IN THE MATTER OF

SANITARY CARPET AND RUG CLEANING COMPANY, INC., TRADING AS CARPETLAND, ET AL.

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

Docket C-1490. Complaint, Feb. 3, 1969—Decision, Sept. 1, 1970

Order modifying an earlier consent order dated February 3, 1969, 75 F.T.C. 231, by adding a paragraph thereto which forbids respondents from failing to maintain adequate records upon which its prices and savings are based.

ORDER MODIFYING ORDER TO CEASE AND DESIST

The Commission on February 3, 1969 [75 F.T.C. 231], having issued its order in this matter requiring respondents, in connection with the offering for sale, and sale and distribution of merchandise, in commerce, to cease and desist from:

A. Misbranding textile fiber products by:

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

2. Failing to set forth that the required disclosure as to the fiber content of floor coverings relates only to the face, pile, or outer surface of such products and not to exempted backing, filling or padding, when such is the case.

B. Falsely and deceptively advertising textile fiber products by:

1. Making any representations by disclosure or by implication, as to fiber content of any textile fiber product in any written advertisement which is used to aid, promote or assist, directly or indirectly, in the sale of such textile fiber product unless the same information required to be shown on the stamp, tag, label or other means of identification under Section 4(b) (1) and (2) of the Textile Fiber Products Identification Act is contained in the said advertisement, except that the percentages of the fibers present in the textile fiber product need not be stated.

2. Failing to set forth in disclosing fiber content information as to floor coverings containing exempted backings, fill-

ings or paddings, that such disclosure relates only to the face, pile or outer surface of such textile fiber products and not to the exempted backings, fillings, or paddings.

3. Using a fiber trademark in advertising textile fiber products without a full disclosure of the required fiber content information in at least one instance in said advertisement.

4. Using a fiber trademark in advertising textile fiber products containing only one fiber without such fiber trademark appearing at least once in the advertisement, in immediate proximity and conjunction with a generic name of the fiber, in plainly legible and conspicuous type.

It is further ordered, That respondents Sanitary Carpet and Rug Cleaning Company, Inc., a corporation, trading and doing business as Carpetland, or under any other name, and its officers, and Aram Sakayan and Edward Turmanian, individually and as officers of said corporation, and George Sakayan, individually and as general manager 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 carpeting, rugs, or any other articles of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "Reg." or any other word or words 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 respondents for a reasonably substantial period of time in the recent, regular course of their business, or otherwise misrepresenting the price at which such merchandise has been sold or offered for sale by respondents.

2. Using the word "SAVE," or any other word or words of similar import or meaning, in conjunction with a stated percentage, fraction, dollar or other amount of savings: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the stated amount of savings actually represents the difference between the offering price and the actual bona fide price at which such merchandise has been sold or offered for sale on a regular basis to the public by respondents for a reasonable substantial period of time in the recent, regular course of their business.

3. Using the words "WAREHOUSE SALE," "Sale price," or any other term or words of similar import or meaning, in conjunction

with any stated price or prices: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that their prices for the merchandise so advertised have been substantially reduced below respondents' usual selling prices, or the prices at which such merchandise has been offered for sale in good faith by respondents during the recent, regular course of their business.

4. Using the words "SPECIAL PURCHASE SALE" or any other term or words of similar import or meaning, either alone or in conjunction with an offering price: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the offering price during said sale is a substantial reduction from the price usually and customarily paid by respondents for the same merchandise, and purchasers are thereby afforded bona fide savings from respondents' usual and customary retail prices for such merchandise.

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

6. Representing, through advertisements or in any other manner, that sponge rubber padding will be installed with respondents' rugs or carpeting unless such padding is, in fact, installed in every instance as represented, or misrepresenting, in any manner the nature or type of padding sold or installed by respondents.

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

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

And the Commission on June 8, 1970, having issued its order to show cause why this proceeding should not be reopened and its order of February 3, 1969, modified by the addition of a new paragraph numbered 8 which will read:

8. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of mer-

chandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraphs 1, 2, 3, 4 and 5 of the "*It is further ordered* . . ." portion of this order, are based, and from which the validity of any such claim can be established.

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

The Commission being of the opinion that the public interest will be served best by modifying its order of February 3, 1969:

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

It is further ordered, That the Commission's order of February 3, 1969 [75 F.T.C. 231], be and it hereby is, modified by adding thereto as Paragraph 8 the following:

8. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraphs 1, 2, 3, 4 and 5 of the "*It is further ordered* . . ." portion of this order are based, and from which the validity of any such claim can be established.

