for demonstration, and advertising purposes by respondents, and that, as a result of allowing their homes to be used as models, such purchasers would be granted reduced prices.

In truth and in fact, homes of prospective purchasers are not specially selected as model homes for installation of respondents' siding; after installation such homes are not used for demonstration or advertising purposes by respondents; and such purchasers are not granted reduced prices.

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

PAR. 8. In the further course and conduct of their aforesaid business, respondents have represented to prospective purchasers that respondents' representatives were trained at and affiliated with a factory or other large company.

In truth and in fact, respondents and their salesmen are not affiliated with a factory or other large company. Respondents' connec-

tion with a factory consists only of buying products of or from a factory.

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

PAR. 9. In the course and conduct of their aforesaid business, respondents, when contracting with customers, have accepted false certificates or writings to the effect that contracted details of home improvements had been completed.

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

PAR. 10. In the course and conduct of respondents' business as aforesaid, and in connection with credit transactions involving their retail installment contracts, respondents unfairly induce their customers to execute blank promissory notes, the terms of which respondents complete at a later time.

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

PAR. 11. In the usual course and conduct of their aforesaid business, respondents, when contracting with customers, have in a substantial number of instances, sold and transferred their customers' obligations, procured by the aforesaid unfair or 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 that customers may have against respondents for failure to perform or for certain other unfair, false, misleading or deceptive acts or practices.

Therefore, the acts and practices as set forth in Paragraph Eleven were, and are, unfair.

PAR. 12. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of products of the same general kind and nature as those sold by respondents.

PAR. 13. The use by the respondents of the aforesaid unfair, 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



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purchase of substantial quantities of the respondents' products by reason of said erroneous and mistaken belief.

PAR. 14. 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.

## COUNT II

Alleging violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count II as if fully set forth herein.

PAR. 15. In the ordinary course and conduct of their business, as aforesaid, respondents regularly extend, and for some time last past have regularly extended, consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 16. Since July 1, 1969, respondents in the ordinary course and conduct of their business and in connection with credit sales, as "credit sales" is defined in Regulation Z, have caused and induced, and are causing and inducing, their customers to execute retail installment contracts, hereinafter referred to as the contract.

PAR. 17. By and through the use of the contract respondents:

(a) fail to disclose the Annual Percentage Rate to the nearest quarter of one percent, as required by Section 226.5(b)(1) of Regulation Z;

(b) fail to disclose the sum of the payments scheduled to repay the indebtedness, and to designate the sum as "total of payments," as required by Section 226.8(b)(3) of Regulation Z; and

(c) fail to make all of the disclosures required by Section 226.8 of Regulation Z before consummation of the credit transaction, in violation of Section 226.8(a) of Regulation Z.

PAR. 18. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act, and pursuant to Section 108 thereof, respondents thereby violated the Federal Trade Commission Act.

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## DECISION AND ORDER

The Federal Trade Commission having initiated an inquiry as to 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 Washington, D. C. Regional Office 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 Truth in Lending Act; and

The respondents and their attorney 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 those respects, 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 issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Four States Enterprises, 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 office and place of business located at 716 Federal Street, Camden, New Jersey.

Respondent Four State Enterprises, Inc., and Regency Builders, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania, with their offices and principal places of business located at 716 Federal Street, Camden, New Jersey.

Respondent Jack Scolnick is the president and respondent Ellis Myers is secretary-treasurer, of the respondents Four States Enterprises, Inc., Four State Enterprises, Inc., and Regency Builders, Inc. The business address for these individuals is 716 Federal Street, Camden, New Jersey. They formulate, direct and control the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth.

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

## I

*It is ordered*, That the respondents Four States Enterprises, Inc., Four State Enterprises, Inc., Regency Builders, Inc., corporations, their successors and assigns and their officers, and Jack Scolnick and Ellis Myers, individually and as officers of said corporations, and respondents' agents, representatives and employees directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of siding or any other article of merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. (a) Representing, directly or by implication, that any product or service is offered for sale when such offer is not a good faith 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 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.

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

2. (a) Representing, directly or by implication, that any price for respondents' products and/or services is a special or reduced price, unless such price constitutes a significant reduction from an established selling price at which such products and/or services 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.

(b) Failing to maintain adequate records (1) which disclose the facts upon which any savings claims, including special, reduced, or former pricing claims and comparative value claims, and similar representations of the type described in Paragraph Two (a) of this order are based, and (2) from which the validity of any savings claims, including special, reduced or former pricing claims and comparative value claims and similar representa-

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tions of the type described in Paragraph Two (a) of this order can be determined.

