obligation or failing to provide 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.

13. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Section 226.4 and Section 226.5 of Regulation Z, in the manner, form, and amount required by Sections 226.6, 226.7, 226.8, Section 226.9 and Section 226.10 of Regulation Z.

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

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

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

IN THE MATTER OF

S. L. SAVIDGE, INC.

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

Docket C-2018. Complaint, Aug. 24, 1971—Decision, Aug. 24, 1971

Consent order requiring a Seattle, Wash., corporation engaged in selling new and used automobiles to cease violating the Truth in Lending Act by failing to include in the finance charge the premiums for credit life insurance, failing to disclose the accurate annual percentage rate, and making other representations in violation of Regulation Z of said Act. Respondent is also forbidden to misrepresent that its credit terms are "easy" or that a buyer will be allowed to select his own credit terms.

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 S. L. Savidge, Inc., 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 S. L. Savidge, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its principal office and place of business located at 9th and Lenora, Seattle, Washington.

PAR. 2. Respondent is now, and for some time last past has been engaged in the offering for sale, and sale of new and used automobiles and has engaged in the advertising of such in various media.

COUNT I

Alleging violations of the Truth in Lending Act and Regulation Z.

PAR. 3. In the ordinary course of its business as aforesaid, respondent regularly extends 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, in the ordinary course of its business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, respondent has entered into and is entering into contracts for the sale of respondent's goods and services. On these contracts, hereinafter referred to as "the contract," respondent provides certain consumer credit cost information, but does not provide its customers with other consumer credit cost disclosures.

By and through use of the contract, respondent:

1. Fails to include in the "finance charge" the amount of premiums for credit life insurance required by respondent to be purchased in connection with the credit sale, as required by Section 226.4(a)(5) of Regulation Z.

2. Fails to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

PAR. 5. Pursuant to Section 103(k) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of the Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

COUNT II

Alleging violations of the Federal Trade Commission Act.

PAR. 6. The allegations of Paragraphs One and Two are incorporated herein by reference in COUNT II as though fully set forth herein.

PAR. 7. Respondent has advertised in daily newspapers which circulate substantial numbers of copies outside of the State of Washington that "Easy Credit To Car Buyers Started With Savidge 45 Years Ago" thereby leading car buyers and potential car buyers to believe that consumer credit is extended without determining the debtor's financial ability to pay or his credit rating or that consumer credit is extended to persons whose ability to pay or credit rating is below typical standards of credit-worthiness.

PAR. 8. In truth and in fact, respondent does not extend credit without determining the debtor's financial ability to pay or his credit rating and credit is not regularly extended to persons whose ability to pay or credit rating is below typical standards of credit-worthiness.

PAR. 9. Respondent has advertised in daily newspapers which circulate substantial numbers of copies outside of the State of Washington that buyers can "Name Your Own Terms" thereby leading car buyers and potential car buyers to believe that the buyer would be allowed to select his own credit terms.

PAR. 10. In truth and in fact, respondent will not allow a car buyer to select his own credit terms, as, for example, respondent will not accept terms of no downpayment or time payments exceeding 48 months in duration.

PAR. 11. In the course and conduct of their business, and at all times mentioned herein, respondent has been, and now is, in substantial competition with corporations, firms and individuals in the sale of products of the same general kind and nature as that sold by respondent.

PAR. 12. The use by respondent of the aforesaid unfair and false, misleading and deceptive statements, representations and practices, as aforesaid, 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 complete, and into the purchase of substantial quantities of said products by reason of said erroneous and mistaken belief.

PAR. 13. The aforesaid acts and practices of respondent, as herein alleged in COUNT II, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of 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 Truth in Lending Act.

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

1. Respondent S. L. Savidge, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its principal office and principal place of business located at 9th and Lenora, Seattle, Washington.

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 S. L. Savidge, Inc., a corporation and its officers, and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with any consumer credit sale, as "consumer credit" and "credit sale" are defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to include in the "finance charge" the amount of premiums for credit life insurance required by respondent to be purchased in connection with the credit sale, as required by Section 226.4(a)(5) of Regulation Z.

2. Failing to disclose the annual percentage rate accurately to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

3. Engaging in any consumer credit transactions or disseminating any advertising within the meaning of Regulation Z of the Truth in Lending Act without making all disclosures that are required by Sections 226.6, 226.8, and 226.10 of Regulation Z in the amount, manner and form specified therein.

It is further ordered, That respondent S. L. Savidge, Inc., a corporation, respondent's officers, representatives, employees and agents, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of automobiles or any other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that respondent's terms of credit are lenient, including, but not limited to the representation that respondent offers "easy credit."

2. Representing, directly or by implication, that respondent will allow a buyer to select his own credit terms, including, but not limited to the representation "Name Your Own Terms."

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in the consummation of any extension of consumer credit or in any aspect of preparation, for sale or sale of any product, 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 such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may effect compliance obligations arising out of the order.

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

IN THE MATTER OF

BONNE BELL, INC.

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

Docket C-2019. Complaint, Aug. 25, 1971—Decision, Aug. 25, 1971

Consent order requiring a Lakewood, Ohio, manufacturer and distributor of cosmetic and toilet products to cease fixing the retail price of its products, soliciting the spying of one retailer on another, requiring resale of unsold merchandise to respondent, using marked packages to trace merchandise, terminating business with any dealer for failure to observe any prohibited practice, and to reinstate any former dealer which has failed to comply with the prohibited terms of this order.

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 party respondent named in the caption hereof and hereinafter more particularly described, has been, and is now, violating the provisions of Section 5 of the Federal Trade Commission Act (15 U.S.C. Sec. 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, Bonne Bell, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its main office and principal place of business at 18515 Detroit Avenue, Lakewood, Ohio.

PAR. 2. Respondent has been and is now engaged in the manufacture,

sale and distribution of cosmetic and toilet products with net sales in 1967 in excess of $9,500,000.

Respondent manufactures all of its products, with the exception of lipstick which it obtains from other manufacturers, in Lakewood, Ohio. It sells these products under the trade names of Bonne Bell and Ten-O-Six to approximately 8,000 franchised dealers located in various States of the United States and the District of Columbia.

The terms "Bonne Bell products" or "products" are hereinafter used to designate and mean the shampoos, moisture lotions, medicated makeups, creams and lotions, lipstick and eye makeups, and other cosmetic and toilet products sold and distributed by respondent.

PAR. 3. In the course and conduct of its business respondent has engaged and is now engaging in commerce, as "commerce" is defined in the Federal Trade Commission Act. Respondent has caused and now causes its products to be shipped from its place of business in the State of Ohio to other states and the District of Columbia for resale through its franchised 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 corporations, individuals and partnerships engaged in the manufacture, sale and distribution of cosmetic and toilet products.

PAR. 5. In the course and conduct of its business, respondent has for many years pursued a policy, the purpose of which is and has been to establish, maintain, fix and control the retail prices at which Bonne Bell products are advertised, offered for sale or sold in the United States.

In furtherance of this policy, respondent has engaged and still engages in one or more of the following acts and practices, but not necessarily limited thereto, in one or more of the various States of the United States and the District of Columbia:

(a) Entering into written agreements with its dealers which require the dealers to adhere to resale prices established by respondent;

(b) Soliciting, inviting and obtaining from dealers in Bonne Bell products cooperation and assistance in ascertaining information pertaining to dealers or others who resell such products and fail to maintain resale prices established by respondent;

(c) Conducting special retail sales of Bonne Bell products through its dealers in which respondent fixes the time and duration of such sales and establishes the retail prices at which such products may be advertised and sold;

(d) Requiring its dealers to return all unsold sale merchandise at the end of each retail sale conducted by respondent;

(e) Entering into cooperative advertising agreements with its dealers in which respondent reserves the right to refuse payments for dealer newspaper advertisements of Bonne Bell products which contain retail prices not conforming with those established or suggested by respondent;

(f) Refusing earned cooperative advertisement payments to dealers who advertise Bonne Bell products at retail prices less than those established or suggested by respondent;

(g) Sending merchandise order sheets, invoices, brochures, sales bulletins, advertising or promotional aids and material to its dealers, in which established retail prices for Bonne Bell products are set forth;

(h) Prohibiting its dealers from reselling, bartering, transferring or transshipping Bonne Bell products to any other retailer, wholesaler, distributor or manufacturer;

(i) Attaching numbers to the packages or containers of Bonne Bell products sold to its dealers for the purpose of tracing sales or deliveries of such products to unauthorized retail outlets;

(j) Terminating business relationships with Bonne Bell dealers who fail to adhere to respondent's established or suggested resale prices or who divert Bonne Bell products to other retail outlets.

PAR. 6. The capacity, tendency and effect of respondent's use of the acts, practices, and courses of conduct hereinabove alleged has been and may be substantially to restrain, lessen, injure, and prevent competition, including price competition, in the marketing, sale, and distribution of Bonne Bell products by, and between and among respondent's dealers. Respondent's use of said acts, practices, and courses of conduct has been and is to the prejudice and injury of the public and constitutes unfair methods of competition in commerce and unfair acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, 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, Bonne Bell, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its main office and principal place of business at 18515 Detroit Avenue, Lakewood, 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

I. *It is ordered*, That respondent Bonne Bell, Inc., a corporation, its officers, agents, representatives and employees, successors and assigns, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of any products including, but not limited to, cosmetic and toilet products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

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

1. Entering into, maintaining or enforcing any contract, agreement, understanding or arrangement with its dealers which has the purpose or effect of fixing, establishing or maintaining the prices at which its products are advertised or resold.

2. Fixing, establishing, controlling or maintaining the prices at which its dealers advertise, promote, offer for sale or sell its products.

3. Requiring prospective dealers to agree, through direct or indirect means, that they will adhere to established or suggested resale prices for respondent's products.

B. Requesting, soliciting or encouraging any dealer to supply information or to report to respondent regarding the failure of any other dealer to adhere to established or suggested resale prices for respondent's products.

C. Announcing dates other than suggested dates for the advertising, commencement or conclusion of any reduced resale price sale of respondent's products.

D. Requiring any dealer to resell to respondent any unsold stock of respondent's products.

E. Refusing earned cooperative advertising payments to dealers who advertise its products at prices other than established or suggested resale prices.

F. Including in its own advertising, or in any advertising or promotional aids or material supplied or sold to its dealers, any price or prices at which respondent's products may be resold by its dealers, or publishing, disseminating or circulating to any dealer any merchandise order sheet, invoice, or other material indicating any price or prices at which respondent's products may be resold by its dealers, unless it is clearly and conspicuously stated that such prices are "suggested prices only."

G. Preventing, restricting or hindering any of its dealers, by agreements or any other means, from reselling, transferring or transshipping respondent's products to any retailer, distributor, wholesaler or manufacturer.

H. Using numbers, letters or markings of any kind on or accompanying its products or on the containers, labelling or packaging of its products as a means of tracing sales of its products to particular dealers where the purpose or effect of such tracing is to implement any of the acts, practices, conditions, agreements or understandings prohibited in Paragraphs A and G above.

I. Discriminating or taking reprisals against or exerting pressure on any dealer to comply with any of the acts, practices, conditions, agreements or understandings prohibited in Paragraphs A and G above.

J. Terminating business relationships with any dealer because such dealer has failed to comply with any of the acts, practices, conditions, agreements or understandings prohibited in Paragraphs A and G above.

Nothing in this order shall be construed to prevent respondent from engaging in a legitimate fair trade program in those states having fair trade laws.

II. *It is further ordered*, That respondent shall reinstate any former dealer terminated since January 1, 1966, for failure to comply with one or more of the acts, practices, conditions, agreements or understandings prohibited in Paragraphs A and G of this order if such dealer desires reinstatement.

III. *It is further ordered*, That respondent shall within sixty (60) days after service upon it of this order, serve by mail a copy of this order on each of its dealers.

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

A. For a period of two years following the effective date of this order, serve a copy of this order upon each new dealer franchised by the respondent on the date the dealer becomes a franchisee of respondent.

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

C. Within ninety (90) days after service upon it of this order submit to the Commission (1) a list of all dealers terminated since January 1, 1966, (2) a list of all dealers who have been reinstated pursuant to Paragraph II above, and (3) a list of all dealers who have not been reinstated and the reason or reasons therefor.

V. *It is further ordered*, That 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.

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

IN THE MATTER OF

MR. BEEF, 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-2020. Complaint, Aug. 27, 1971—Decision, Aug. 27, 1971

Consent order requiring a Toledo, Ohio, seller and distributor of meat and meat products to cease deceptively advertising and falsely guaranteeing its products, failing to disclose the weight loss of its untrimmed meat, discouraging the purchase of any of its advertised food, and failing to give notice to purchasers who sign promissory notes that such notes may be sold to third parties; the respondent is also required to cease violating the Truth in Lending Act by failing to use the terms cash price, downpayment, the number, amounts and due dates of the scheduled payments, the finance charge expressed as an annual percentage rate, and failing to make all other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Truth in Lending Act and the regulations promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Mr. Beef, Inc., a corporation, and Donald Bevelheimer individually and as an officer of said corporation hereinafter referred to as respondents, have violated the provisions of 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:

COUNT I

PARAGRAPH 1. Respondent Mr. Beef, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 1928 Sylvania Avenue, Toledo, Ohio.

Respondent Donald Bevelheimer, is an officer of the corporate respondent. Said individual respondent formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is 31503 Plymouth Rd., Livonia, Michigan.

PAR. 2. Respondents, for some time last past, have been engaged in the advertising, offering for sale, sale and distribution of meat and meat products, to members of the purchasing public. Said meat and

meat products come within the classification of food, as "food" is defined in the Federal Trade Commission Act

PAR. 3. In the course and conduct of their business and at all times mentioned herein, respondents have disseminated advertising by various means in commerce as "commerce" is defined in the Federal Trade Commission Act, including advertising material for use in newspapers of general circulation, for the purpose of inducing, or which was 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 by various means, including those 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. Among and typical of the statements and representations contained in said advertising disseminated as hereinabove set forth were the following:

U.S.D.A. Choice BEEF SIDES 48¢ lb.
U.S.D.A. Choice BEEF HINDS 58¢ lb.
U.S.D.A. Choice STEAK LOINS 69¢ lb.
GUARANTEE If not completely satisfied return within 10 days and your order will be replaced.
90 Days Same as Cash.

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

(1) Offers set forth in said advertisements were bona fide offers to sell beef sides, halves and other cuts described therein at the advertised prices.

(2) The advertised meats were guaranteed and a purchaser who was not satisfied with the product purchased by him would, upon request, receive a substitute order of meat weighing as much as the original order, upon tendering the balance of the unsatisfactory order.

(3) Persons purchasing on same as cash terms would be able to pay the balance owed on their accounts in any form at any time during the 90 day period, up to and including the 90th day, without any further obligation.