IN THE MATTER OF

CONSUMERS FOOD, INC., ET AL.

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

Docket C-1499. Complaint, Feb. 25, 1969—Decision, Sept. 1, 1970

Order modifying an earlier consent order dated February 25, 1969, 75 F.T.C. 364, by adding a paragraph thereto which forbids respondents from failing to maintain adequate records which disclose the facts on which its prices and savings to customers are based.

ORDER MODIFYING ORDER TO CEASE AND DESIST

The Commission on February 25, 1969, having issued its order in this matter requiring respondents, in connection with the offering for sale, and sale and distribution of merchandise, in commerce, to cease and desist from:

1. Representing, directly or by implication, through the use

of terms such as "ANNIVERSARY SALE SPECIAL" or in any other manner, that any price is a special or reduced price unless such price constitutes a significant reduction from the price at which such merchandise has been sold in substantial quantities or offered for sale in good faith for a reasonably substantial period of time, by respondents in the recent, regular course of their business.

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

3. Representing, directly or by implication, in any manner, that the price per pound of meat is a net weight price when in fact the price per pound of meat is based on the weight of the meat before trimming.

4. Failing to clearly and conspicuously disclose, in the body of any advertisement for meat that is to be sold by gross weight, the average percentage of weight loss that results from trimming.

5. Representing, directly or by implication, that purchasers of respondents' freezer food plan can buy their usual food requirements and a freezer for the same or a lesser amount of money than they have been paying for said food requirements alone.

6. Representing, directly or by implication, that food prices charged by respondents are significantly lower than the prices which they have been paying.

7. Representing, directly or by implication, that purchasers cannot buy food under respondents' food plan unless a freezer is purchased from respondents.

8. Failing to disclose orally, prior to the time of sale, and in writing with such conspicuousness and clarity as is likely to be observed and read by such purchaser:

A. on any conditional sale contract, and

B. on a separate document presented to a purchaser of respondents' merchandise concurrent with the execution of any promissory note or other instrument of indebtedness executed by such purchaser, that such conditional sale contract, promissory note or other instrument of indebtedness, at respondents' option and without notice to the purchaser, may be discounted, negotiated or assigned to a finance company or other third party to whom the purchaser will thereafter be indebted and against whom the purchaser's claims or defenses may not be available.

PART II

It is further ordered, That respondents Consumers Food, Inc., a corporation, and its officers, and George Sharkey, 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 offering for sale, sale or distribution of food, or any purchasing plan involving food, do forthwith cease and desist from directly or indirectly:

1. Disseminating, or causing to be disseminated, 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 advertisement contains any of the representations or misrepresentations prohibited in Paragraphs 1 through 7 of PART I of this order.

2. Disseminating, or causing the dissemination of, any advertisement by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of any food or any purchasing plan involving food in commerce, as "commerce" is defined in the Federal Trade Commission Act, which contains any of the representations prohibited in Paragraphs 1 through 7 of this order.

PART III

It is further ordered, That respondents Consumers Food, Inc., a corporation, and its officers, and George Sharkey, individually and as an officer of said corporation, do forthwith deliver a copy of this order to cease and desist to each of its operating divisions and to all present and future salesmen or other persons engaged in the sale of respondents' products or services, and secure from each such salesman or other person a signed statement acknowledging receipt of said order.

And the Commission on June 8, 1970, having issued its order to show cause why this proceeding should not be reopened and its order of February 25, 1969, modified by the addition of a new paragraph

9. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraphs 1, 2 and 6 of Part I of this order, are based and from which the validity of any such claim can be established.

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

The Commission being of the opinion that the public interest will be served best by modifying its order of February 25, 1969:

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

It is further ordered, That the Commission's order of February 25, 1969 [75 F.T.C. 364], be and it hereby is, modified by adding thereto as Paragraph 9 of Part I the following:

9. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraphs 1, 2 and 6 of Part I of this order, are based and from which the validity of any such claim can be established.

In The Matter of

LIFE ELECTRONICS CORPORATION INC., trading as LITE ELECTRONICS, INC., ETC.