3. Representing, directly or by implication, that respondents products are everlasting, indestructible, or will not be damaged by storms, hail, fire or other elements.

4. Representing, directly or by implication, that any offer to sell any product or service is limited as to time, or is limited in any other manner unless respondents, in good faith, impose and adhere to such limitations.

5. Failing or refusing to furnish free merchandise to purchasers, irrespective of a prior request therefor, upon fulfillment of the terms and conditions of any advertised offer.

6. (a) Representing, directly or by implication, that the home of any of respondents' customers, or prospective customers, has been selected to be used or will be used as a model home, or otherwise, for advertising or sales purposes.

(b) Representing, directly or by implication, that any allowance, discount or commission is granted by respondents to purchasers in return for permitting the premises on which respondents' products are installed or services performed to be used for model homes or demonstration purposes.

7. Representing, directly or by implication, that respondents' officers, agents, representatives or employees are factory trained or have any other training, qualification or affiliation when, in fact, they do not have such training, qualification or affiliation.

8. Accepting certificates or other writings to the effect that contracted details of home improvement had been completed, if such writings were false when accepted; or otherwise misrepresenting, in any manner, the true nature and effect of any document.

9. Inducing or causing purchasers or prospective purchasers of respondents' merchandise to sign blank or partially completed promissory notes or any other contractual instruments.

10. Assigning, selling or otherwise transferring respondents' notes, contracts or other documents evidencing a purchaser's indebtedness, unless any rights or defenses which the purchaser has and may assert against respondents are preserved and may be asserted against any assignee or subsequent holder of such note, contract or other documents evidencing the indebtedness.

11. Failing to include the following statement clearly and conspicuously on the face of any note, contract or other instrument of indebtedness executed by or on behalf of respondents' customers:

## NOTICE

Any holder takes this instrument subject to the terms and conditions of the contract which gave rise to the debt evidenced hereby, any contractual provision or other agreement to the contrary notwithstanding.

12. (a) Failing to maintain for a period of five (5) years, invoices, notices for payment and all similar documents which respondents receive in the conduct of their business from suppliers, subcontractors and other persons, and failing to maintain, for a period of five (5) years, copies of all contracts entered into between respondents and their customers.

(b) Failing to maintain, for a period of five (5) years, with regard to each and every contract hereafter entered into between respondents and their customers, adequate records which disclose, in itemized form, what each customer was charged, exclusive of interest or finance charges for material and labor. And failing to maintain for the same period with regard to each contract hereafter entered into between respondents and their customers involving siding, or the installation of siding, or both, additional records which further disclose the quantity of siding and other materials installed or delivered to the customer; the type and grade of said siding and other material; a description of the installation performed; the total amount of money paid to salesmen, agents or representatives for the solicitation of the said contract, and what each customer was charged, exclusive of interest or finance charges, per square foot for the performance of the said contract.

## II

*It is further ordered,* That the respondents Four States Enterprises, Inc., Four State Enterprises, Inc., Regency Builders, Inc., corporations, their successors and assigns and their officers, and Jack Scolnick and Ellis Myers, individually and as officers of said corporations, and respondents' agents, representatives and employees directly or through any corporation, subsidiary, division or other device, in connection with any consumer credit sale as "credit sale" is defined in Regulation Z (15 U.S.C. 1601 *et seq.*), or in connection with any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit as "advertisement" and "consumer credit" are defined in Regulation Z, do forthwith cease and desist from:

1. Failing to disclose the annual percentage rate, where and when required by Regulation Z to be used, to the nearest quarter of one percent, in accordance with Section 226.5(b)(1) of Regulation Z.

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2. Failing to disclose the sum of the payments scheduled to repay the indebtedness, and to designate it as "total of payments" in accordance with Section 226.8(b)(3) of Regulation Z.

3. Failing to make all of the disclosures required by Section 226.8 of Regulation Z before consummation of the credit transaction in accordance with Section 226.8(a) of Regulation Z.

4. Failing to make all the disclosures required by Regulation Z to be made in connection with any consumer credit transaction or advertisement, in accordance with Sections 226.5, 226.6, 226.8, 226.9 and 226.10 of Regulation Z.

## III

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

*It is further ordered,* That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the offering for sale, or sale of any product or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

*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.