PAR. 6. 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 the meat products featured in said advertisements, but to the contrary were made to induce prospective purchasers to visit respondents' place

of business for the purpose of purchasing said advertised meat. When prospective purchasers, in response to said advertisements attempted to purchase the advertised products, respondents informed them that the advertised prices applied only to meat which would sustain large losses due to cutting, dressing and trimming. Respondents and their salesmen made no effort to sell such advertised meat but in fact described it in a manner calculated to discourage the purchase thereof, and attempted to and frequently did sell much higher-priced meats.

(2) The advertised guarantee failed to clearly and conspicuously set forth the nature and extent of said guarantee. Contrary to the representation appearing therein that the entire original order would be replaced at the request of an unsatisfied purchaser, any replacement was subject to limitations and conditions which were not clearly revealed in their advertising of said guarantees.

(3) Persons purchasing on same as cash terms were not free to pay the balance owed on their accounts in any form at any time but were required to pay the balance owed on their accounts in three monthly installments and failure to meet any installment resulted in further obligations on said persons.

PAR. 7. Respondents, by their advertising disseminated as aforesaid, have represented directly or by implication by failure to disclose the particular normal average percentage weight loss due to cutting, dressing and trimming of untrimmed meat offered for sale, that said meat advertised and sold would upon delivery to purchasers weigh approximately its advertised or purchased weight. Said representations were contrary to fact as the cutting, dressing and trimming of meat offered for sale materially reduced the total weight purchased and persons purchasing said meat did not realize a net quantity which was approximately equal to the total weight of the meat at the time of purchase.

Therefore, the advertisements referred to in Paragraphs Four and Seven were and have been misleading in material respects and have constituted "false advertisements" as that term is defined in the Federal Trade Commission Act, and the representations referred to in Paragraphs Five and Seven were and have been false, misleading and deceptive.

PAR. 8. In the course and conduct of their business and at all times mentioned herein, respondents have, without notice to their customers, negotiated to third parties conditional sales contracts, promissory notes and other instruments of indebtedness, with consequent limitation of the legal defenses of those customers resulting from such negotiation.

PAR. 9. Use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices have had the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were true and into the purchase of substantial quantities of the aforesaid products, including higher priced products than those advertised because of said mistaken and erroneous belief.

PAR. 10. The aforesaid acts and practices of respondents, as herein alleged, including the dissemination by respondents of false advertisements as aforesaid, were all to the prejudice and injury of the public and constituted unfair and deceptive acts and practices in commerce in violation of Sections 5 and 12 of the Federal Trade Commission Act.

COUNT II

PAR. 11. Paragraph One of COUNT I of this complaint is hereby set forth by reference and made a part of this Count as fully and with the same effect as if quoted here verbatim.

PAR. 12. Respondents are now and for some time last past have been engaged in the offering for sale, sale and distribution of meat and meat products to the purchasing public.

PAR. 13. In the ordinary course and conduct of their aforesaid business, respondents regularly extend or 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. 14. In the ordinary course of their aforesaid business, respondents caused advertisements to be published, as "advertisement" is defined in Regulation Z. These advertisements aid, promote or assist directly or indirectly extensions of consumer credit in connection with the sale of said products. By and through the use of the advertisements, respondents state that no down payment is required in connection with an extension of consumer credit, or that an extension of consumer credit is or may be payable in more than four installments without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d) (2) thereof:

(i) The cash price;

(ii) The number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;

(iii) The amount of the finance charge expressed as an annual percentage rate; and

(iv) The deferred payment price.

PAR. 15. 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 the Act and, pursuant to Section 108(c) thereof respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging Mr. Beef, Inc., a corporation and Donald Bevelheimer individually and as an officer of said corporation, respondents herein, with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder; and

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

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Mr. Beef, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its office and principal place of business located at 1928 Sylvania Avenue, Toledo, Ohio.

Respondent Donald Bevelheimer is an officer of respondent corporation. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is 31503 Plymouth Road, Livonia, Michigan.

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 respondent Mr. Beef, Inc., a corporation and its officers, and Donald Bevelheimer, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with

the offering for sale, sale or distribution of meat or other food products, do forthwith cease and desist from:

1. Disseminating, or causing the dissemination, by means of 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 products are offered for sale, when the purpose of such representations is not to sell the offered products, 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.

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 fails to clearly and conspicuously disclose the particular normal average percentage of weight loss of each untrimmed piece of meat offered for sale therein.

3. 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.

4. Misrepresenting in any manner the terms of payment available to purchasers of respondents' meat or other food products.

5. Disseminating or causing the dissemination of advertisements by any means, including those aforesaid, for the purpose of inducing, or which are likely to induce, directly or indirectly, the purchase of food in commerce, as "commerce" is defined in the Federal Trade Commission Act, which contains any of the representations prohibited in Paragraph 1 or the misrepresentations prohibited in Paragraph 4, or fails to comply with the disclosure requirements of Paragraph Two hereof.

6. Failing to incorporate the following statement on the face of all contracts executed by respondents' customers with such con-

spicuousness and clarity as is likely to be observed, read and understood by the purchaser:

"Important Notice"

"If you are obtaining credit in connection with this contract, you will be required to sign a promissory note. This note may be purchased by a bank, finance company or any other third party. If it is purchased by another party, you will be required to make your payments to the purchaser of the note. You should be aware that if this happens you may have to pay the note in full to the new owner of the note even if this contract is not fulfilled."

It is further ordered, That respondents and respondents' agents, representatives and employees directly or through any corporate or other device in connection with any advertisement of consumer credit sale of bulk beef or other meat products as "advertisement" and "credit sale" are defined in Regulation Z of the Truth in Lending Act do forthwith cease and desist from:

1. Stating directly or indirectly in any advertisement the amount of the down payment required or that no down payment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless all of the following items are stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10 (d) (2) of Regulation Z:

(i) The cash price or the amount of the loan, as applicable;

(ii) The amount of the down payment required or that no down payment is required, as applicable;

(iii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;

(iv) The amount of the finance charge expressed as an annual percentage rate;

(v) Except in connection with the sale of a dwelling, on a first lien loan to purchase a dwelling, the deferred payment price or the sum of the payments, as applicable.

2. Failing, in any consumer credit transaction or advertisement, to make all disclosures in the manner and form required by Sections 226.8 and 226.10 of Regulation Z.

It is further ordered, That a copy of this order to cease and desist be delivered to all operating divisions of the corporate respondent, and to

all officers, managers, and salesmen thereof, both present and future, and to any other 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.

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

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

IN THE MATTER OF

ELLIS STEWART COMPANY, INC., ET AL.

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

Docket C-2021. Complaint, Aug. 30, 1971—Decision, Aug. 30, 1971

Consent order requiring a Danville, Va., seller and distributor of residential aluminum siding, swimming pools and other home improvements to cease using bait advertising, failing to support its savings claims, misrepresenting that any offer to sell is limited or that the respondent manufactures any of its products, misrepresenting that any home is being used as a model, misrepresenting affiliations with other companies, making deceptive guarantees, misrepresenting the size or extent of respondent's business, assigning notes of purchasers without also transferring defenses valid against respondent, failing to include a notice on each contract that holders take this instrument subject to all terms and conditions, and failing to maintain for 5 years all contractual documents and all records of its dealings involving the installation of siding.

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 Ellis Stewart Company, Inc., a corporation, and Ellis Stewart Halperin, individually and as an officer of said corporation, hereinafter referred to as re-

spondents, 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 Ellis Stewart Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Virginia, with its principal office and place of business located at 330 North Floyd Street, in the city of Danville, State of Virginia.

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

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale, distribution and installation of residential aluminum siding, swimming pools and other home improvement products 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, their said products, when sold, to be shipped from their place of business in the State of Virginia to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their products, respondents have made, and are now making, directly and by implication, numerous statements and representations in advertisements published in newspapers, in advertising circulars and other promotional material and in oral statements made by respondents' sales representatives with respect to the nature of the offer being made, the prices at which respondents' products are being offered, the savings afforded to purchasers of respondents' products, the guarantees being offered and other matters.

Among and typical of such statements and representations, but not all inclusive thereof, are the following:

1. Respondents are making a good faith offer to sell up to 1,000 square feet of aluminum siding, completely installed, for $199.

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

3. The offer to sell aluminum siding for $199 was a limited one.

4. Respondents manufacture the products they sell.

5. Siding materials sold by respondents will never require painting or repairing.

6. Homes of prospective purchasers will be used as model homes for the installation of respondents' products; that, after installation, such homes will be used for demonstration and advertising purposes by respondents; and, that as a result of allowing their homes to be used as models, purchasers will be granted reduced prices or will receive allowances, discounts or commissions.

7. Respondents or their sales representatives represent or have some connection with the Kaiser Aluminum & Chemical Corporation, a well-known manufacturer of aluminum siding.

8. Purchasers of aluminum siding will receive as a bonus a free gift of tableware or a camera.

9. The aluminum siding sold by respondents is unconditionally guaranteed.

10. Respondents operate business offices in Martinsville, Virginia and in North Carolina at the following places: Elizabeth City, Roanoke Rapids, Mount Airy, Mooresville, Statesville, Lexington, Concord and Asheboro.

PAR. 5. In truth and in fact:

1. The offer to sell 1,000 square feet of aluminum siding, completely installed, for $199 is not a genuine or good faith offer to sell said siding at the advertised price but is made for the purpose of obtaining leads to persons interested in purchasing respondents' products. After obtaining such leads, respondents or their sales representatives call upon such persons at their homes or places of business. At such times and places, respondents or their sales representatives disparage the siding offered for $199 and otherwise discourage the purchase thereof and attempt to sell, and do sell, different and more expensive siding materials to such persons.

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

3. The offer to sell aluminum siding was not a limited one and is respondents' regular offer.

4. Respondents do not manufacture any of the products they sell.

5. The siding materials sold by respondents will eventually require painting and repairing.

6. Homes of prospective purchasers are not selected as model homes for the installation of respondents' products; after installation of siding, such homes are not used for demonstration and advertising purposes by respondents; and purchasers as a result of allowing or agreeing to allow the use of their homes as models are not granted discounts, allowances or commissions.

7. Respondents or their sales representatives do not represent the Kaiser Aluminum & Chemical Corporation. Respondents' only such connection is that of a purchaser of products of that company.

8. Respondents do not, in every instance, deliver the free gift promised as a bonus to all customers.

9. The aluminium siding sold by respondents is not unconditionally guaranteed. Such guarantees as are available are subject to numerous substantial conditions and limitations.

10. Respondents do not operate business offices in Martinsville, Virginia or in Elizabeth City, Roanoke Rapids, Mount Airy, Mooresville, Statesville, Lexington, Concord or Asheboro, North Carolina.

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

PAR. 6. In the further course and conduct of their aforesaid business, respondents, when contracting with customers, have engaged in the following unfair acts and practices:

1. Respondents have accepted false certificates or writings to the effect that contracted details of home improvement had been completed.

2. In a substantial number of instances and in the usual course of their business, respondents sell and transfer their customers' obligations, procured by the aforesaid unfair 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 Six were, and are, unfair and false, misleading and deceptive acts and practices.

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

PAR. 8. The use by respondents of the aforesaid unfair and 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. 9. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by 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 issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Ellis Stewart Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Virginia, with its principal office and place of business

located at 330 North Floyd Street, in the city of Danville, State of Virginia.

Respondent Ellis Stewart Halperin is an officer of said corporation and his office and principal 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 Ellis Stewart Company, Inc., a corporation, and its officers, and Ellis Stewart Halperin, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of aluminum siding or any other product or service, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. (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 misrepresentations of the type described in Paragraph 2

(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 representations of the type described in Paragraph 2 (a) of this order can be determined.

3. 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.

4. Representing, directly or by implication, that respondents manufacture any of the products that they sell; misrepresenting, in any manner, the nature or scope of respondents' business.

5. Representing, directly or by implication, that siding materials sold by respondents will never need painting or repairing; misrepresenting, in any manner, the durability of any product sold by respondents.

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 have any connection with Kaiser Aluminum & Chemical Corporation other than that of a purchaser of home improvement products produced by that company; misrepresenting, in any manner, respondents' connection or affiliation with any other company.

8. 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.

9. Representing, directly or by implication, that any of respondents' products or services 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; or making any direct or implied representations that any of respondents' products or services are guaranteed unless in each instance a written guarantee is given to the purchaser containing provisions fully equivalent to those contained in such representations.

10. Representing, directly or by implication, that respondents operate or maintain business offices in Martinsville, Virginia or Elizabeth City, Roanoke Rapids, Mount Airy, Mooresville, Statesville, Lexington, Concord or Asheboro, North Carolina, or any other locality where such offices are not actually open and fully operative; or misrepresenting, in any manner, the size or extent of respondents' business.

11. 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.

12. 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 document evidencing the indebtedness.

13. 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."

14. (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 materials 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 said contract, and what each customer was charged, exclusive of interest or finance charges, per square foot for the performance of the said contract.

It is further ordered, That:

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

b. Respondents shall 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 shall secure a signed statement acknowledging receipt of said order from each such person.

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

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

IN THE MATTER OF

INTERNATIONAL SAFE-T-TRAC, INC., ET AL.

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

Docket 8823. Complaint, Nov. 12, 1970—Decision, Sept. 1, 1971

Consent order requiring a Cincinnati, Ohio, seller and distributor of Safe-T-Trac, auto stabilizers, to distributors and to the public to cease misrepresenting that its device will prevent skidding, help save lives, and functions as a shock absorber, that claims made for the device have been substantiated by scientific tests, and falsely guaranteeing its product; the respondent will further cease to use its multi-level marketing program to secure distributors for its product without informing them in full in writing of all facets of the program, and include a provision for cancellation of contracts within three days.

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 International Safe-T-Trac, Inc., a corporation, and Joey H. Sandow and Barney L. Sandow, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. International Safe-T-Trac, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 6802 Montgomery Road, Cincinnati (Silverton), Ohio.

Respondents Joey H. Sandow and Barney T. Sandow are individuals and are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent including those hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of Safe-T-Trac "auto-stabilizers" to distributors and to the public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents have caused, and now cause, their said "auto-stabilizers" to be shipped from their place of business in the State of Ohio to purchasers thereof located in various other States of the United States and have caused, and now cause, said "auto-stabilizers" to be shipped from the manufacturer to various States of the United States other than the state of manufacturing. Also, respondents have caused, and now cause, monies, contracts and other commercial paper to be transmitted and received in commerce. Respondents, therefore, 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 aforesaid business, and for the purpose of inducing the purchase of the Safe-T-Trac "auto-stabilizers," the respondents have made, and are now making, numerous statements and representations in newspaper and magazine advertisements and in oral promotional presentations with respect to the performance of the Safe-T-Trac "auto-stabilizer."

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

Safe-T-Trac automatically helps pull the rear end of a skidding car into line, gives it added control, helps keep it going straight.