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

Docket C-1566. Complaint, July 28, 1969—Decision, Sept. 1, 1970

Order modifying an earlier consent order dated July 28, 1969, 76 F.T.C. 160, by adding a paragraph thereto which forbids respondent from failing to maintain adequate records upon which its prices and savings to customers are based.

Order Modifying Order to Cease and Desist

The Commission on July 28, 1969 [76 F.T.C. 160], having issued its order in this matter requiring respondents, in connection with the offering for sale, and sale and distribution of merchandise, in commerce, to cease and desist from:

1. Representing, directly or by implication, that respondents' merchandise or appliances repaired by respondents are guaranteed, unless the nature, conditions and extent of the guarantee, identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed

in immediate conjunction therewith, and unless all such guarantees are in fact honored and the terms thereof promptly fulfilled.

2. Representing, directly or by implication, the price of repair service of television sets or of other appliances, unless in conjunction with the advertised price for said service, respondents clearly and conspicuously disclose the nature and scope of the service rendered for the advertised price.

3. Representing, directly or by implication, that respondents can service and repair most television sets or other appliances in the customer's home; or otherwise misrepresenting the extent to which respondents can provide in-home repair service.

4. Representing, directly or by implication, that any rebuilt or reconditioned picture tube is new.

5. Failing to disclose in invoices, warranties and advertising of rebuilt or reconditioned picture tubes that such picture tubes are rebuilt or reconditioned and contain used parts.

6. Using words "Clearance Sale" or any other word or words of similar import and meaning unless the price of such merchandise being offered for sale constitutes a reduction, in an amount not so insignificant to be meaningless, from the actual bona fide price at which such merchandise has been offered or sold by respondents for a reasonably substantial period of time in the recent, regular course of their business and respondents' business records establish the price at which such merchandise has been offered or sold by respondents for a reasonably substantial period of time in the recent, regular course of their business.

7. Using the word "Save" or any other word or words of similar import and meaning in conjunction with a stated percentage amount of savings, unless the stated percentage amount of savings actually represents the difference between the offering price and the actual bona fide price at which such merchandise has been sold or offered for sale on a regular basis to the public by respondents for a reasonably substantial period of time in the recent, regular course of their business.

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

9. Failing to provide repair service within the period of time respondents inform customers that said service will be completed, unless respondents obtain from such customers a signed state-

ment permitting completion of the repair service beyond the time period originally specified by respondents: *Provided, however*, If customers do not agree to delay in completion of service, respondents will promptly return articles left for repair to customers without cost and in the same condition such articles were left for repair with respondents.

10. Failing to honor guarantees within thirty (30) days after respondents receive a request for service under said guarantees, unless respondents obtain a signed statement from customers permitting respondents to comply with the provisions of the guarantees beyond the aforesaid time period:

Provided, however, If respondents do not obtain such agreements from customers, respondents will:

A. Refund all monies received in the purchase of items of merchandise under guarantees; or

B. Refund all monies received for repairs of appliances under guarantees; or

C. In instances when respondents have not received monies under the situations described in Subparagraphs A and B hereof, respondents will return all appliances received for repair under guarantees in the same condition the appliances were in when left for repair with respondents.

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

And the Commission on June 8, 1970, having issued its order to show cause why this proceeding should not be reopened and its order of July 28, 1969, modified by the addition of a new paragraph numbered 11 which will read:

11. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraphs 6, 7, and 8 of this order, are based, and from which the validity of any such claim can be established.

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

The Commission being of the opinion that the public interest will be served best by modifying its order of July 28, 1969:

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

It is further ordered, That the Commission's order of July 28, 1969 [76 F.T.C. 160], be and it hereby is, modified by adding thereto as Paragraph 11 the following:

11. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraphs 6, 7, and 8 of this order, are based, and from which the validity of any such claim can be established.

IN THE MATTER OF

WHITE DRUG CO. OF JAMESTOWN, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT AND SECTION 2(F) OF THE CLAYTON ACT

Docket C-1788. Complaint, Sept. 1, 1970—Decision, Sept. 1, 1970

Consent order requiring a chain of retail drug stores with headquarters in Jamestown, N.D., to cease violation of Section 2(f) of the Clayton Act by knowingly inducing and receiving discriminatory prices from pharmaceutical suppliers.