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

## ASSOCIATED CLAIMS, INC., ET AL.

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

*Docket C-2219. Complaint, May 16, 1972—Decision, May 16, 1972*

Consent order requiring a Silver Spring, Maryland, collection agency to cease misrepresenting that respondents have instructed attorneys to begin legal proceedings against alleged debtors, implying that legal action has actually

taken place, misrepresenting the legal rights of alleged debtors, using fictitious job titles or organizational designations, and using unofficial or unauthorized documents.

#### 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 Associated Claims, Inc., a corporation, and Carl I. Morris and Mrs. Carl I. (Gloria) Morris, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and its 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. Associated Claims, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 1005 Bonifant Street, Silver Spring, Maryland.

Respondents Carl I. Morris and Mrs. Carl I. (Gloria) Morris are officers of said corporation. Said respondents are now, and for some time last past have been, formulating, directing and controlling the acts and practices of the said corporate respondent, including the acts and practices herein set forth. Their business 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 practice of collecting or attempting to collect any and all kinds of alleged delinquent accounts.

PAR. 3. In the course and conduct of their aforesaid business, respondents solicit and receive accounts for collection from businesses and professional people located in the District of Columbia and in the States of Maryland and Virginia and other states, which accounts the respondents seek thereafter to collect from debtors located therein. In carrying out their aforesaid collection business, respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their collection business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with other corporations, firms and individuals engaged in the collection of alleged delinquent accounts.

PAR. 5. In the course and conduct of their collection business, respondents transmit and mail, and cause to be transmitted and mailed, to alleged delinquent debtors, various form letters, forms,

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documents, and other printed materials. Typical, but not all inclusive, of the statements and representations in such material are the following:

1. Sometime ago we withdrew your account from the hands of our attorney in an effort to cooperate with you, for we believed that you would resume regular payments on your indebtedness.

\* \* \* \* \*

We are, therefore, returning the account to our attorney with instructions to proceed legally against you, within five days from this date, without further notice to you.

\* \* \* \* \*

Within the next few days our attorneys will be instructed to file suit and secure a judgment on this claim. Execution will then be issued against your property, and if no property is found, our attorneys will be instructed to proceed under Public Law 505 D.C. Statute which provides for garnishment execution against your wages. This procedure will involve additional costs which you will be obliged to pay.

3. When judgment is obtained, they will move to attach your wages, bank account, automobile, property, in accordance with the rights they enjoy under your State laws, to collect the amount you owe for goods delivered to you in accordance with a legally binding conditional sales contract they have with you.

4. IT'S IMPOSSIBLE to ESCAPE a Judgment. For a judgment may be renewed and thus remain in effect until paid—and it may be recorded everywhere. Your debt will have to be paid someday, so, to save expense, loss of credit and embarrassment, take care of it NOW.

5. Your account has been turned over to our LEGAL DEPARTMENT with instructions to bring an immediate SUIT and ATTACHMENT.

6. NOTICE OF IMPENDING GARNISHEE. \* \* \* DEMAND AND SUPPLEMENTARY NOTICE. \* \* \* THIS IS DEMAND, AND NOTICE TO YOU, THE DEBTOR.

The representations in 6., above, were set forth on official appearing documents.

PAR. 6. By and through the use of the above quoted statements and representations, and others of similar import and meaning but not specifically set forth herein, respondents have represented, directly or by implication:

1. That respondents have referred, are referring, or will refer delinquent accounts to attorneys.

2. That failure to pay the amount claimed as owing within a stated period of time will result in immediate legal action.

3. That failure to pay the amount claimed as owing within a period of time will result in attachment and garnishment proceedings against the property and wages of the debtor.

4. That, once judgment is entered against a debtor, it is impossible for the debtor to avoid payment thereof.



5. The respondents' organization has or maintains a separate legal department with qualified employees serving in this department.

6. Some forms used by respondents imply in form and content they are official documents duly issued or approved by a court of law or other government agency.

PAR. 7. In truth and in fact:

1. The failure of an alleged debtor to remit money to respondents within time period(s) indicated does not in most instances result in the immediate reference of such matters to attorneys.

2. The failure of an alleged debtor to remit money to respondents within time period(s) indicated does not in most instances result in the immediate institution of legal action to effect payment.

3. The failure of an alleged debtor to remit money to respondents within time period(s) indicated does not in most instances result in the immediate institution of attachment or garnishment proceedings to effect payment.

4. It is possible to avoid payment of a judgment, once such is entered, in a matter involving a debt. For instance, resort to bankruptcy proceedings will often avoid the payment of at least part of a judgment. Also, the restrictions and exemptions placed on the collection of judgments make it possible in some instances to avoid the payment of at least part of a judgment.