Safe-T-Trac action functions not only as a shock absorber, but also as an equalizing force itself, actually ironing out the bumps with horizontal and vertical momentum.

While in a curve, the Safe-T-Trac action applies Newton's Third Law of Motion to counteract skids: "For every action, there is an equal and opposite reaction."

Safe-T-Trac effectively counteracts the sudden lateral movement normally caused by panic stops, high speed blow-outs or sharp gusts of wind.

SAFE-T-TRAC, Safety is our business.

Anti-Skid Device, Increases Traction, Helps Prevent Skidding and Spin-outs, Decreases Swerving, Fishtailing and Vibration.

Lifetime Guaranty.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning, but not expressly set out herein, and by and through the use of the trade name "Safe-T-Trac," separately and in connection with the oral statements and film presentations to prospective purchasers and purchasers, respondents have represented, and are now representing, directly or by implication:

1. That the Safe-T-Trac "auto-stabilizer" is an effective safety device.

2. That the Safe-T-Trac "auto-stabilizer" is an anti-skid device which will increase traction, help prevent skidding, spin-outs, and decrease swerving, fishtailing and vibration.

3. That the Safe-T-Trac "auto-stabilizer" will help save lives.

4. That the Safe-T-Trac "auto-stabilizer" will automatically help pull the rear end of a skidding car into line, give the driver added control, help keep a skidding automobile going straight.

5. That the Safe-T-Trac "auto-stabilizer" action functions not only as a shock absorber, but also as an equalizing force itself, actually ironing out bumps with horizontal and vertical momentum.

6. That the Safe-T-Trac "auto-stabilizer" effectively counteracts the sudden lateral movement normally caused by panic stops, high speed blow-outs or sharp gusts of wind.

7. That the Safe-T-Trac "auto-stabilizer" performance representations have been substantiated by competent scientific tests or by authenticated, controlled and duly recorded tests.

8. That the Safe-T-Trac "auto-stabilizer" "Lifetime Guaranty" is an unconditional guaranty.

PAR. 6. In truth and in fact:

1. The Safe-T-Trac "auto-stabilizer" is not an effective safety device.

2. The Safe-T-Trac "auto-stabilizer" is not an anti-skid device which will increase traction, help prevent skidding, spin-outs, and decrease swerving, fishtailing and vibration.

3. The Safe-T-Trac "auto-stabilizer" will not help save lives.

4. The Safe-T-Trac "auto-stabilizer" does not automatically help pull the rear end of a skidding car into line, give the driver added control, or help keep the car going straight.

5. The Safe-T-Trac "auto-stabilizer" does not function as a shock absorber, and is not an equalizing force which will actually iron out the bumps with horizontal and vertical momentum.

6. The Safe-T-Trac "auto-stabilizer" will not effectively counteract the sudden lateral movement normally caused by panic stops, high speed blow-outs or sharp gusts of wind.

7. The Safe-T-Trac "auto-stabilizer" performance representations have not been substantiated by competent scientific tests or by authenticated, controlled and duly recorded tests.

8. The "Lifetime Guaranty" for the Safe-T-Trac "auto-stabilizer" is not unconditional.

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

PAR. 7. In the course and conduct of the respondents aforesaid business, and for the purpose of inducing the purchase of their "auto-stabilizers," the respondents have employed and are now employing a multi-level marketing program having four levels of investors (distributors). The levels are as follows:

(1) *Director*—To become a director one must either purchase 100 units at $100 per unit for a total of $10,000 or sell 100 units within a period of 30 days or less. The director recruits those below him and sells units to distributors and consumers.

(2) *Associate Director*—To become an associate director one must either purchase 30 units at $149.50 per unit for a total of $4485 or sell 30 units within a period of 30 days or less. The associate director recruits new participants at his own level and below, and sells units to distributors and consumers.

(3) *Dealer*—To become a dealer one must either purchase 10 units at $179.50 per unit for a total of $1795 or sell 10 units within a period of 30 days or less. The dealer sells units to associate dealers and to consumers.

(4) *Associate Dealer*—To become an associate dealer one must purchase one demonstration unit at $289.50 and thereafter, can purchase units at $219.50. The associate dealer sells units at retail for $289.50 per unit.

The multi-level marketing program also provides that each director is to receive a $5 per unit override on all units purchased and paid for by other directors whom he recruits and a commission of $1700 for recruiting a director. An associate director is to receive $200 for recruiting an associate director and $300 for recruiting a director. A dealer is to receive $100 for recruiting a dealer, $200 for recruiting an associate director, and $300 for recruiting a director. An associate dealer is also to receive $100 for recruiting a dealer, $200 for recruiting an associate director, and $300 for recruiting a director.

Respondents represent through oral and written statements to prospective purchasers that it is not difficult to sell Safe-T-Trac "auto-stabilizers" and/or distributorships and thereby achieve high levels of income. Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

1. If a director recruits two (2) associate directors and each of those two sell eighty (80) units per month, the director will earn $7920 per month.

2. If an associate director recruits five (5) dealers and each of those five sell 20 units per month, the associate director will earn $3000 per month.

3. If a dealer recruits ten (10) associate dealers and each of those ten sell one unit per week, the dealer will earn $1600 per month.

4. If an associate dealer recruits one (1) associate dealer every week the associate dealer making the appointments will earn $280 per month.

PAR. 8. Respondents' multi-level marketing program contemplates a virtually endless recruiting of participants in the sales program. The program as represented by respondents contemplates the participation of approximately one hundred (100) recruits operating under each director. Further, additional participants must increase progressively to insure the participants the represented financial gains while the overall number of potential investors remain relatively constant. Thus, the participant may be, and in a substantial number of instances will be, unable to find additional investors in a given community or geographical area by the time he enters respondents' merchandising program. This comes about because the recruiting of participants who come into the program at an earlier stage has already exhausted the number of prospective participants. As to the individual participant, therefore, respondents' program must of necessity ultimately collapse when the market for distributors becomes saturated.

Although some participants in respondents' multi-level merchandising program may realize a profit, all participants do not have the

potentiality of receiving sums of money equal to or greater than those described in Paragraph Seven through recruiting other participants and through finder's fees, commissions, overrides, and other compensation arising out of the sale of respondents' products or the recruitment of other distributors by other participants in the program. As a matter of fact, some participants in the program will receive little or no return on their investment.

For the foregoing reasons, respondents' multi-level merchandising program is organized and operated in such a manner that the realization of profit by any participant contemplates, and is necessarily predicated upon, the exploitation of others who have virtually no chance of receiving a return on their investment and who have been induced to participate by misrepresentations as to potential earnings. Therefore, the use by respondents of the aforesaid program in connection with the sale of their merchandise was and is an unfair act and practice, and was and is false, misleading and deceptive.

PAR. 9. In the course and conduct of their business, and for the purpose of inducing participation by others in their marketing program and of selling their merchandise, by and through statements and oral representations, and by means of brochures and other written material respondents represent, and have represented, directly or by implication that:

1. Participants in their merchandising program have a reasonable expectancy of receiving profits or earnings fully equal to or greater than those described in Paragraph Seven herein by recruiting other distributors or subdistributors into their program and receiving commissions on their own sales or the sales or recruiting of others.

2. It is not difficult for investors to recruit and retain persons who will invest in the program as distributors and as sales personnel to sell respondents' products.

PAR. 10. In truth and in fact:

1. Most participants in respondents' multi-level program do not have a reasonable expectancy of receiving profits or earnings in the form of finder's fees, commissions, overrides or other compensation fully equal to or greater than those described in Paragraph Seven herein. In fact, most participants will receive little or no return on their investment.

2. It is difficult, and becomes increasingly difficult under respondents' continually expanding multi-level marketing system, to recruit and retain persons who will invest in respondents' program as distributors and/or as sales personnel to sell respondents' products.

Therefore, the above-described representations are false, misleading and deceptive.

PAR. 11. Respondents' merchandising program is in the nature of a lottery in that participants are induced to invest substantial sums of money on the possibility that by the activities and efforts of others, over whom they exercise no control or direction, they will receive the profits described in Paragraph Seven herein. The realization of such financial gain is not dependent on the skill and effort of the individual participant, but is the result of elements of chance including the number of prior participants and the degree of saturation of the market which exists when the participant is induced to make his investment.

The use by respondents of a multilevel program, which is in the nature of a lottery, is contrary to the established public policy of the United States and is an unfair act and practice.

PAR. 12. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms, and individuals engaged in the business of selling stabilizer, traction, and other safety devices and equipment.

PAR. 13. 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. 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.

DECISION AND ORDER

The Commission having issued its complaint on November 12, 1970, charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with a copy of that complaint; and

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

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

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

1. Respondent International Safe-T-Trac, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio. The corporation is no longer doing business but it has never been dissolved. The corporation can be reached in care of Barney L. Sandow, 618 Claymount Street, Ballwin, Missouri.

Respondents Joey H. Sandow and Barney L. Sandow are officers of said corporation. They formulated, directed and controlled the policies, acts and practices of said corporation and the addresses of Joey H. Sandow and Barney L. Sandow are respectively, 8690 Glenburny Avenue, Cincinnati, Ohio, and 618 Claymount Street, Ballwin, Missouri.

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 International Safe-T-Trac, Inc., a corporation, and its officers, and Joey H. Sandow and Barney L. Sandow, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of the device designated Safe-T-Trac or any other device of substantially the same construction, design or operation, do forthwith cease and desist from:

1. Representing, directly or by implication, that said device

when installed or used in any manner in the operation of a motor vehicle:

(a) Is an effective safety device.

(b) Is an anti-skid device, will increase traction, help prevent skidding, spin-outs, or decrease swerving, fishtailing or vibration.

(c) Will help save lives.

(d) Will automatically help pull the rear end of a skidding car into line, give the driver added control, or help keep the automobile going straight.

(e) Functions as a shock absorber, or as an equalizing force, or irons out the bumps with horizontal and vertical momentum.

(f) Counteracts the sudden lateral movement normally caused by panic stops, high speed blowouts or sharp gusts of wind.

2. Using the trade name "Safe-T-Trac" or any other word, term or phrase of similar import or meaning to describe or refer to said device.

3. Representing, directly or by implication, that performance representations of said device have been substantiated by competent scientific tests or by authenticated, controlled and duly recorded tests; or falsely representing, in any manner, the extent, kind, character or results of any scientific tests performed on any of said products.

4. Misrepresenting, in any manner, the performance or functioning of said device or the safety to human life provided by any automotive devices.

5. Representing, directly or by implication, that any products are "unconditionally guaranteed" unless there are in fact no terms, conditions or limitations attached thereto; or that any products are guaranteed in any manner without clearly and conspicuously setting out in immediate connection therewith the nature and extent of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder.

It is further ordered, That respondents International Safe-T-Trac, Inc., a corporation, and its officers, and Joey H. Sandow and Barney L. Sandow, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of any products or of distributorships, franchises, licenses or marketing agreements with respect thereto,

in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from directly or indirectly:

1. Operating or participating in the operation of any multi-level marketing program wherein the financial gains to the participants are dependent in any manner upon the continued, successive recruitment of other participants.

2. Offering to pay, paying or authorizing the payment of any finder's fee, bonus, override, commission, cross-commission, discount, rebate, dividend or other consideration to any participant in respondents' multi-level marketing program for the solicitation or recruitment of other participants therein.

3. Offering to pay, paying or authorizing payment of any bonus, override, commission, cross-commission, discount, rebate, dividend or other consideration to any person, firm or corporation in connection with the sale of said products, or distributorships under respondents' multi-level marketing program unless such person, firm or corporation performs a bona fide and essential supervisory, distributive, selling or soliciting function in the sale and delivery of such products to the ultimate consumer.

4. Requiring prospective participants or participants in said program to purchase said products or pay any consideration, other than payment for necessary sales materials, in order to participate in any manner therein.

5. Using any multi-level marketing program, either directly or indirectly:

(a) Wherein any finder's fee, bonus, override, commission, cross-commission, discount, rebate, dividend or other compensation or profit inuring to participants therein is dependent on the element of chance dominating over the skill or judgment of the participants; or

(b) Wherein no amount of judgment or skill exercised by the participant has any appreciable effect upon any finder's fee, bonus, override, commission, cross-commission, discount, rebate, dividend or other compensation or profits which the participant may receive; or

(c) Wherein the participant is without that degree of control over the operation of such plan as to enable him substantially to effect the amount of any finder's fee, bonus, override, commission, cross-commission, discount, rebate, dividend or other compensation or profit which he may receive or be entitled to receive.

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6. Using any multi-level marketing program which fails to:

(a) Inform orally all participants in respondents' multi-level marketing program and to provide in writing in all contracts of participation that the contract may be cancelled for any reason by notification to respondents in writing within three (3) business days from the date of execution of such contract.

(b) Refund immediately all monies to (1) customers who have requested contract cancellation in writing within three (3) business days from the execution thereof, and (2) customers showing that respondents' contract solicitations or performance were attended by or involved violation of any of the provisions of this order: *Provided, however*, That subpart (2) hereof shall not apply to such contracts entered into before the date of this order, nor shall the payments of refunds hereunder be construed as an admission that this order or any part thereof has been violated.

7. Representing, directly or by implication, that participants in any multi-level marketing program will earn or receive any stated or gross or net amount of earnings or profits; or representing, in any manner, the past earnings of participants unless in fact the past earnings represented are those of a substantial number of participants in the community or geographical area in which such representations are made and accurately reflect the average earnings of these participants under circumstances similar to those of the participant to whom the representation is made.

8. Representing, directly or by implication, that it is not difficult for participants to recruit or retain persons to invest in any multi-level marketing program as distributors or as sales personnel to sell said products.

9. Failing to deliver a copy of this order to cease and desist to all present and future distributors, salesmen or other persons engaged in the sale or distribution of any products through the use of a multi-level marketing program, and securing from each such distributor, salesman or other person similarly involved a signed statement acknowledging receipt of said order.

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

IN THE MATTER OF

HABANA CIGAR CORPORATION, INC., ET AL.

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

Docket C-2022. Complaint, Sept. 2, 1971—Decision, Sept. 2, 1971

Consent order requiring a Newport, Ky., manufacturer and seller of cigars and tobacco products both at wholesale and retail to cease using the term "Habana" or other words implying its tobacco products are made from tobacco grown on the Island of Cuba, misrepresenting that it has been in business since 1894 or that it is owned by a Cuban-named individual, and falsely guaranteeing its products.

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 Habana Cigar Corporation, Inc., a corporation, and James J. Mathews, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Habana Cigar Corporation, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Florida with its principal office and place of business located at 644 Monmouth Street, Newport, Kentucky.

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

PAR. 2. Respondents are now, and for some time last past have been

engaged in the business of manufacturing, advertising, offering for sale, selling and distributing cigars and tobacco products to distributors, wholesalers, dealers and retailers for resale to the public, and in the direct mail order sale of said products at retail 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, their said products, when sold, to be shipped from their places of business in the States of Florida and Kentucky to purchasers thereof located in various States of the United States other than the state of origination and in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the sale of their cigars, respondents have made numerous statements and representations in advertising and promotional material respecting the history, ownership, business status and policies, and source of manufacture of the company or its products.