COMPLAINT

The Federal Trade Commission having reason to believe that the parties respondent named in the caption hereof, and hereinafter more particularly designated and described, have violated and are now violating the provisions of subsection (f) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act (U.S.C. Title 15, Section 13) and Section 5 of the Federal Trade Commission Act (U.S.C. Title 15, Section 45), hereby issues its complaint stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondent corporations collectively doing business as White Drug Co. or White Drug Enterprises, but individually organized, existing and doing business under and by virtue of the laws of the States of their incorporation as below designated and hereinafter referred to as White Drug, are as follows:

White Drug Co. of Jamestown, Inc., a North Dakota corporation
Capital Drug Company, a North Dakota corporation
White's, Inc., a North Dakota corporation
White Drug Co. of Grand Forks, a North Dakota corporation
White University Drug, Inc., a North Dakota corporation
White Drug of Minot, Inc., a North Dakota corporation
White Drug Co. of Fergus Falls, Inc., a Minnesota corporation
White Plaza Drug, Inc., a North Dakota corporation

White Drug of Aberdeen, Inc., a South Dakota corporation
White Drug of Dickinson, Inc., a North Dakota corporation
White Drug of Huron, Inc., a South Dakota corporation
White Drug Co. of Willmer, Inc., a Minnesota corporation
White Drug of Detroit Lakes, Inc., a North Dakota corporation

With their principal place of business located at 201–205 First Avenue South, Jamestown, North Dakota.

Respondent Max A. Retzlaff, 201–205 First Avenue South, Jamestown, North Dakota, is the chief executive officer of all corporations comprising White Drug and has been and is responsible, in part, for the direction, policy and control of White Drug. He is named as a respondent herein in his individual capacity and as the chief executive officer of White Drug.

Respondent The Lutheran Charity Association doing business as Jamestown Hospital, hereinafter referred to as Jamestown Hospital, is a non-profit corporation organized, existing and doing business under and by virtue of the laws of the State of North Dakota with its principal office and place of business located at 419 5th Street, NE., Jamestown, North Dakota.

PAR. 2. White Drug has purchased and now purchases in commerce from suppliers engaged in commerce numerous prescription drugs and other related pharmaceutical supplies and equipment for use, consumption, or resale within the State of North Dakota. White Drug causes some of the prescription drugs and other related pharmaceutical supplies and equipment to be shipped and transported for resale in such other States as South Dakota and Minnesota. White Drug and said suppliers are, therefore, engaged in commerce as "commerce" is defined in the Clayton Act.

PAR. 3. Although the major part of White Drug prescription drug and other related pharmaceutical supplies and equipment purchases are made directly for the account of White Drug, substantial quantities of such drugs are purchased via the account of Jamestown Hospital, a sizable portion of which are used for the commercial purpose of White Drug.

PAR. 4. In the purchase, use and resale of said prescription drugs and other related pharmaceutical supplies and equipment, White Drug is in active competition with independent persons, partnerships and corporations not affiliated with it nor Jamestown Hospital, and the suppliers selling to White Drug, Jamestown Hospital and their independent competitors are in active competition with other suppliers of similar products and supplies.

PAR. 5. The arrangement, agreement, or concerted action between

White Drug and Jamestown Hospital was initiated approximately nine years ago. Since its inception, it has evolved, in part, into a means of obtaining a discriminatory price for White Drug.

In practice and effect, respondent Jamestown Hospital has been and is now serving as the medium or instrumentality by, through or in conjunction with which respondent White Drug has exerted influence on the competitive suppliers hereinabove described and thereby has knowingly demanded and received on its purchases discriminatory prices, discounts, allowances, rebates and terms and conditions of sale. Suppliers not acceding to such demands are usually replaced as sources of supply for the commodities concerned and such market is closed to them, in whole or in substantial part, in favor of such suppliers as can be, and are, induced to afford the discriminatory prices, discounts, allowances, rebates, and terms and conditions of sale so demanded.

This procedure effects a discrimination in price on goods of like grade and quality between White Drug and competing independent persons, partnerships and corporations.

PAR. 6. The effect of knowing inducement or receipt by respondents of the discriminations in price, as above alleged, has been, and may be, substantially to lessen, injure, destroy or prevent competition between suppliers of prescription drugs and other related pharmaceutical supplies and equipment granting such discrimination, and other suppliers of such products who do not grant or allow such discriminations; and also between White Drug and competing independent customers not receiving or securing such discriminations.

PAR. 7. The foregoing acts and practices of respondents in knowingly inducing or receiving discriminations in price prohibited by subsection (a) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act, are in violation of subsection (f) of Section 2 of said Act and Section 5 of the Federal Trade Commission Act.