5. Respondents do not have a separate legal department with qualified employees serving in this department.

6. Forms used by respondents are not official documents issued or approved by a court of law or other government agency, but on the contrary are wholly private in origin.

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

PAR. 8. The use by the respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the tendency and capacity to mislead and deceive members of the public into the erroneous and mistaken belief that said statements and representations were, and are, true and to induce recipients thereof into the payment of alleged delinquent accounts by reason of the said erroneous and mistaken 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 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.

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## 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 Washington, D. C. Regional Office 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 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 Associated Claims, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 1005 Bonifant Street, Silver Spring, Maryland.

Respondents Carl I. Morris and Mrs. Carl I. (Gloria) Morris are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their business address is the same as that of the aforesaid 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 Associated Claims, Inc., a corporation, its successors and assigns and its officers, and Carl I. Morris and Mrs. Carl I. (Gloria) Morris, individually and as officers of said corporation, and respondents' agents, representatives and employees,

directly or through any corporation, subsidiary, division or other device, in connection with the collection of, or attempt to collect, accounts in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, or causing to be represented by any means, directly or by implication, that respondents have instructed, are instructing, or will instruct an attorney to file suit against an alleged debtor unless the alleged debt is immediately paid in full or a specified amount is paid thereon unless the respondents have already instituted the aforesaid suit.

2. Representing by any means, directly or by implication, that:

- (a) legal action has been taken against the debtor; or
- (b) legal action is being taken against the debtor; or
- (c) legal action will be taken against the debtor unless the respondents have already instituted said legal action.

3. Representing by any means, directly or by implication that the post judgment rights of a creditor to attach property or garnish wages of a debtor are as specifically represented unless such is the fact in the jurisdiction in which collection is sought.

4. Informing a debtor of a creditor's right after judgment without disclosing at the same time that no judgment may be entered against the debtor unless the debtor has first been given notice and an opportunity to appear and defend himself in a court of law.

5. Representing, directly or by implication, by any means to a debtor that it is impossible to escape a judgment.

6. Using fictitious job titles or organizational designations or descriptions by any means in connection with respondents' business or misrepresenting in any manner any departmentalization of respondents' business.

7. Using any unofficial or unauthorized document which simulates or is represented by any means to be a document authorized, issued, or approved by a court of law or any other official or legally constituted or authorized authority, or misrepresenting, in any manner, the source, authorization, or approval of any document.

*It is further ordered, That:*

a. The respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

b. Respondents deliver a copy of this order to all of their present and future personnel and that respondents secure a

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signed statement acknowledging receipt of said order from each such person.

c. 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 this order.

d. 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 of their compliance with this order.

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IN THE MATTER OF

COX MOBILE HOMES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

*Docket C-2220. Complaint, May 16, 1972—Decision, May 16, 1972*

Consent order requiring a Louisville, Kentucky, seller of mobile homes to cease violating the Truth in Lending Act by failing to disclose to customers the amount and method of computing penalty charges, identification of collateral required, finance charges, the annual percentage rate, and other disclosures required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Truth In Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Cox Mobile Homes, Inc., a corporation, and Walter C. Cox, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of the said Acts and regulations, 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 Cox Mobile Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office and

only place of business located at 4819 Dixie Highway, Louisville, Kentucky. Respondent Walter C. Cox is the president of the corporate respondent. He formulates, directs and controls the policies, 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 sometime last past have been, engaged in the sale of mobile homes, motorized homes, campers, mobile home furniture and accessories, and other merchandise, to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid, and in connection with their own credit sales, as "credit sale" is defined in Regulation Z, have caused, and are causing, their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost disclosures.

By and through the use of the contract, respondents:

(1) Fail to disclose, before the transaction is consummated, as required by Section 226.8(a), the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Section 226.8(b)(4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by Section 226.8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by Section 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge, as required by Section 226.8(c)(8)(i) of Regulation Z.

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(e) The annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

(2) Fail to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by Section 226.8(c)(8)(ii) of the regulation.

(3) Fail to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by Section 226.8(c)(2) of Regulation Z.

(4) Fail to include in the finance charge any charges or premiums for credit life, accident, health, or loss of income insurance, written in connection with any credit transaction when the customer has signed a written indication of desire for insurance prior to receiving written disclosure to him of the cost of such insurance, as prescribed by Section 226.4(a)(5)(ii) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth In Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated 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 Cleveland Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the regulations promulgated thereunder and 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 sets 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 admis-

sion 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 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 Cox Mobile Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office and only place of business located at 4819 Dixie Highway, Louisville, Kentucky. Respondent Walter C. Cox is the president of the corporate respondent. He formulates, directs and controls the acts and practices of said corporation. His address is the same as that of the corporate respondent.