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

1. Habana Cigar Corporation, Inc.
2. Habana by Juan Hernandez. Habana Custom Hand Made. Habana.
3. Three generations of hand made cigars, since 1894.
4. Statements allegedly written and spoken by one Juan Hernandez:

I, Juan Hernandez, present to you * * *. (Emphasis added.)

In keeping with *MY* family heritage, I not only obtain * * * (Tobacco) but employ (cigar makers). (Emphasis added.)

You will find that *MY* cigars * * *. (Emphasis added.)

This is why I proudly call *MY* cigar * * *. (Emphasis added.)

5. HABANA GUARANTEE * * * all natural leaf tobacco * * * "hand made."

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, separately and in connection with respondents' corporate name, "Habana Cigar Corporation, Inc.," respondents represent, and have represented, directly or by implication:

1. That respondents' principal business operations or place of business are located on the Island of Cuba.

2. That respondents' cigars bearing the designation "Habana" are made entirely or in substantial part from tobacco grown on the Island of Cuba.

3. That corporate respondent has been in the business of manufacturing and selling cigars since 1894, and has been owned and operated by three generations of a Cuban family.

4. That corporate respondent is owned and operated by a person named Juan Hernandez.

5. That respondents' cigars are unconditionally guaranteed.

PAR. 6. In truth and in fact:

1. Respondents' business operations or place of business are not located on the Island of Cuba, but in the States of Florida and Kentucky.

2. Respondents' cigars do not contain any tobacco whatsoever grown on the Island of Cuba.

3. Corporate respondent was organized, formed, and incorporated in the State of Florida in 1969 by American businessmen and has not been operated by three generations of a Cuban family.

4. Corporate respondent is not owned and operated by Juan Hernandez. Juan Hernandez is an employee of said respondent corporation, and not a principal thereof.

5. Respondents' cigars are not unconditionally guaranteed. Respondents' guarantee fails to set forth its nature and extent, the identity of the guarantor, and the manner in whch the guarantor will perform thereunder.

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

PAR. 7. By the aforesaid practices respondents place, and have placed in the hands of distributors, wholesalers, dealers, and retailers the means and instrumentalities by and through which respondents may mislead and deceive the public in the manner and as to the things herein alleged.

PAR. 8. In the course and conduct of their business as aforesaid, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms, and individuals in the sale of merchandise of the same general kind and nature as that 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 respondents' products by reason of said erroneous and mistaken belief.

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

DECISION AND ORDER

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

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

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

1. Respondent Habana Cigar Corporation, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 644 Monmouth Street in the city of Newport, State of Kentucky.

Respondent James J. Mathews is an officer of the corporate respondent. He formulates, directs, and controls the policies, acts, and practices of corporate respondent. His address is the same as that of 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 Habana Cigar Corporation, Inc., a corporation, and its officers, and James J. Mathews, 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 cigars or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the word "Habana" or any other word of similar import or meaning in or as a part of respondents' trade or corporate name; or representing, directly or by implication, that respondents' place of business is located on the Island of Cuba; or misrepresenting, in any manner, the place or location of any of respondents' business operations or its connection or affiliation with any foreign business operations.

2. Using the term "Habana" or any other term or terms indicative of tobacco grown on the Island of Cuba, either alone or in conjunction with any other terms, to describe, designate, or in any way refer to cigars not made entirely from tobacco grown on the Island of Cuba; except that cigars containing a substantial amount of tobacco grown on the Island of Cuba may be described, designated, or referred to as "blended with Havana," or by any term of similar import or meaning provided that the words "blended with," or other qualifying word or words, are set out in immediate conjunction or connection with the word "Havana" or other term indicative of tobacco grown on the Island of Cuba, in letters of equal size and conspicuousness.

3. Misrepresenting, in any manner, the origin or source of respondents' products or any part or portion thereof.

4. Representing, directly or by implication, that corporate respondent has been in the business of manufacturing and selling cigars since 1894, or has been owned and operated by three generations of a Cuban family; or misrepresenting, in any manner, the age or founders of any of respondents' businesses.

5. Representing, directly or by implication, that corporate respondent is owned and operated by a person named Juan Hernandez; or falsely representing in any manner the identity of the person or persons, firm, or corporation, that owns, operates, or controls respondents' business operations.

6. Representing, directly or by implication, that any of respondents' products are guaranteed unless the nature and extent

of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed in immediate conjunction therewith; and the respondents do, in fact, promptly fulfill all of their obligations arising under the directly or impliedly represented terms of such guarantees.

7. Placing in the hands of retailers, dealers, or others, the means or instrumentalities by or through which they may mislead or deceive the public in the manner, or as to the things prohibited by this order.

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

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

It is further ordered, That respondents 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 of their compliance with this order.

IN THE MATTER OF

ANGELO COFONE DOING BUSINESS AS T-VILLE FREEZER MEATS, ETC.

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

Docket C-2023. Complaint, Sept. 2, 1971—Decision, Sept. 2, 1971

Consent order requiring a Norwich, Conn., individual selling and distributing beef and other meat products in Connecticut and New Hampshire to cease using bait advertising, failing to disclose that payments on extended credit must be made to third parties, failing to disclose all terms of a guarantee, advertising regular prices as "sale" or "special," failing to grade lower cuts of meat as below "U.S.D.A. Prime," failing to include on the face of installment contracts that third party takers are subject to all defenses of the makers, and failing to make all disclosures required by Regulation Z of the Truth in Lending Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Angelo Cofone, an individual trading as T-Ville Freezer Meats, Taftville Beef Company, and as Beefland Beef Company, hereinafter referred to as respondent, has 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 Angelo Cofone is an individual, trading under the name and style of T-Ville Freezer Meats, Taftville Beef Company, and as Beefland Beef Company, whose address and principal place of business is located at One Jewett City Road, Norwich, Connecticut. Respondent also does business at 110 Prospect Street, Enfield, Connecticut and 84 South State Street, Concord, New Hampshire.

PAR. 2. Respondent is now, and for some time last past has 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 his business, at all times mentioned herein, the respondent has been in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of beef and other meat or food products.

PAR. 4. In the course and conduct of his business, respondent has disseminated and does now disseminate certain advertisements by the United States mails and by various means 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 has disseminated and caused the dissemination of advertisements by various means, including those 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. 5. Typical of the statements appearing in the advertisements disseminated as aforesaid are the following:

U.S. INSPECTED
SAMPLE ORDER
FOR EXAMPLE: 100 lbs. at 43¢ lb. TOTAL PRICE ONLY $43

U.S.D.A. CHOICE—AS LOW AS 59¢ lb.

GUARANTEE—All graded beef guaranteed for tenderness and flavor. Return in 10 days and your order will be replaced.

* * * * * * *

U.S. INSPECTED
SAMPLE ORDER
FOR EXAMPLE: 50 lbs. at 49¢ lb. TOTAL PRICE ONLY $24.50

* * * * * * *

NO MONEY DOWN

* * * * * * *

CHARGE IT 105 DAYS SAME AS CASH!

* * * * * * *

CHARGE IT, NO PAYMENTS TIL APRIL 1, 1970 (ADVERTISEMENT PUBLISHED FEBRUARY 27, 1970)

* * * * * * *

CALL FOR APPOINTMENT OR TO OPEN YOUR ACCOUNT IN ADVANCE

* * * * * * *

SPECIAL 4-DAY BEEF SALE U.S.D.A.
CHOICE HINDQUARTERS (with Roast Section) 59¢ a lb.—WAS 69¢ lb.—THIS WEEK ONLY 59¢ lb.

* * * * * * *

ALL BEEF SOLD GROSS WEIGHT

* * * * * * *

BEEF-EATERS BEEF SALE REPEATED BY POPULAR DEMAND NO MONEY DOWN—90 DAYS—SAME AS CASH OR TAKE UP TO 6 MONTHS TO PAY

* * * * * * *

AS LOW AS $3.79 PER WEEK FOR 17 WEEKS, NO MONEY DOWN, 3 MONTHS SAME AS CASH. NO INTEREST OR CARRYING CHARGES ADDED

* * * * * * *

U.S. INSPECTED BEEF SIDES EXAMPLE: 250 lbs. only $7.21 PER WEEK FOR 17 WEEKS—49¢ lb.—WTS. 250 to 450 lbs.

* * * * * * *

BEEF SALE--DOLLAR DAYS

* * * * * * *

FREE—18–20 lb. TURKEY FOR OPENING YOUR ACCOUNT IN ADVANCE

* * * * * * *

U.S.D.A. INSPECTED (PICTURE OF A LEAN STEAK)

3 BUNDLES TO CHOOSE FROM—YOUR CHOICE FOR ONLY $3.65 PER WEEK FOR 17 WEEKS SAME AS CASH (EXAMPLES FOLLOW LISTING OF CUTS OF BEEF INCLUDED. PRICE RANGE IS $61.74 to $62.00)

* * * * * * *

INCLUDE 17.46% simple int. 52 WKS.

* * * * * * *

PAR. 6. Through use of the aforesaid language in the above-mentioned advertisements and others not specifically set out herein respondent has represented, directly and by implication that:

(1) Offers set forth therein are bona fide offers to sell beef portions at the advertised price per pound.

(2) Purchasers, in the ordinary course of respondent's business, may arrange for the extension, by respondent, of credit for purchases of beef portions from respondent.

(3) Purchasers may arrange to make deferred payments for their purchases directly to the respondent, upon the alleged extension of credit by respondent.

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 beef portions at the advertised price, but, to the contrary were, and are, made to induce prospective purchasers to visit respondent's place of business. When prospective purchasers in response to said advertisements attempt to purchase beef portions at the advertised prices salesmen of respondent and, often respondent himself, inform them that the beef advertised is of poor quality and inferior as to flavor and tenderness; and such salesmen and respondent make no effort to sell beef portions at the prices advertised but, in fact, disparage the beef allegedly offered for sale at the advertised prices in a manner calculated to discourage the purchase thereof, and attempt to, and often do, sell other portions of beef at considerably higher prices.

(2) Respondent has not, and does not, extend credit, in the ordinary course and conduct of his business, to purchasers of meat products offered for sale by him.

(3) Purchasers may not arrange to make deferred payments for their purchases directly to the respondent. Instead, they learn, often after purchase, that payments on their installment contracts must be made to the finance company with whom such contracts are placed by respondent for collection.

PAR. 8. Through use of the aforesaid language in the above-mentioned advertisements and others not specifically set out herein respondent has represented, directly and by implication that USDA graded beef portions and beef variety orders advertised at prices of forty-nine cents ($.49) per pound and fifty-nine cents ($.59) per pound and all other prices less than sixty-nine cents ($.69) per pound are guaranteed as to tenderness and flavor, a purchaser's right being to return an unsatisfactory portion of beef within ten days of the date of purchase and have such beef portion replaced.

Said representation was, and is, contrary to the fact as respondent does not offer any guarantee of beef which he sells at prices of forty-nine cents per pound and fifty-nine cents per pound, nor does respondent guarantee beef which he sells at any other price lower than sixty-nine cents per pound.

PAR. 9. Respondent by his advertisements disseminated as aforesaid has represented, and now represents, directly, by implication, and by presenting his advertisements in such language and manner as to create the mistaken and erroneous belief in all who view such advertisements that the prices stated therein are not the regular and ordinary prices at which respondent offers for sale, and sells beef portions, but, instead are "sale" or "special" prices, and therefore are lower prices than are respondent's regular and ordinary prices.

Said representations were, and are, contrary to the fact as said "sale" or "special" prices did not constitute a reduction from respondent's regular and ordinary prices, were not bargain prices, and, were in fact the same as respondent's regular and ordinary prices.

PAR. 10. The aforesaid language in the advertisements set forth in Paragraph Five herein constitutes advertisements to aid, promote, or assist directly or indirectly consumer credit sales, as "credit sale" is defined in Regulation Z of the Truth in Lending Act.

PAR. 11. By and through the use of the advertisements set forth in Paragraph Five herein, the respondent has represented in connection with an extension of consumer credit the lack of any requirement of a downpayment, the amount of an installment, the number of installments and the period of repayment without disclosing all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

1. The cash price;

2. The amount of downpayment, or lack of any downpayment requirement;

3. The amount of payments scheduled to repay the indebtedness if the credit is extended;

4. The amount of the finance charge expressed as an annual percentage rate; and

5. The deferred payment price of the item advertised.

PAR. 12. By causing to be placed for publication the advertisements referred to in Paragraphs Five, Ten, Eleven and Twelve hereof, respondent failed to comply with the requirements of Regulation Z, the implementing regulations of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(k) of that Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondent thereby violated the Federal Trade Commission Act.

PAR. 13. Respondent by his advertisements disseminated as aforesaid has represented and now represents directly, by implication, and by failure to disclose the average weight loss in the meat purchased due to cutting, dressing and trimming, that the beef portions advertised will weigh approximately the same weights stated in the advertisements when cut and trimmed.

Said representations were and are contrary to the fact as said beef portions, taken from beef carcass in bulk sections, are sold by the pound at their carcass or gross weight; the cutting, trimming and removing of fat, bone and waste materials greatly reduce the total weight, and a beef order when cut, trimmed and ready for home freezer storage is not equal to nor does it approximate the gross weight of said beef prior to cutting and trimming.

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

PAR. 14. The use by respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that such statements and representations were, and are, true and into the purchase of substantial quantities of the aforesaid products, including higher priced products because of said mistaken and erroneous belief.

PAR. 15. The aforesaid acts and practices of respondent, as herein alleged, including the dissemination by respondent of false advertisements as aforesaid, were, and are, all to the prejudice and injury of the public and of respondent's competitors and constituted, and now

constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Sections 5 and 12 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 respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, 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, Angelo Cofone is an individual doing business as T-Ville Freezer Meats, Taftville Beef Company and as Beefland Beef Company with his principal place of business located at One Jewett City Road, Norwich, Connecticut.

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 proposed respondent, Angelo Cofone, individually and doing business as T-Ville Freezer Meats, and as Taftville Beef Company, and as Beefland Beef Company, and respondent's agents, representatives and employees, directly or through any cor-

porate or other device, in connection with the offering for sale, sale or distribution of beef or any other food product, do forthwith cease and desist from:

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

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

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

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

(a) That purchasers, in the ordinary course of proposed respondent's business, may arrange for the extension, by proposed respondent, of credit for purchases of beef portions when proposed respondent does not so extend credit in the ordinary course and conduct of his business.

(b) That purchasers may arrange to make deferred payments for their purchases directly to the proposed respondent, upon his alleged extension of credit, when arrangement cannot be made by purchasers to make such deferred payments directly to proposed respondent, but, instead payments must be made to a third party.