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 Restraint of Trade proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with a violation of either the Federal Trade Commission Act or the Clayton Act; and

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

the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

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

1. Respondent, White Drug, is comprised of affiliated corporations organized, existing and doing business under and by virtue of the laws of the State of their respective incorporation, as indicated below, with the principal office and place of business located at 201–205 First Avenue South, Jamestown, North Dakota.

2. Respondent, Jamestown Hospital, incorporated under the name of the Lutheran Charity Association, is a corporation organized, existing and doing business under and by virtue of the laws of the State of North Dakota with its principal office and place of business located at 419 5th Street, NE., Jamestown, North Dakota.

3. Respondent, Max A. Retzlaff is president of all corporations comprising White Drug and is a member of the Board of Trustees of Jamestown Hospital. He has been responsible, in part, for the direction and control of the corporations comprising White Drug. His address is 205 First Avenue South, Jamestown, North Dakota.

4. 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 White Drug, including each of the following:

White Drug Co. of Jamestown, Inc., a North Dakota corporation.	White's, Inc., a North Dakota corporation.
Capital Drug Company, a North Dakota corporation.	White Drug Co. of Grand Forks, a North Dakota corporation.

White University Drug, Inc.,
a North Dakota corporation.
White Drug of Minot, Inc.,
a North Dakota corporation.
White Drug Co. of Fergus Falls, Inc.,
a Minnesota corporation.
White Plaza Drug, Inc.,
a North Dakota corporation.
White Drug of Aberdeen, Inc.,
a South Dakota corporation.
White Drug of Dickinson, Inc.,
a North Dakota corporation.
White Drug of Huron, Inc.,
a South Dakota corporation.
White Drug Co. of Willmar, Inc.,
a Minnesota corporation.
White Drug of Detroit Lakes, Inc.,
a North Dakota corporation.

Max A. Retzlaff, individually and as an officer of all said corporations and the Lutheran Charity Association doing business as Jamestown Hospital, a North Dakota corporation, their respective successors and assignees, officers, agents, representatives, employees and members, directly or through any corporate or other device in connection with the offering to purchase or purchase of any prescription drugs and other related pharmaceutical supplies and equipment in "commerce," as commerce is defined in the Clayton Act, as amended, and the Federal Trade Commission Act, to forthwith cease and desist from:

1. Directly or indirectly inducing and receiving, receiving or accepting any discrimination in the price of such products by accepting from any seller a net price respondents know or should know is below the net price at which said products of like grade and quality are being sold by such seller to other purchasers where respondents are competing with the purchaser paying the higher price or with a customer of the purchaser paying the higher price.

For the purpose of determining the "net price" under the terms of this order, there shall be taken into account all discounts, rebates, allowances, deductions or other terms and conditions of sale by which net prices are effected.

2. Maintaining any arrangement, agreement or concerted action between a nonprofit institution and a commercial enterprise operated for profit which would result in a diversion of prescription drugs from any such nonprofit institution or passing on or making available to the commercial enterprise a preferential price offered by pharmaceutical manufacturers only to nonprofit institutions.

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

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in their corporate structures 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 their corporations 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 of their compliance with this order.

IN THE MATTER OF

COMMODORE IMPORT CORP.

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

Docket C-1789. Complaint, Sept. 2, 1970—Decision, Sept. 2, 1970

Consent order requiring a Brooklyn, N.Y., importer of transistorized radios from foreign manufacturers to cease and desist from overstating the number of transistors in the radios which it sells.

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 Commodore Import Corp., a corporation, hereinafter referred to as respondent, has engaged in acts and practices contrary to the Commission's Trade Regulation Rule relating to Deception as to Transistor Count in Radio Receiving Sets, Including Transceivers (16 CFR 414) and by this and other means has violated the provisions of the Federal Trade Commission 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 charge in that respect as follows:

PARAGRAPH 1. Respondent Commodore Import Corp. 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 507 Flushing Avenue, Brooklyn, New York.

PAR. 2. Respondent is now, and for some time last past has been,

engaged in importing transistorized radios from foreign manufacturers and distributing these radios to wholesale and retail purchasers for resale to the purchasing public.