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 Cox Mobile Homes, Inc., a corporation, and Walter C. Cox, individually and as an officer of said corporation, its successors and assigns, and respondents' officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth In Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

(1) Failing to disclose, before the transaction is consummated, as required by Section 226.8(a), the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Section 226.8(b) (4) of Regulation Z.

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(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by Section 226.8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by Section 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge, as required by Section 226.8(c)(8)(i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

(2) Failing to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by Section 226.8(c)(8)(ii) of the regulation.

(3) Failing to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by Section 226.8(c)(2) of Regulation Z.

(4) Failing to include in the finance charge any charges or premiums for credit life, accident, health, or loss of income insurance, written in connection with any credit transaction when the customer has signed a written indication of desire for insurance prior to receiving written disclosure to him of the cost of such insurance, as prescribed by Section 226.4(a)(5)(ii) of Regulation Z.

(5) Failing, in any consumer credit transaction or advertising, to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z, at the time and in the manner,



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form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

*It is further ordered.* That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

*It is further ordered.* That respondents, for purposes of notification only, notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resultant 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 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 the order to cease and desist contained therein.

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IN THE MATTER OF

JEFFERSON MOBILE HOMES, INC., DOING BUSINESS AS  
JEFFERSON MOBILE HOMES, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

*Docket C-2221. Complaint, May 16, 1972—Decision, May 16, 1972*

Consent order requiring a Louisville, Kentucky, mobile home dealer to cease violating the Truth in Lending Act by failing to disclose to customers the annual percentage rate, the deferred payment price, using the term "total downpayment" and other disclosures required by Regulation Z of the said Act.

## COMPLAINT

Pursuant to the provisions of the Truth In Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Jefferson Mobile Homes, Inc., a corporation, trading and doing business as Jefferson Mobile Homes, Mark Mobile Homes, Jo-Mar

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Mobile Homes, and Trailer City USA, and Terry W. Goff, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of the said Acts and regulations, 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 Jefferson Mobile Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office and place of business located at 12305 Dixie Highway, Louisville, Kentucky. Respondent also does business in the Louisville area as Mark Mobile Homes, Jo-Mar Mobile Homes and Trailer City USA. Respondent Terry W. Goff is the president of the corporate respondent. He formulates, directs and controls the policies, 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 sometime last past have been, engaged in the sale of mobile homes, motorized homes, campers, mobile home furniture and accessories, and other merchandise, to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth In Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid, and in connection with their own credit sales, as "credit sale" is defined in Regulation Z, have caused, and are causing, their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost disclosures.

By and through the use of the contract, respondents:

(1) Fail to disclose, before the transaction is consummated, as required by Section 226.8(a), the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Sections 226.8(b) (4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection

with the extension of credit, as required by Section 226.8(b) (5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by Section 226.8(b) (7) of Regulation Z.

(d) The amount of the finance charge, as required by Section 226.8(c) (8) (1) of Regulation Z.

(e) The annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c) (8) (ii) of Regulation Z.

(2) Fail to use the term "deferred payment price" to describe the sum determined according to (1) (g) above as required by Section 226.8(c) (8) (ii) of the regulation.

(3) Fail to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by Section 226.8(c) (2) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth In Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act, and pursuant to Section 108 thereof, respondents have thereby violated 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 Cleveland Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth In Lending Act and the regulations promulgated thereunder and violation of the Federal Trade Commission Act; and

## Decision and Order

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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 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 Jefferson Mobile Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office and place of business located at 12305 Dixie Highway, Louisville, Kentucky. Respondent Terry W. Goff is the president of the corporate respondent. He formulates, directs and controls the acts and practices of said corporation. His address is the same as that of the corporate respondent.

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 Jefferson Mobile Homes, Inc., a corporation, and Terry W. Goff, individually and as an officer of said corporation, its successors and assigns, and respondents' officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth In Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

(1) Failing to disclose, before the transaction is consummated, as required by Section 226.8(a), the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Section 226.8(b)(4) or Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by Section 8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by Section 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge, as required by Section 226.8(c)(8)(i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

(2) Failing to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by Section 226.8(c)(8)(ii) of the regulation.

(3) Failing to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by Section 226.8(c)(2) of Regulation Z.