3. Disseminating or causing the dissemination of any advertisement by means of the United States mails, or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which fails to clearly and conspicuously disclose that purchasers' installment contracts, unless they expressly provide to the contrary, will be placed with a finance company, or any similar institution, for the purpose of collection, and, that interest and/or carrying charges will be included in the installment payments if an account is not paid within a specified period of time set by proposed respondent, said time period to appear in purchasers' installment contracts.

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

Act, which fails to clearly and conspicuously disclose all terms of any guarantee, of beef or other food products, appearing in such disseminated advertisements, including:

a. The U.S.D.A. grade and price of beef guaranteed by proposed respondent.

b. The characteristics or properties of the guaranteed beef or other food product covered by the guarantee.

c. The duration of the guarantee.

d. The conditions to be met by a claimant under the guarantee.

e. The manner in which proposed respondent will perform or fulfill his obligation under the guarantee.

5. Disseminating or causing the dissemination of any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which represents, directly or by implication that prices stated in proposed respondent's advertisements are not the regular and ordinary prices at which proposed respondent offers for sale, and sells beef portions, but, are instead "sale" or "special" prices, and therefore lower prices than are proposed respondent's regular and ordinary prices when, in truth and in fact such stated prices are the prices regularly and ordinarily charged by proposed respondent for the products advertised, and do not constitute a reduction from proposed respondent's regular and ordinary prices.

6. Disseminating or causing the dissemination of any advertisement by means of the United States mails, or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which fails to clearly and conspicuously disclose:

a. That all untrimmed beef portions are sold subject to weight loss due to cutting, dressing and trimming.

b. That the price charged for such beef is based on the weight thereof before, cutting, dressing and trimming occurs.

c. The average percentage of weight loss of such beef due to cutting, dressing and trimming.

7. Disseminating or causing the dissemination of any advertisement by means of the United States mails, or any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which fails to clearly and conspicuously include the statement, "this meat is of a grade below U.S. Prime, U.S. Choice and U.S. Good," when such advertisement includes United States Department of Agriculture graded meat which is below the grade, "U.S.D.A. Good."

8. 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 or misrepresentations prohibited in Paragraphs 1, 2 and 5 of this order or fails to comply with the affirmative requirements of Paragraphs 3, 4, 6 and 7 hereof.

9. Discouraging the purchase of, or disparaging in any manner, or encouraging, or 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.

10. Failing to include the following legend on the face of any installment contract or instrument of indebtedness which is to be assigned or negotiated, by proposed respondent, to a third party.

Notice

> Any holder of this instrument, or of the rights assigned under this installment contract, shall take it subject to any and all defenses arising in behalf of the maker, or the party to be charged, against Angelo Cofone, individually and trading as T-Ville Freezer Meats, Taftville Beef Company, and as Beefland Beef Company, or any successor thereto, which arise out of any conduct in connection with the agreement giving rise to this instrument or installment contract which violates the Federal Trade Commission Act or any other statute administered by the Federal Trade Commission.

11. Failing in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Section 226.4 and Section 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

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

470-883—73——23

It is further ordered, That proposed respondent notify the Commission at least 30 days prior to any proposed change in proposed respondent such as incorporation, assignment or sale resulting in the emergence of a successor, or any other change in the proposed respondent which may affect compliance obligations arising out of the order.

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

IN THE MATTER OF

SAMPLE FURNITURE STORE, 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-2024. Complaint, Sept. 2, 1971—Decision, Sept. 2, 1971

Consent order requiring seven Illinois and one Wisconsin sellers and distributors of household furniture and appliances to cease violating the Truth in Lending Act by failing to use in their installment contracts the terms cash downpayment, trade-in, unpaid balance of cash price, deferred payment price, the annual percentage rate, the correct number of payments, and other disclosures required by Regulation Z of 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 Sample Furniture Store, Inc., a corporation, J. Blumberg, Inc., a corporation, #2 J. Blumberg, Inc., a corporation, Penry Furniture Co., a corporation, Smith-Fitzgibbons Furniture Co., a corporation, G & E Furniture Co., a corporation, Adams Furniture Co., Inc., a corporation and David L. Blumberg, individually and as an officer and director of each of said corporations, hereinafter referred to as respondents have 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 Sample Furniture Store, Inc., is a corporation organized, existing and doing business under and by virtue of

the laws of the State of Illinois with its principal place of business located at 202 South Genesee Street, Waukegan, Illinois.

Respondent J. Blumberg, 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 114 South Genesee Street, Waukegan, Illinois;

#2 J. Blumberg, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 141 South Genesee Street, Waukegan, Illinois;

Penry Furniture Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 435 Main Street, Danville, Illinois;

Smith-Fitzgibbons Furniture Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 128 Collins Street, Joliet, Illinois;

G & E Furniture Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal place of business located at 7th and Washington, Springfield, Illinois;

Adams Furniture Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Wisconsin with its principal place of business located at 55 South River Street, Janesville, Wisconsin.

Respondents #2 J. Blumberg, Inc., Penry Furniture Co., Smith-Fitzgibbons Furniture Co., G & E Furniture Co., and Adams Furniture Co., Inc., are wholly-owned corporate subsidiaries of respondent J. Blumberg, Inc.

Respondent David L. Blumberg is an officer of each of respondent corporations. He formulates, directs and controls the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. His address is 114 South Genesee Street, Waukegan, Illinois.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution of household furniture and appliances to the general public.

PAR. 3. 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, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents in the ordinary course and conduct of their business, and in connection with their credit sales as "credit sale" is defined in Regulation Z, have caused and are causing customers to execute retail installment contracts and security agreements, hereinafter referred to as to the "contract and security agreement."

By and through the use of the contract and security agreement, respondents:

1. Fail to use the terms "cash down payment" and "trade-in" to describe down payments in cash and property, respectively, as required by Section 226.8(c)(2) of Regulation Z.

2. Fail to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total down payment, as required by Section 226.8(c)(3) of Regulation Z.

3. Fail to use the term "deferred payment price" to describe the sum of the cash price, all other charges individually itemized, and finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

4. Fail to accurately disclose the annual percentage rate computed to the nearest one quarter of 1 percent in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

5. Fail to disclose the correct number of payments and amount of each payment scheduled to repay the indebtedness so that the sum of such payments will equal the "total of payments," as required by Section 226.8(b)(3) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure to comply with the provisions of Regulation Z constitutes violation of that Act and, pursuant to Section 108 thereof, respondent thereby violates the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of 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, the Truth in Lending Act and the implementing regulation promulgated thereunder; 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 implementing regulation, 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 Sample Furniture Store, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 202 South Genesee Street, Waukegan, Illinois;

Respondent J. Blumberg, 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 114 South Genesee Street, Waukegan, Illinois;

#2 J. Blumberg, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 141 South Genesee Street, Waukegan, Illinois;

Penry Furniture Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 435 Main Street, Danville, Illinois;

Smith-Fitzgibbons Furniture Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 128 Collins Street, Joliet, Illinois;

G & E Furniture Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal place of business located at 7th and Washington, Springfield, Illinois;

Adams Furniture Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Wisconsin with its principal place of business located at 55 South River Street, Janesville, Wisconsin;

Respondents #2 J. Blumberg, Inc., Penry Furniture Co., Smith-Fitzgibbons Furniture Co., G & E Furniture Co. and Adams Furniture Co., Inc., are wholly-owned corporate subsidiaries of respondent J. Blumberg, Inc.;

Respondent David L. Blumberg is an officer of each of respondent corporations. He formulates, directs and controls the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. His address is 114 South Genesee Street, Waukegan, Illinois.

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 Sample Furniture Store, Inc., a corporation, and its officers; J. Blumberg, Inc., a corporation, and its officers; #2 J. Blumberg, Inc., a corporation, and its officers; Penry Furniture Co., a corporation, and its officers; Smith-Fitzgibbons Furniture Co., a corporation, and its officers; G & E Furniture Co., a corporation, and its officers; Adams Furniture Co., Inc., a corporation, and its officers; and David L. Blumberg, as an individual and officer of each of said corporations, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with any 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 (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to use the term "cash downpayment" to describe any downpayment in cash, or failing to use the term "trade-in" to describe any downpayment in property, as required by Section 226.8(c)(2) of Regulation Z.

2. Failing to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total downpayment, as required by Section 226.8(c)(3) of Regulation Z.

3. Failing to use the term "deferred payment price" to describe the sum of the cash price, all other charges individually itemized, and the finance charge, as required by Section 226.8(b)(8)(ii) of Regulation Z.

4. Failing to accurately disclose the annual percentage rate computed to the nearest one quarter of one percent in accordance

with Section 226.5 of Regulation Z, as required by Section 226.8 (b) (2) of Regulation Z.

5. Failing to disclose the correct number of payments and amount of each payment scheduled to repay the indebtedness so that the sum of such payments will equal the "total of payments," as required by Section 226.8 (b) (3) of Regulation Z.

6. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Section 226.4 and Section 226.5 of Regulation Z, in the manner, form and amount required by Section 226.6, Section 226.8, Section 226.9 and Section 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 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 notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That 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

GENERAL SALES CORPORATION, ET AL.

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

Docket C-2025. Complaint, Sept. 3, 1971—Decision, Sept. 3, 1971

Consent order requiring Witchita, Kans., sellers and distributors of beef and other meat products to cease failing to disclose its ungraded meat as such, using bait offers, failing to disclose the fat trim, bone, and shrink loss of its meat, and failing to place on the face of its sales contracts a notice that

they may be sold to third parties who may require payment in full even if contract is not fulfilled; respondents are required to comply with the terms of Regulation Z of the Truth in Lending Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Truth in Lending Act, and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that General Sales Corporation, a corporation; Farmers Quality Meats, Inc., a corporation; Raymond Barlow, individually and as an officer and director of said corporations; and Willard L. Gettle, Jr., individually and as an officer and director of Farmers Quality Meats, Inc., and as a director of General Sales Corporation, 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 thereto would be in the public interest, hereby issues its complaint, stating its charge in that respect as follows:

PARAGRAPH 1. Respondents, General Sales Corporation and Farmers Quality Meats, Inc., are corporations, organized, existing, and doing business under and by virtue of the laws of the State of Kansas, with their principal office and place of business located at 502 New York, Wichita, Kansas.

Respondent Raymond Barlow is an individual and an officer and director of said corporations and Willard L. Gettle, Jr., is an individual and an officer and director of Farmers Quality Meats, Inc., and a director of General Sales Corporation. They formulate, direct, and control the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondents.

Respondents have traded as Mini-Max Meats, Missoula Beef Company, and The Wichita Beef Company. Respondent Farmers Quality Meats, Inc., has traded as Mini-Max Meats in the following areas: Wheatridge, Colorado; North Carolina; Middlebury, Vermont; Mays Landing, New Jersey; and Amarillo, Texas. Respondents Raymond Barlow and Willard L. Gettle have traded as the Missoula Beef Company in Missoula, Montana. Respondents have traded as Wichita Beef Company in Wichita, Kansas.

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.

COUNT I

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One and Two above are incorporated by reference in COUNT I as if fully set forth verbatim.

PAR. 3. In the course and conduct of their business, respondents have disseminated and caused the dissemination of certain advertisements by various means in commerce as "commerce" is defined in the Federal Trade Commission Act, including advertisements in daily newspapers and on television for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of food, as the term "food" is defined in the Federal Trade Commission Act; and having disseminated and caused the dissemination of advertisements by various means, including those aforesaid, for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of food in commerce, as "commerce" is defined in the Federal Trade Commission Act.

Typical and illustrative of the statements appearing in the newspaper advertisements disseminated as aforesaid, but not all inclusive thereof, are the following:

Guaranteed Tender U.S. INSPECTED BEEF HALVES 35¢ lb.

U.S.D.A. INSPECTED BEEF HINDS—49¢ lb.

ALL MEAT SOLD GROSS WEIGHT SUBJECT TO CUTTING LOSS

GUARANTEE—Mini-Max Meats are guaranteed tender and delicious in writing or your order will be cheerfully replaced on the amount returned within ten (10) days.

All orders subject to vary in size and weight.

PAR. 4. Through the use of aforesaid advertisements and others of similar import and meaning, not specifically set out herein, respondents have failed to adequately disclose certain material facts in the aforesaid advertisements. Respondents have engaged in the following unfair and deceptive acts and practices in connection with the advertising, offering for sale, and sale of beef and meat products:

1. Used the terms "U.S. Inspected," "Government Inspected," "U.S.D.A. Inspected" without clearly and conspicuously disclosing that the beef which is offered for sale is ungraded. Respondents' failure to make such disclosure has the capacity and tendency to lead prospective customers to believe that the beef has been quality graded by the U.S.D.A. but the grade has been omitted by the respondents.

2. Used the terms "All orders sold gross hanging weight and subject to cutting loss," "All orders subject to vary in size and weight,"

and "Yield 5" without clearly and conspicuously stating the average percentage of weight loss as the result of trimming. Respondents' failure to make such disclosure has the capacity and tendency to lead prospective customers to believe that there is minimal waste in cutting and trimming and, therefore, the price per pound quoted in the advertisements represents a realistic figure for comparison in the marketplace.

PAR. 5. Through the use of aforesaid advertisements and others of similar import and meaning not specifically set out herein, respondents have represented, directly and by implication:

That the offer to sell beef that has not been quality graded at thirty-five (35) and forty-nine (49) cents per pound is a bona fide offer to sell such merchandise at these prices.

PAR. 6. In truth and in fact:

The offer to sell beef at thirty-five (35) and forty-nine (49) cents per pound is not a bona fide offer, but on the contrary is made for the purpose of inducing the public to come to respondents' places of business. When customers have responded and gone to said places of business, respondents' employees and representatives have on many occasions either refused to sell the specially advertised, ungraded beef or disparaged the specially advertised, ungraded beef in one of the following manners:

a. By pointing out that there will be an excessive weight loss in trimming and cutting said beef.

b. By display of the specially advertised, ungraded beef in a moldy, unappetizing appearance.

c. By oral statements disparaging the products as to its quality. Subsequent to this refusal or disparagement, respondents' employees and representatives attempt to, and usually do, sell beef at higher prices to said customers.

Therefore, the advertisements referred to in Paragraphs Three, Four, and Five were, and are, misleading in material respects and constituted and now constitute "false advertisments" as that term is defined in the Federal Trade Commission Act.

PAR. 7. In the further course and conduct of their business, and in the furtherance of a sales program for inducing the purchase of beef or meat products, respondents and their salesmen or representatives have, in a substantial number of instances and in the usual course of their business, negotiated instruments of customer indebtedness, procured by the aforesaid unfair, false, misleading, and deceptive means, to various financial institutions. In any subsequent legal action to collect on such obligations, these financial institutions or other third

parties, as a general rule, may cut off various personal defenses, otherwise available to the obligor, arising out of respondents' failure to perform or out of other unfair, false, misleading or deceptive acts and practices on the part of respondents.