PAR. 3. In the course and conduct of its business as aforesaid, respondent now causes, and for some time last past has caused, its products to be imported into the United States and, when sold, to be shipped from its place of business in the State of New York to purchasers thereof 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. 4. In the course and conduct of its business, respondent makes representations in advertisements and other promotional materials and on labels attached to the radios concerning the number of transistors contained in the radios imported and distributed by it in the United States in the manner above described.

PAR. 5. In the course and conduct of its business, respondent makes representations in advertisements and other promotional materials and on labels attached to the radios concerning the number of "Solid State" devices contained in the radios imported and distributed by it and thereby represents, directly or by implication, that a particular set so described contains that number of transistors.

PAR. 6. In representing the number of transistors or "Solid State" devices contained in its radios, respondent has included in the count, transistors that do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals.

PAR. 7. On May 14, 1968, after due notice and hearing, the Commission promulgated its Trade Regulation Rule relating to Deception as to Transistor Count of Radio Receiving Sets, Including Transceivers (16 CFR 414), effective December 10, 1968. On the basis of its findings, as set out in the "Accompanying Statement of Basis and Purpose" of the said Trade Regulation Rule, the Commission determined that it constitutes an unfair method of competition and an unfair and deceptive act or practice to:

Represent, directly or by implication, that any radio set contains a specified number of transistors when one or more of such transistors; (1) are dummy transistors; (2) do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals; or (3) are used in parallel or cascade applications which do not improve the performance capabilities of such sets in the reception, detection and amplification of radio signals.

PAR. 8. Notice is hereby given that the presentation of evidence in the course of a hearing in this proceeding may be required to dispose of the issues that may arise as a result of the allegations contained in Paragraphs One through Seven herein, and that if the issues presented as a result of the allegations contained in those paragraphs should be resolved in substantiation of such allegations, then the above Trade Regulation Rule is relevant to the alleged practices of the respondent. Therefore, the respondent is given further notice that it may present evidence, according to Section 1.12(c) of the Commission's Procedures and Rules of Practice, to show that the above Trade Regulation Rule is not applicable to the alleged acts or practices of respondent. And if the Commission should find that the above Rule is applicable to the alleged acts or practices of the respondent, then it will proceed to make its findings, conclusions, and final order in this proceeding on the basis of that Rule. A copy of the Rule and Accompanying Statement of Basis and Purpose, marked Appendix A,* is attached hereto and made a part of this pleading.

PAR. 9. The aforesaid methods of competition and acts and practices of respondent, as alleged in Paragraph Eight hereof, were and are contrary to the provisions and requirements of the Commission's Trade Regulation Rule relating to Deception as to Transistor Count of Radio Receiving Sets, Including Transceivers (16 CFR 414), and thereby constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agree-

* Appendix A was omitted in printing. Trade Regulation Rule relating to Deception as to Transistor Count in Radio Receiving Sets, Including Transceivers, effective December 10, 1968, appears in Title 16 of the Code of Federal Regulations Section 414.

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

1. Respondent Commodore Import Corp. 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 507 Flushing Avenue, Brooklyn, New York.

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

ORDER

It is ordered, That respondent Commodore Import Corp., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the manufacturing, advertising, offering for sale, sale or distribution of radio receiving sets, including transceivers, or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, through the use of the terms transistor or "Solid State" or any other word or phrase that any radio set contains a specified number of transistors when one or more such transistors: (1) are dummy transistors; (2) do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals; or (3) are used in parallel or cascade applications which do not improve the performance capabilities of such sets in the reception, detection and amplification of radio signals: *Provided however*, That nothing herein shall be construed to prohibit in connection with a statement as to the actual transistor count (computed without inclusion of transistors which do not perform the functions of detection, amplification

and reception of radio signals), a further statement to the effect that the sets in addition contain one or more transistors acting as diodes or performing auxiliary or other functions when such is the fact.

2. Misrepresenting, in any manner, the number of transistors or other components in respondent's products or the functions of any such component.

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

It is further ordered, That respondent notify the Commission at least 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 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

MAR-LIN RADIO CORP., ET AL.

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

Docket C-1790. Complaint, Sept. 2, 1970—Decision, Sept. 2, 1970

Consent order requiring a New York City importer of transistorized radios from foreign manufacturers to cease and desist from overstating the number of transistors in the radios which it sells.