(4) Failing, in any consumer credit transaction or advertising, to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z, at the time and in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

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*It is further ordered,* That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

*It is further ordered,* That respondents, for purposes of notification only, notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resultant 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 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 the order to cease and desist contained herein.

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IN THE MATTER OF

CHARLIE'S MOBILE LIVING, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

*Docket C-2222. Complaint, May 16, 1972—Decision, May 16, 1972*

Consent order requiring a Louisville, Kentucky, mobile home dealer to cease violating the Truth in Lending Act by failing to disclose to customers the amount and method of computing penalty charges, identification of collateral required, finance charges, the annual percentage rate, and other disclosures required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Truth In Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Charlie's Mobile Living, Inc., a corporation, and Charles T. Meredith and Willard L. Keehn, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of the said Acts and regulations, 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 Charlie's Mobile Living, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office and place of business located at 4711 Dixie Highway, Louisville, Kentucky. Respondent owns and operates other branches at 560 Kopp Lane, Clarksville, Indiana; Bowling Green, Kentucky; and Bardstown, Kentucky. Respondent Charles T. Meredith is the president of the corporate respondent, and Williard L. Keehn is the vice president of the corporate respondent. They formulate, direct and control the policies, 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 sometime last past have been, engaged in the sale of mobile homes, and other merchandise, to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth In Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid, and in connection with their own credit sales, as "credit sale" is defined in Regulation Z, have caused, and are causing, their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost disclosures.

By and through the use of the contract, respondents:

(1) Fail to disclose, before the transaction is consummated, as required by Section 226.8(a), the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Section 226.8(b)(4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by Section 226.8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obliga-

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tion, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by Section 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge, as required by Section 226.8(c)(8)(i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

(2) Fail to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by Section 226.8(c)(8)(ii) of the Regulation.

(3) Fail to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by Section 226.8(c)(2) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth In Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated 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 Cleveland Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth In Lending Act and the regulations promulgated thereunder and 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 agree-



ment 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 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 Charlie's Mobile Living, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office and place of business located at 4711 Dixie Highway, Louisville, Kentucky. Respondent owns and operates other branches at 560 Kopp Lane, Clarksville, Indiana; Bowling Green, Kentucky; and Bardstown, Kentucky. Respondent Charles T. Meredith is the president and Willard Keehn is the vice president of the corporate respondent. They formulate, direct and control the acts and practices of said corporation. Their address is the same as that of the corporate respondent.

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 Charlie's Mobile Living, Inc., a corporation, and Charles T. Meredith and Willard Keehn, individually and as officers of said corporation, its successors and assigns, and respondents' officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth In Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), to forthwith cease and desist from:

(1) Failing to disclose, before the transaction is consummated, as required by Section 226.8(a), the following:

(a) The amount, or method of computing the amount, or any default, delinquency, or similar charges payable in the

event of late payments, as required by Section 226.8(b)(4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by Section 226.8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by Section 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge, as required by Section 226.8(c)(8)(i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

(2) Failing to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by Section 226.8(c)(8)(ii) of the regulation.

(3) Failing to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by Section 226.8(c)(2) of Regulation Z.

(4) Failing, in any consumer credit transactions or advertising, to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z, at the time and in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

*It is further ordered*, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or

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in any respect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

*It is further ordered,* That respondents, for purposes of notification only, notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resultant in the emergence of a successor corporation, the creation or dissolution which may affect compliance obligations arising out of the 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 the order to cease and desist contained therein.

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IN THE MATTER OF

OHIO CHRISTIAN COLLEGE (OF CALVARY GRACE  
CHRISTIAN CHURCHES OF FAITH, INC.), ET AL.

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

*Docket 8820. Complaint, July 29, 1970—Decision, May 19, 1972*

Order requiring a Columbus, Ohio, correspondence school to cease using the word "college" or any similar misrepresentation, conferring any academic degrees, misrepresenting respondent as having resident classes and accredited curricula, implying that the State of Ohio or any other governmental body recognized respondents' programs, misrepresenting respondents' offer a unique method of instruction, using the name "National Educational Accrediting Association," and misrepresenting that any of respondents' businesses is a bona fide organization of guidance counselors.

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 OHIO CHRISTIAN COLLEGE (Of Calvary Grace Christian Churches of Faith, Inc.), a corporation, ALPHA PSI OMEGA SOCIETY, a corporation, Alvin O. Langdon, Leeta O. Langdon, Gene Thompson and Jerry Weiner, individually and as officers of said corporations, and Alvin O. Langdon, an individual trading as National Educational