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

PAR. 8. 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 beef and meat products of the same general kind and nature as 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 respondents' products by reason of said erroneous and mistaken belief.

PAR. 10. The dissemination by respondents of the false advertisements, as aforesaid, and the aforesaid acts and practices of the respondents, as herein alleged, were and are, all to the prejudice and injury of the public and of respondents' competitors; and constituted, and now constitute, unfair methods of competition, in commerce, and unfair and deceptive acts and practices, in commerce, in violation of Sections 5 and 12 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 above are incorporated by reference in COUNT II as if fully set forth verbatim.

PAR. 11. Subsequent to July 1, 1969, in the ordinary course and conduct of their business, respondents have caused newspaper advertisements to be published which promote, aid, or assist, directly or indirectly, consumer credit sales of their beef or meat products. In these advertisements, respondents have stated the amount of the down payment, the amount of installment payment, and the number of installments, without disclosing all of the following items in terminology described under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

1. The cash price;
2. The amount of down payment required;
3. The amount of payment scheduled to repay the indebtedness if credit is extended;
4. The amount of the finance charge expressed as an Annual Percentage Rate; and
5. The deferred payment price of the item advertised.

Typical and illustrative of the statements appearing in the newspaper advertisements disseminated as aforesaid, but not all inclusive thereof, are the following:

HAND PICKED

That's only $32.94 per month for 6 months

AVG. WGT. 250 lbs. and up.

THE VERY BEST!

250-lb. EXTRA LEAN

$32.92 Per mo. for 6 months

"Pick of the House"

BEEF ORDERS

$8.58 PER WK. FOR 17 WKS. SAME AS CASH * * * NO MONEY DOWN

PAR. 12. By the aforesaid failure to make the disclosures in the newspaper advertisements as set forth in Paragraph Eleven, respondents have failed to comply with the requirements of Regulation Z, and have violated the Truth in Lending Act pursuant to Section 105 of that Act. Pursuant to Section 108 thereof, respondents 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 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 respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, and 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 on the public record for a period of thirty (30) days, and having duly considered the comments filed thereafter, 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. Respondents General Sales Corporation and Farmers Quality Meats, Inc., are corporations, organized, existing, and doing business under and by virtue of the laws of the State of Kansas, with their principal office and place of business located at 502 New York, Wichita, Kansas.

Respondent Raymond Barlow is an individual and an officer and director of said corporations and Willard L. Gettle, Jr., is an individual and an officer and director of Farmers Quality Meats, Inc., and a director of General Sales Corporation. 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 respondents General Sales Corporation and Farmers Quality Meats, Inc., corporations, and Raymond Barlow, individually and as an officer and director of said corporations, and Willard L. Gettle, Jr., individually and as an officer and director of Farmers Quality Meats, Inc., and as a director of General Sales Corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device in connection with the advertising, offering for sale, sale, or distribution of beef or meat products in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

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

1. Includes an offer of beef which has not been graded as to quality without disclosing conspicuously, that the meat which is offered for sale is ungraded; or

2. Misrepresents in any material manner the grade of any beef or other meat product.

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

1. That any such products are offered for sale when such offer is not a bona fide offer to sell such products at the price or prices stated.

2. That any products are offered for sale when the purpose of such representations is not to sell the offered products but to obtain prospects for the sale of other merchandise at higher prices, all as generally described in Paragraphs Four, Five and Six of the complaint.

C. Disseminating, or causing the dissemination of any advertisement by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, or by means of the United States mails in which beef is advertised or sold by gross weight, without disclosing conspicuously:

1. The average percentage of weight loss as the result of fat trim, bone, and shrink loss for each yield grade of beef as determined by the United States Department of Agriculture; and

2. That said beef is being sold at a gross weight and will have a weight loss as a result of fat trim, bone and shrink loss.

D. Discouraging the purchase of, or disparaging in any manner, any products which are advertised or offered for sale in advertisements disseminated, or caused to be disseminated, by respondents, in commerce, as "commerce" is defined in the Federal Trade Commission Act, or by means of the United States mails.

E. Misrepresenting in any manner the beef or meat products available for purchase at respondents' place of business.

F. Disseminating, or causing to be disseminated, any advertisement by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of respondents' products in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement contains any of the

representations or misrepresentations prohibited in Paragraphs A, B, or C, above.

G. Failing to incorporate the following statement on the face of all contracts executed by respondents' customers with such conspicuousness and clarity as is likely to be observed, read and understood by the purchaser:

Important Notice

If you are obtaining credit in connection with this contract, you will be required to sign a promissory note. This note may be purchased by a bank, finance company, or any third party. If it is purchased by another party, you will be required to make your payments to the purchaser of the note. You should be aware that if this happens you may have to pay the note in full to the new owner of the note even if this contract is not fulfilled.

II

It is further ordered, That respondents General Sales Corporation and Farmers Quality Meats, Inc., corporations, and Raymond Barlow, individually and as an officer and director of said corporations, and Willard L. Gettle, Jr., individually and as an officer and director of Farmers Quality Meats, Inc., and as a director of General Sales Corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device in connection with any extension of consumer credit or any advertisement to aid, assist, or promote 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 (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

A. Representing, directly or by implication, in any advertisement as "advertisement" is defined in Regulation Z, the amount of the downpayment required, or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for the credit, unless all of the following items are stated in terminology prescribed under Section 226.8 of Regulation Z:

1. The cash price;

2. The amount of the downpayment required or that no downpayment is required, as applicable;

3. The number, amount, and due dates of period of payments scheduled to repay the indebtedness if the credit is extended;

4. The amount of the finance charge expressed as an annual percentage rate; and

5. The deferred payment price.

B. Failing in any consumer credit transaction or advertisement to make all disclosures determined in accordance with Section 226.4 and Section 226.5 of Regulation Z in the manner, form, and amount required by Sections 226.7, 226.8, 226.9, 226.10 of Regulation Z.

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 any of 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, or any of them, which may affect compliance obligations arising out of this order.

It is further ordered, That the respondents shall forthwith distribute a copy of this order to each of their respective 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 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.

IN THE MATTER OF

FUR DRESSERS BUREAU OF AMERICA, INC., ET AL.

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

Docket C-2026. Complaint, Sept. 3, 1971—Decision, Sept. 3, 1971

Consent order requiring the Fur Dressers Bureau of America, an association of certain New York City handlers of furs which provide a service termed "dressing" which furnishes manufacturers with fur products ready to be manufactured into garments, and its constituent members to cease fixing prices for the dressing of fur products, engaging in any credit reporting

plan, circulating any information which would boycott any customer, attending meetings at which common courses of action are discussed, and exchanging information with any other fur dresser which would result in a common course of action.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act (15 U.S.C. § 41, *et seq.*), and by virtue of the authority vested in it by said Act, the Federal Trade Commission having reason to believe that the parties captioned above, and hereinafter more particularly named, designated, described and referred to as respondents, have violated the provisions of the 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 Fur Dressers Bureau of America, Inc., hereinafter referred to as F.D.B.A. is a nonprofit trade association organized and existing as a corporation under the laws of the State of New York, with its principal office and place of business at the Penn Garden Hotel, c/o Fur Dressers Industry Promotion Fund, New York, N.Y.

Among the stated purposes for which respondent F.D.B.A. was organized are those dealing with labor collective agreements, strike funds, vacation funds, pension funds, credit and collections, industry trade practices, and industry grievances.

Respondent F.D.B.A. is under the general control and management of a board of directors, elected at annual meetings of the F.D.B.A. Said board of directors consists of:

Herman Handros, president and also president of respondent Manhattan Fur Dressing Corporation;

Max Braunstein, vice-president, whose present address is: Stern-Braunstein, Inc., 235 West 29th Street, New York, N.Y.;

Herman Ringelheim, treasurer and also treasurer of respondent Brooklyn Better Bleach, Inc.; and

Max Sherrin, secretary, whose present address is: Market Processing Corp., 222 West 29th Street, New York, N.Y.

Said board of directors is empowered to and did select, as executive director, Albert J. Feldman, who is responsible to said board of directors for the day-to-day operation of respondent F.D.B.A.

All of the foregoing, having participated in the various acts and practices alleged to be unlawful in this complaint, are named as respondents herein, individually, as officers of the F.D.B.A., and except

for respondents Braunstein and Sherrin, as officers of the various respondent corporations with which each is affiliated.

PAR. 2. As of September 16, 1969, respondent F.D.B.A. had nine members, seven of which are named hereinafter as corporate respondents.

Respondent Manhattan Fur Dressing Corporation is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 158–64 West 27th Street, New York, N.Y.

Respondent Brooklyn Better Bleach, Inc., is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 124 West 30th Street, New York, N.Y.

Respondent Bronx Fur Master, Mancini-Stern, Inc., is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 216 West 29th Street, New York, N.Y.

Respondent Laiken-Brand Fur Dressing Corporation, is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 406–426 West 34th Street, New York, N.Y.

Respondent Rapid Fur Dressing Corporation is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 214 West 29th Street, New York, N.Y.

Respondent Market Fur Dressing Corporation is a corporation organized and existing under the laws of the State of New York, with its last-known principal office and place of business at 152–159 West 27th Street, New York, N.Y.

Respondent Supreme Fur Dressing Co., Inc., is a corporation organized and existing under the laws of the State of New Jersey, with its principal office and place of business in Raritan, New Jersey.

PAR. 3. The individual parties respondent, named hereinafter, personally participated in meetings of the F.D.B.A. during which plans to carry out the acts and practices hereinafter described were formulated. They are:

Respondent Robert E. Levine, an individual, president of respondent, Brooklyn Better Bleach, Inc.;

Respondents Milton Stern and Norman Leiman, individuals, president and vice-president, respectively, of respondent Bronx Fur Master, Mancini-Stern, Inc.;

Respondent Irvin Laiken, an individual, president of respondent Laiken-Brand Fur Dressing Corporation;

Respondent William Davidson, an individual, vice-president of respondent Rapid Fur Dressing Corporation;

Respondent Milton Mainwold, an individual, president of respondent Market Fur Dressing Corporation; and

Respondent Irving Thomas Blechner, an individual, president of Elias Shuter's Sons, Inc., previously a corporate member of respondent F.D.B.A., said member being no longer actively engaged in the dressing of fur products. Respondent Blechner's current address is: Laiken-Brand Fur Dressing Corp., 406–426 West 29th Street, New York, N.Y.

PAR. 4. Respondent Meisel-Peskin Co., Inc., is a corporation organized and existing under the laws of the State of New York, with principal office and place of business at 349 Scholes Street, Brooklyn, New York. It is not a member of F.D.B.A.

Respondent Samuel J. Meisel (also known as Seymour J. Meisel), an individual, is vice-president and secretary of respondent Meisel-Peskin Co., Inc., and while not a member of respondent F.D.B.A., was invited to and frequently participated in meetings of respondent F.D.B.A. during which plans to carry out the acts and practices hereinafter described were formulated.

PAR. 5. Respondent Herman Basch & Co., Inc., is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 243 West 30th Street, New York, N.Y. It is not a member of F.D.B.A.

Respondent Julian Basch, an individual, is vice-president and treasurer of respondent Herman Basch & Co., Inc. He personally met with other individual respondents herein for the purpose and with the intent of carrying out acts and practices hereinafter described.

PAR. 6. The respondents enumerated in Paragraphs Two through Five herein, are and have been engaged in providing to manufacturers of fur garments and dealers in fur skins, in connection with fur products, a service termed "dressing," which converts the raw fur skins into a product which is ready to be manufactured into a finished garment.

PAR. 7. Respondent members of respondent F.D.B.A., as well as respondents Meisel-Peskin Co., Inc., and Herman Basch & Co., Inc., are now and for several years last past have been engaged in commerce as "commerce" is defined in the Federal Trade Commission Act in that they receive fur products for dressing from dealers in such products located in various States in the United States outside the State of New York. The dressed fur products are thereafter shipped by respondents to purchasers of respondents' services who manufac-

ture said fur products into finished garments which are shipped and sold in various States of the United States. Thus, there is now and has been at all times mentioned herein, a continuous course of trade in commerce in connection with the fur products upon which respondents perform said dressing services.

PAR. 8. Except to the extent that competition has been hindered, frustrated, lessened and eliminated by acts and practices alleged in this complaint, respondents have been and continue to be in substantial competition with each other in the dressing of fur products.

PAR. 9. In the course and conduct of their business in the dressing of fur products as above described, and beginning at least as early as December 1968, and continuing to the present, the respondents named in Paragraphs Two through Five herein, acting collectively between and among themselves and/or through or by means of respondent F.D.B.A., have agreed, conspired or reached a common understanding to adopt and charge uniformly higher prices to customers in connection with the dressing of fur products.

Pursuant to said conspiracy, agreement or common understanding to charge uniformly higher prices for the dressing of fur products, respondents, or a number of them, in December 1968, raised their prices for the processing of mink skins with "leather out" from a level of about $1.50 per skin to a uniform price of $1.75 per skin. At the same time, respondents, or a number of them also raised their prices for the processing of mink skins with "hair out" from a level of about $1.55–$1.60 per skin to a uniform price of $1.85 per skin.

PAR. 10. In the course and conduct of their business in the dressing of fur products as above described, and beginning at least as early as December 1968, and continuing to the present, the respondents named in Paragraphs Two through Five herein, acting collectively between and among themselves and/or through or by means of respondent F.D.B.A., have agreed, conspired or reached a common understanding to formulate, adopt, place into effect and utilize uniform terms and conditions of credit in connection with charges made to customers for the dressing of fur products.

Pursuant to said conspiracy, agreement or common understanding to adopt and utilize uniform terms and conditions of credit, respondents, or a number of them, beginning in December 1968, engaged in, among other things, the following acts and practices:

a. Instituted a credit information exchange and collection agency program through respondent F.D.B.A. for members and nonmembers.

b. Established uniform terms and conditions in connection with the extension of credit to customers by members and nonmembers of respondent F.D.B.A.

c. Required members and nonmembers of respondent F.D.B.A. to send sales information documents to F.D.B.A., including, but not limited to invoices, "pick up slips" and credit memoranda.

d. Exchanged information between and among themselves concerning price, credit, terms and conditions of sale of their fur dressing services.

PAR. 11. In the course and conduct of their business in the dressing of fur products as above described, and beginning at least as early as December 1968, and continuing to the present, the respondents named in Paragraphs Two through Five herein, acting collectively between and among themselves and/or through or by means of respondent F.D.B.A., have agreed, conspired or reached a common understanding to concertedly refuse to deal with certain manufacturers of fur products who were delinquent or in arrears in their accounts with certain of the respondents.

Pursuant to said conspiracy, agreement or common understanding to refuse to deal with customers, respondents, or a number of them, beginning about December 1968, periodically furnished respondent F.D.B.A. with the names of certain of their customers for the purpose of having such names compiled, listed and circulated by respondent F.D.B.A. to members and nonmembers of F.D.B.A. in furtherance of said conspiracy, agreement or common understanding.

PAR. 12. The effect of respondents' acts, practices, methods of competition and course of conduct hereinabove alleged, has been and may be substantially to restrain, lessen, injure, destroy and prevent competition in the dressing of fur products and in the manufacture and sale of garments made from such fur products. Said methods, acts, practices and course of conduct engaged in by respondents have been and are to the prejudice of the public, and constitute unfair methods of competition in commerce and unfair 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 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 thereafter 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, makes the following jurisdictional findings, and enters the following order:

1. Respondent Fur Dressers Bureau of America, Inc., hereinafter referred to as F.D.B.A., is a nonprofit trade association organized and existing as a corporation under the laws of the State of New York, with its principal office and place of business at the Penn Garden Hotel, c/o Fur Dressers Industry Promotion Fund, New York, N.Y.

Respondent F.D.B.A. is under the general control and management of a board of directors and an executive director, all of whom formulate, direct and control the policies, acts, and practices of said corporation, as well as the policies, acts, and practices of those corporations set forth next to their respective names. They are listed as follows:

Herman Handros, president and also president of respondent Manhattan Fur Dressing Corporation; whose principal office is located at 158–64 West 27th Street, New York, N.Y.

Max Braunstein, vice president, whose address is: Stern-Braunstein, Inc., 235 West 29th Street, New York, N.Y.

Max Sherrin, secretary, whose address is: Market Processing Corp., 222 West 29th Street, New York, N.Y.

Herman Ringelheim, treasurer and also treasurer of respondent Brooklyn Better Bleach, Inc., whose principal office is located at 124 West 30th Street, New York, N.Y.

Albert J. Feldman, executive director; whose principal office is the same as that of respondent F.D.B.A.

The following respondents are members of F.D.B.A. with office and principal place of business located at the address set forth next to their respective names:

Respondent Manhattan Fur Dressing Corporation is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 158–64 West 27th Street, New York, N.Y.

Respondent Brooklyn Better Bleach, Inc., is a corporation organized and existing under the laws of the State of New York, with its

principal office and place of business at 124 West 30th Street, New York, N.Y.

Respondent Bronx Fur Master, Mancini-Stern, Inc., is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 216 West 29th Street New York, N.Y.

Respondent Laiken-Brand Fur Dressing Corporation is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 406–426 West 34th Street, New York, N.Y.

Respondent Rapid Fur Dressing Corporation is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 214 West 29th Street, New York, N.Y.

Respondent Market Fur Dressing Corporation is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 152–159 West 27th Street, New York, N.Y.

Respondent Supreme Fur Dressing Co., Inc., is a corporation organized and existing under the laws of the State of New Jersey, with its principal office and place of business in Raritan, New Jersey.

The individual parties respondent, named hereinafter, are or were officers of corporations named above; they formulate, direct and control, or previously formulated, directed and controlled, the policies, acts and practices of each of said corporations and their addresses are the same as those of said corporations.

Respondent Robert E. Levine, an individual, president of respondent, Brooklyn Better Bleach, Inc.;

Respondents Milton Stern and Norman Leiman, individuals, president and vice president, respectively, of respondent Bronx Fur Master, Mancini-Stern, Inc.;

Respondent Irving Laiken, an individual, president of respondent Laiken-Brand Fur Dressing Corporation;

Respondent William Davidson, an individual, vice president of respondent Rapid Fur Dressing Corporation;

Respondent Milton Mainwold, an individual, president of respondent Market Fur Dressing Corporation; and

Respondent Irving Thomas Blechner, an individual, president of Elias Shuter's Sons, Inc., previously a corporate member of respondent F.D.B.A., said member being no longer actively engaged in the dressing of fur products. Respondent Blechner's current address is: Laiken-Brand Fur Dressing Corp., 406–426 West 29th Street, New York, N.Y.

Respondent Meisel-Peskin Co., Inc., is a corporation organized and existing under the laws of the State of New York, with principal office and place of business at 349 Scholes Street, Brooklyn, New York. It is not a member of F.D.B.A.

Respondent Samuel J. Meisel (also known as Seymour J. Meisel), an individual, is vice president and secretary of respondent Meisel-Peskin Co., Inc., and formulates, directs and controls the policies, acts and practices of said corporation, and his address is the same as that of said corporation.

Respondent Herman Basch & Co., Inc., is a corporation organized and existing under the laws of the State of New York, with its principal office and place of business at 243 West 30th Street, New York, N.Y. It is not a member of F.D.B.A.

Respondent Julian Basch, an individual, is vice president and treasurer of respondent Herman Basch & Co., Inc., and formulates, directs and controls the policies acts and practices of said corporation and his address is the same as that of said corporation.

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

ORDER

It is ordered, That respondents Fur Dressers Bureau of America, Inc.; Bronx Fur Master, Mancini-Stern, Inc.; Brooklyn Better Bleach, Inc.; Laiken-Brand Fur Dressing Corporation (also doing business as Shuter Laiken-Brandt); Rapid Fur Dressing Corporation; Market Fur Dressing Corporation; Manhattan Fur Dressing Corporation; Supreme Fur Dressing Co., Inc.; Herman Basch & Co., Inc.; Meisel-Peskin Co., Inc.; corporations, and Herman Handros, individually and as an officer of Fur Dressers Bureau of America, Inc. and Manhattan Fur Dressing Corporation; Max Braunstein, individually and as an officer of Fur Dressers Bureau of America, Inc.; Max Sherrin, individually and as an officer of Fur Dressers Bureau of America, Inc.; Herman Ringelheim, individually and as an officer of Fur Dressers Bureau of America, Inc. and Brooklyn Better Bleach, Inc.; Albert J. Feldman, individually and as executive director of Fur Dressers Bureau of America, Inc.; Robert E. Levine, individually and as an officer of Brooklyn Better Bleach, Inc.; Milton Stern and Norman Leiman, individually and as officers of Bronx Fur Master, Mancini-Stern, Inc.; Irving Laiken, individually and as an officer of Laiken-Brand Fur Dressing Corporation (also known as Shuter Laiken-Brandt); William Davidson, individually and as an officer of Rapid

Fur Dressing Corporation; Milton Mainwold, individually and as an officer of Market Fur Dressing Corporation; Samuel J. (also known as Seymour J.) Meisel, individually and as an officer of Meisel-Peskin Co., Inc.; Julian Basch, individually and as an officer of Herman Basch & Co., Inc.; and Irving Thomas Blechner, individually and respondents' officers, agents, representatives and employees, successors and assigns directly and indirectly, individually, or through any corporate or other device, or as members, officers, or directors of other respondents, in connection with the dressing of or offer to dress fur products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from entering into, cooperating in, carrying out, or continuing any planned common course of action, understanding, agreement or conspiracy between or among any two or more of said respondents, or between any one or more of them and another or others not party hereto, to engage in any of the following acts or practices:

1. Establishing, fixing, controlling or maintaining prices, discounts or the terms and conditions of sale or credit in connection with the dressing of fur products.

2. Furnishing, exchanging or circulating any credit information or engaging in any credit reporting plan unless:

(a) The members of the association are left free to determine on the basis of their individual judgment whether or not to sell to delinquent debtors and on what terms, and

(b) There is freedom from collusion among members in regard to credit terms, prices, sales to specific customers, and there is freedom from any other joint action which would illegally restrain trade.

3. Publishing or disseminating or causing to be published or disseminated, the name of any customer or prospective customer for the purpose or with the effect of having the business of that customer or prospective customer boycotted.

It is further ordered, That respondents individually forthwith cease and desist from:

1. Attending meetings at which any other respondent or any competitor not a party hereto is present, at which prices, terms and conditions of sale or credit pertaining to the dressing of fur products are discussed, where such discussion has for its purpose or effect a planned, common course of action or agreement on prices, discounts, credit or conditions of sale.

2. Sending to, requesting from, or exchanging with any other respondent or any competitor not a party hereto, any informa-

tion written or oral in regard to prices, terms and conditions of sale or credit pertaining to the dressing of fur products, where said activities have for their purpose or effect the formulation of a program, agreement or planned common course of action with respect to prices, discounts, credit or conditions of sale.

Provided, however, That nothing herein shall prohibit any one of the individual respondents named in this order, who has permanently severed his prior affiliation with any of the named corporate respondents herein from accepting a position as an officer or employee of any other named corporate respondent. Where such individual respondent accepts a position as an officer or employee, with any other named corporate respondent, he shall not be deemed to be in conspiracy or unlawful agreement with that corporate respondent or any of its officers or employees under any of the terms or provisions of this order.

It is further ordered, That the respondent, Fur Dressers Bureau of America, Inc., shall furnish all current and future members with a copy of this agreement and order.

It is further ordered, That respondents, individually, notify the Commission within thirty (30) days after any change in any corporate respondent such as dissolution, assignment or sale resulting in the emergence of successor corporations, the creation or dissolution of subsidiaries or any other change in any 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.

Provided further, That entry of this order by the Commission does not constitute an admission by respondents that they have violated the law as alleged in the complaint which the Commission has issued.

IN THE MATTER OF

VALMOR PRODUCTS COMPANY, ET AL.

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

Docket C-2027. Complaint, Sept. 3, 1971—Decision, Sept. 3, 1971

Consent order requiring a Chicago, Ill., seller and distributor of wigs to cease misrepresenting the price at which any of its merchandise was sold, mis-

representing the savings available to purchasers, failing to maintain adequate records to support savings claims, failing to make requested refunds within a reasonable time, and making deceptive guarantees.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Valmor Products Company, a corporation, and Morton G. Neumann, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Valmor Products Company, 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 2411 South Prairie Avenue, Chicago, Illinois.

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

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of wigs and other products 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, their said products, 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 maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their products, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in magazines and in their catalogs which are disseminated by and through the United States mails to prospective purchasers located in various states other than the State of Illinois with respect to the prices, guarantees, refunds, and origin of said products.

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

The finest Wigs Come From Valmor

Never before such low prices
No. H–234A $29.99 was $100
No. H–235 was $85 now $39.95
No. H–236 was $79.95 now $37.50

Order now! Satisfaction Guaranteed. Order C.O.D.

Valmor guarantees BEST for your money. Quick Delivery, Best Quality, Order today, satisfaction guaranteed. If not satisfied on inspection, return and money cheerfully refunded.

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

1. That the aforesaid prices, designated by the term "Was," are the actual bona fide prices at which the wigs referred to have been openly and actively offered for sale in good faith for a reasonably substantial period of time in the recent regular course of respondents' business and that purchasers save the difference between respondents' advertised selling prices and the corresponding higher price amounts.

2. That respondents unconditionally guarantee the return of the purchaser's money in full and at once on request of the purchaser and return of the merchandise.

PAR. 6. In truth and in fact:

1. The aforesaid prices designated by the term "Was," are not the actual bona fide prices at which the wigs have been openly and actively offered for sale in good faith for a reasonably substantial period of time in the recent regular course of respondents' business but at a remote period in the past if at all. Moreover, purchasers do not save the difference between respondents' selling prices and the corresponding higher price amounts since the higher price amounts are fictitious and the savings based thereon are likewise fictitious.

2. A substantial number of purchasers who return merchandise to respondents for refund do not receive payment at once but only after numerous requests and long delays if at all. Moreover, the guarantee is subject to terms, conditions and limitations which are not set forth in the advertising. Typical and illustrative of said conditions and limitations, but not all inclusive thereof are the following:

(a) Return of merchandise within ten days of receipt of said merchandise.

(b) Return of certain sales slips sent to the customer with the wigs.

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

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

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' products by reason of 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 of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of Section 5 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 Valmor Products Company is a corporation organized 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 2411 South Prairie Avenue, Chicago, Illinois.

Respondent Morton G. Neumann is an officer of said corporation and 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 respondent Valmor Products Company, a corporation, and its officers, and Morton G. Neumann, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of wigs and other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "was" or any abbreviation, word, term or expression of similar import or meaning to refer to any amount which is in excess of the price at which such merchandise has been sold or offered for sale in good faith by the respondents for a reasonably substantial period of time in the recent, regular course of their business; or misrepresenting, in any manner, the price at which such merchandise has been sold or offered for sale by the respondents.

2. Falsely representing, in any manner, that savings are available to purchasers or prospective purchasers of respondents' merchandise; or misrepresenting, in any manner, the savings or amount of savings available to purchasers or prospective purchasers of respondents' merchandise.

3. Failing to maintain adequate records for a period of five years (a) which disclose the facts upon which any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in Paragraphs

1 and 2 of this order are based, and (b) from which the validity of any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in Paragraphs 1 and 2 of this order can be determined.

4. Failing, when requested, pursuant to a guarantee of satisfaction or of full refund, to refund the purchase price of merchandise within the time specified in respondents' advertisements, or if no time is specified, within a reasonable time not to exceed 30 days.

5. Representing, directly or by implication, that any product or service is guaranteed, unless:

(1) The nature and extent of the guarantee, and the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed, and

(2) The guarantor does in fact perform all of the actual and represented obligations under the terms of the guarantee.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of a subsidiary 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

MAINWAY BUDGET PLAN, 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-2028. Complaint, Sept. 3, 1971—Decision, Sept. 3, 1971

Consent order requiring two Chicago, Ill., firms engaged in the financing of insurance premiums to cease violating the Truth in Lending Act by failing to disclose the annual percentage rate correctly, and failing to make all required consumer credit disclosures in accordance with Regulation Z of 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 Mainway Budget Plan, Inc., and King Management Corp., corporations, and William N. Reib, Julius Blumoff and William Allen, individually and as officers of said corporations, hereinafter referred to as respondents, have 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 Mainway Budget Plan, 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 325 South Wacker Drive, Chicago, Illinois.

Respondent King Management Corp. 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 325 South Wacker Drive, Chicago, Illinois.

Respondents William N. Reib, 211 Central Wilmette, Illinois, Julius Blumoff, 8000 Stanford, University City, Missouri and William Allen, 3110 North Sheridan Road, Chicago, Illinois, are officers of the corporate respondents. 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 financing of insurance premiums in sales consummated both by agencies and companies which they control as well as agencies and companies of others, and in the advertising for said financing.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend and for some time last past have 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. 4. Subsequent to July 1, 1969, respondents, in the ordinary course and conduct of their business as aforesaid, and in connection with their extensions of consumer credit as that term is defined in Regulation Z, have failed to disclose the annual percentage rate cor-

rectly, determined in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z. Said annual percentage rate was understated by as much as ½ the true rate.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' 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.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of 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 Truth in Lending 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 Mainway Budget Plan, 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 325 South Wacker Drive, Chicago, Illinois.

Respondent King Management Corp. 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 325 South Wacker Drive, Chicago, Illinois.

Respondents William N. Reib, 211 Central, Wilmette, Illinois, Julius Blumoff, 8000 Stanford, University City, Missouri, and William Allen, 3110 North Sheridan Road, Chicago, Illinois, are officers of said corporations. They formulate direct and control the policies, acts and practices of said corporations.

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

ORDER

It is ordered, That respondents Mainway Budget Plan, Inc., and King Management Corp., corporations, and their officers, and respondents William N. Reib, Julius Blumoff and William Allen, individually and as officers of said corporations, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any consumer credit extension 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 (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to disclose the annual percentage rate correctly, determined in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

2. Failing in any consumer credit transaction or advertisement to make all disclosures determined in accordance with Section 226.4 and Section 226.5 of Regulation Z 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, and other persons 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 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.

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

IN THE MATTER OF

LEISURE INDUSTRIES, INC., DOING BUSINESS AS CALIFORNIA PINES RECREATIONAL ESTATES, ET AL.

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

Docket C-2029. Complaint, Sept. 7, 1971—Decision, Sept. 7, 1971

Consent order requiring an Alturas, Calif., seller of unimproved real estate to cease violating the Truth in Lending Act by failing to state in its advertisements in prescribed terminology the cash price, the amount of the downpayment, the schedule of repayments, the annual percentage rate, the deferred payment price, the unpaid balance of cash price, and failing to make all other disclosures required by Regulation Z of 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 Leisure Industries, Inc., a corporation doing business as California Pines Recreational Estates, and Land Researchers, Inc., a corporation, and Arthur W. Carlsberg, individually and as an officer of Leisure Industries, Inc., hereinafter referred to as respondents, have 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. Proposed respondent Leisure Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located in Alturas, California. Leisure Industries, Inc., does business in the name and style of California Pines Recreational Estates.

Respondent Land Researchers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the

State of California, with its principal office and place of business located at 15233 Ventura Boulevard, Sherman Oaks, California.

Respondent Arthur W. Carlsberg is an individual and is the president of Leisure Industries, Inc., and he directs, formulates and controls the acts and practices of said corporation including the acts and practices hereinafter set forth.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale of unimproved real estate to the public and have engaged in the advertising of such real estate in various media.

PAR. 3. In the ordinary course and conduct of business as aforesaid, Leisure Industries, Inc., regularly extends, and for some time last past has 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. 4. In the ordinary course and conduct of its business as aforesaid, Land Researchers, Inc., regularly arranges, and for some time last past has arranged, for the extension of consumer credit, as "arrange for the extension of credit" and "consumer credit" are defined in Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondents have caused advertisements to be published, broadcast, or delivered, which advertisements aid, promote or assist directly or indirectly the extension of consumer credit. Certain of said advertisements expressly state the amount of the downpayment and the number and amount of monthly payments, and others by implication state the amount of the monthly payment, without also stating all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10 of Regulation Z:

(1) The cash price;

(2) The amount of the downpayment required or that no downpayment is required, as applicable;

(3) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;

(4) The amount of the finance charge expressed as on annual percentage rate; and

(5) The deferred payment price.

PAR. 6. Respondents, in certain of the advertisements referred to in Paragraph Five, fail to disclose clearly and conspicuously and in a meaningful manner the "annual percentage rate," the "deferred payment price," and the remaining information set forth in Paragraph Five, as required by Section 226.6(a) of Regulation Z.

PAR. 7. Subsequent to July 1, 1969, in the ordinary course and conduct of their business as aforesaid, respondents have granted and offered to grant discounts from their stated cash price to customers paying cash or making specified large downpayments. In connection with the "credit sale" of lots where buyers did not make the necessary downpayment to qualify for the discount in price, respondents have provided those customers with credit cost disclosure statements which:

(1) Fail to accurately disclose the "cash price" of the property as defined in Section 226.8(c)(1) and determined as set forth in Section 226.8(o)(7) of Regulation Z, as the actual price at which such property is sold, or would be sold to cash-paying customers.

(2) Fail to accurately disclose the amount of the "unpaid balance of cash price" as required by Section 226.8(c)(3) of Regulation Z.

(3) Fail to accurately disclose the "amount financed" as required by Section 226.8(c)(7) of Regulation Z.

(4) Fail to include in the amount of the "finance charge" as required by Sections 226.4, 226.8(o)(7) and 226.8(c)(8)(i) of Regulation Z, the amount of the discount which would have been deducted from the price of the property had the customer paid cash or made the specified downpayment.

(5) Fail to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Sections 226.5 and 226.8(o)(7) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

PAR. 8. By and through the acts and practices set forth above, respondents failed to comply with the requirements of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of the Act, such failure to comply constitutes a violation of the Truth in Lending Act and pursuant to Section 108 thereof, respondents have 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 Los Angeles 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 issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Leisure Industries, Inc., doing business as California Pines Recreational Estates, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California with its office and place of business located in Alturas, California.

Respondent Land Researchers, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California with its office and place of business located at 15233 Ventura Boulevard, Sherman Oaks, California.

Respondent Arthur W. Carlsberg is an individual and officer of Leisure Industries, Inc. He formulates, directs and controls the acts and practices of said corporation, and his address is 1801 Avenue of the Stars, Los Angeles, 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 Leisure Industries, Inc., Land Researchers, Inc., and their officers, and Arthur W. Carlsberg, individually and as an officer of Leisure Industries, Inc., and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with arrangement or extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any arrangement or extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, which advertisement states, directly or by implication, the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless it states all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d) (2) of Regulation Z:

(1) The cash price;

(2) The amount of the downpayment required or that no downpayment is required, as applicable;

(3) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;

(4) The amount of the finance charge expressed as an annual percentage rate; and

(5) The deferred payment price.

2. Failing to make all the disclosures required by Section 226.10 (d) of Regulation Z clearly, conspicuously, and in a meaningful manner as required by Section 226.6(a) of Regulation Z.

3. Failing in any credit sale to accurately disclose the amount of the "cash price" as required by Sections 226.8(c) (1) and 226.8 (0) (7) of Regulation Z.

4. Failing in any credit sale to accurately disclose the amount of the "unpaid balance of cash price" as required by Section 226.8 (c) (3) of Regulation Z.

5. Failing in any credit sale to accurately disclose the "amount financed" as required by Section 226.8(c) (7) of Regulation Z.

6. Failing in any credit sale to accurately disclose the amount of the "finance charge" as it is required to be computed and disclosed by Sections 226.4, 226.8(c) (8) (i), and 226.8(o) (7) of Regulation Z.

7. Failing to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Sections 226.5 and 226.8(o) (7) of Regulation Z, as required by Sections 226.8(b) (2), and 226.10 of Regulation Z.

8. 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, 226.8, 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 arranging of 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 shall within sixty (60) days after service upon it of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order to cease and desist.

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

U.S. TEXTILE COMPANY, 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-2030. Complaint, Sept. 8, 1971—Decision, Sept. 8, 1971

Consent order requiring a Fall River, Mass., textile converter which markets finished apparel lining and quilted lining fabrics to garment manufacturers to cease misbranding and falsely invoicing its wool products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that U.S. Textile Company, Inc., a corporation and Gershon Salhanick and Leonard W. Kates, 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 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 U.S. Textile Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts.

Individual respondents Gershon Salhanick and Leonard W. Kates are officers of said corporation. They formulate, direct and control the acts, practices and policies of the corporate respondent including the acts and practices hereinafter referred to.

Respondents are engaged in business as textile convertors, marketing finished apparel lining and quilted lining fabrics, which they sell to garment manufacturers throughout northeastern United States. Their office and principal place of business is located at 303 Robeson Street, Fall River, Massachusetts.

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

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

Among such misbranded wool products, but not limited thereto, were quilted fabrics stamped, tagged, labeled, or otherwise identified as containing "70% Reprocessed wool, 30% Unknown Reprocessed fibers" whereas in truth and in fact, such fabrics contained substantially different fibers and amounts of fibers than represented.

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

Among such misbranded wool products, but not limited thereto, were quilted 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 5 per centum of said total fiber weight of (1) wool fibers; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool when said percentage by weight of such fiber was five per centum or more; and (5) the aggregate of all other fibers.

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

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 quilted 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 "70/30 Wool," 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 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 the 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 U.S. Textile Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts, with its office and principal place of business located at 303 Robeson Street, Fall River, Massachusetts.

Respondents Gershon Salhanick and Leonard W. Kates 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 said corporation.

Respondents are engaged in business as textile convertors, marketing finished apparel lining and quilted lining fabric, which they sell throughout northeastern United States.

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 U.S. Textile Company, Inc., a corporation, and its officers, and Gershon Salhanick and Leonard W. Kates, individually and as officers 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 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 wool products by:

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

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

It is further ordered, That respondents U.S. Textile Company, Inc., a corporation, and its officers, and Gershon Salhanick and Leonard W. Kates, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of quilted fabrics or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting the character or 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.

IN THE MATTER OF

SUTTON LANE CORPORATION

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

Docket C-2031. Complaint, Sept. 8, 1971—Decision, Sept. 8, 1971

Consent order requiring a North Oxford, Mass., manufacturer and marketer of yarn to cease misbranding and falsely invoicing its wool products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Sutton Lane Corporation, a corporation, hereinafter referred to as respondent has violated the provisions of said Acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Sutton Lane Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts.

Respondent is engaged in the manufacturing and marketing of yarns which it sells throughout northeastern United States. Its office and principal place of business is located at North Oxford, Massachusetts.

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

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

Among such misbranded wool products, but not limited thereto, were yarns stamped, tagged, labeled, or otherwise identified as containing "85% Woolen fibers, 15% Mohair" whereas in truth and in fact, such yarns contained substantially different fibers and amounts of fibers than represented.

PAR. 4. Certain of said wool products were further misbranded by respondent 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 yarns with labels on or affixed thereto, which failed to disclose the percentage of the total fiber weight of the said wool product, exclusive of ornamentation not exceeding 5 per centum of said total fiber weight of: (1) wool fibers; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool when said percentage by weight of such fiber was five per centum or more; and (5) the aggregate of all other fibers.

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

PAR. 6. Respondent is now, and for some time last past, has been engaged in the advertising, offering for sale, sale, and distribution of certain products, namely yarns. In the course and conduct of its business as aforesaid, respondent now causes and for some time last past, has caused its said products, when sold, to be shipped from its place of business in the Commonwealth of Massachusetts to purchasers located in various other States of the United States, and maintains and at all times mentioned herein has maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 7. Respondent in the course and conduct of its business has made statements on invoices to its customers, misrepresenting the fiber content of certain of its products.

Among such misrepresentations, but not limited thereto, were statements setting forth the fiber content thereof as "85% Wool, 15% Mohair," 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 respondent, 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 respondent named in the caption hereof, and the respondent 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 respondent with violation of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission'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 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 Sutton Lane Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts.

Respondent is engaged in the manufacturing and marketing of yarns which it sells throughout northeastern United States. Its office and principal place of business is located at North Oxford, Massachusetts.

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

ORDER

It is ordered, That respondent Sutton Lane Corporation, a corporation, and its officers, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the manufacture for introduction into commerce or 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 wool products by:

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

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

It is further ordered, That respondent Sutton Lane Corporation, a corporation, and its officers, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of yarns or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting the character or 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 respondent notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

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

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

IN THE MATTER OF

JARMEL FABRICS, INC., ET AL.

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

Docket C-2032. Complaint, Sept. 8, 1971—Decision, Sept. 8, 1971

Consent order requiring a New York City wholesaler of fabrics, including a dark green rayon organette fabric designated as style 8060, to cease violating the

Flammable Fabrics Act by importing or selling any fabric which fails to conform to the standards of said Act.

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 Jarmel Fabrics, Inc., a corporation, and Herman Jarmel, 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 Jarmel Fabrics, 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 229 West 36th Street, New York, New York.

Respondent Herman Jarmel is an officer of the aforesaid corporation. He formulates, directs and controls the acts, practices and policies of said corporation. His address is the same as that of the corporate respondent.

Respondents are wholesalers of 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 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 "commerce" and "fabric" are defined in the Flammable Fabrics Act, as amended, which fabric 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.

The fabric mentioned hereinabove was dark green rayon organette fabric designated as Style 8060.

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 heretofore determined to issue its complaint charging the respondents named in the caption hereof with the violation of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, 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 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 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 Jarmel Fabrics, 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 229 West 36th Street, New York, New York.

Respondent Herman Jarmel is an officer of said corporation and his address is the same as that of said corporation.

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

ORDER

It is ordered, That respondents Jarmel Fabrics, Inc., a corporation, and its officers, and Herman Jarmel, 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 manufacturing for sale, 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 fabric, product or related material as "commerce," "fabric," "product" and "related material" are defined in the Flammable Fabrics Act as amended, which fabric, product or related material fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

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' intention as to compliance with this order. This interim special report shall also advise the Commission fully and specifically concerning the identity of the fabric, product or related material which gave rise to the complaint, (1) the amount of such fabric, product or related material in inventory, (2) any action taken to notify customers of the flammability of such fabric, product or related material and the results thereof and (3) any disposition of such fabric, product or related material since March 17, 1970. Such report shall further inform the Commission whether respondents have in inventory any fabric, product or related material having a plain surface and made of silk, paper, rayon or cotton, acetate and nylon, acetate and rayon, or combinations thereof in a weight of two ounces or less per square yard or fabric with a raised fiber surface made of cotton or rayon or combinations thereof. Respondents will submit samples of any such fabric, product or related material with this report. Samples of the fabric, product or related material shall be of not less than one square yard of material.

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

It is further ordered, That the respondents herein either process the fabric which gave rise to this complaint so as to bring them within the applicable standards of the Flammable Fabrics Act, as amended, or destroy said fabric.

It is further ordered, That the respondents shall maintain complete and adequate records concerning all fabrics subject to the Flammable Fabrics Act, as amended, which are sold or distributed by them.

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.

IN THE MATTER OF

ALFRED LAUFER DOING BUSINESS AS PACIFIC NOTION CO.

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

Docket C-2033. Complaint, Sept. 8, 1971—Decision, Sept. 8, 1971

Consent order requiring a San Francisco, Calif., individual selling and distributing wearing apparel, including ladies' scarves, to cease violating the Flammable Fabrics Act by importing or selling any fabric which fails to conform to the standards of said Act.

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 Alfred Laufer, individually and doing business as Pacific Notion Co., hereinafter referred to as respondent, has 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 Alfred Laufer is an individual doing business as Pacific Notion Co. with his office and principal place of business located at 1411 46th Avenue, San Francisco, California.

Respondent is engaged in the sale and distribution of wearing apparel, including but not limited to ladies' scarves.

PAR. 2. Respondent is now and for some time last past has been engaged in the sale or offering for sale, in commerce, and has introduced, delivered for introduction, transported and caused to be transported in commerce, and has sold or delivered after sale or shipment in commerce, products, as "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,