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 Mar-Lin Radio Corp. a corporation, and Morris Dweck, individually and as an officer of said corporation, hereinafter referred to as respondents, have engaged in acts and practices contrary to the Commission's Trade Regulation Rule relating to Deception as to Transistor Count in Radio Receiving Sets, Including Transceivers (16 CFR 414) and by

this and other means have violated the provisions of the Federal Trade Commission 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 Mar-Lin Radio Corp. 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 45 West 27th Street, New York, New York.

Respondent Morris Dweck 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 importing transistorized radios from foreign manufacturers and distributing these radios to wholesale and retail purchasers for resale to the purchasing 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 products to be imported into the United States and, when sold, to be shipped from their place of business in the State of New York 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 business respondents make representations in advertisements and other promotional materials and on labels attached to the radios concerning the number of transistors contained in the radios imported and distributed by them in the United States in the manner above described.

PAR. 5. In the course and conduct of their business, respondents make representations in advertisements and other promotional materials and on labels attached to the radios concerning the number of "Solid State" devices contained in the radios imported and distributed by them and thereby represent, directly or by implication, that a particular set so described contains that number of transistors.

PAR. 6. In representing the number of transistors or "Solid State" devices contained in their radios, respondents have included in the count, transistors that do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals.

PAR. 7. On May 14, 1968, after due notice and hearing, the Commission promulgated its Trade Regulation Rule relating to Deception as to Transistor Count of Radio Receiving Sets, Including Transceivers (16 CFR 414), effective December 10, 1968. On the basis of its findings, as set out in the "Accompanying Statement of Basis and Purpose" of the said Trade Regulation Rule, the Commission determined that it constitutes an unfair method of competition and an unfair and deceptive act or practice to:

Represent, directly or by implication, that any radio set contains a specified number of transistors when one or more of such transistors: (1) are dummy transistors; (2) do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals; or (3) are used in parallel or cascade applications which do not improve the performance capabilities of such sets in the reception, detection and amplification of radio signals.

PAR. 8. Notice is hereby given that the presentation of evidence in the course of a hearing in this proceeding may be required to dispose of the issues that may arise as a result of the allegations contained in Paragraphs One through Seven herein, and that if the issues presented as a result of the allegations contained in those paragraphs should be resolved in substantiation of such allegations, then the above Trade Regulation Rule is relevant to the alleged practices of the respondents. Therefore, the respondents are given further notice that they may present evidence, according to Section 1.12(c) of the Commission's Procedures and Rules of Practice, to show that the above Trade Regulation Rule is not applicable to the alleged acts or practices of respondents. And if the Commission should find that the above Rule is applicable to the alleged acts or practices of the respondents, then it will proceed to make its findings, conclusions, and final order in this proceeding on the basis of that Rule. A copy of the Rule and Accompanying Statement of Basis and Purpose, marked Appendix A,* is attached hereto and made a part of this pleading.

PAR. 9. The aforesaid methods of competition and acts and practices of respondents, as alleged in Paragraph Eight hereof, were and are contrary to the provisions and requirements of the Commission's Trade Regulation Rule relating to Deception as to Transistor Count of Radio Receiving Sets, Including Transceivers (16 CFR 414), and thereby constituted, and now constitute, unfair methods of compe-

* Appendix A was omitted in printing. Trade Regulation Rule relating to Deception as to Transistor Count in Radio Receiving Sets, Including Transceivers, effective December 10, 1968, appears in Title 16 of the Code of Federal Regulations Section 414.

tition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

1. Respondent Mar-Lin Radio Corp. 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 45 West 27th Street, New York, New York.

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

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

ORDER

It is ordered, That respondent Mar-Lin Radio Corp., a corporation, and its officers, and Morris Dweck, 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 manufacturing, advertising, offering for sale, sale or distribution of radio receiving sets, including transceivers, or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, through the use of the terms transistor or "Solid State" or any other word or phrase that any radio set contains a specified number of transistors when one or more such transistors: (1) are dummy transistors; (2) do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals; or (3) are used in parallel or cascade applications which do not improve the performance capabilities of such sets in the reception, detection and amplification of radio signals: *Provided however*, That nothing herein shall be construed to prohibit in connection with a statement as to the actual transistor count (computed without inclusion of transistors which do not perform the functions of detection, amplification and reception of radio signals), a further statement to the effect that the sets in addition contain one or more transistors acting as diodes or performing auxiliary or other functions when such is the fact.

2. Misrepresenting, in any manner, the number of transistors or other components in respondents' products or the functions of any such component.

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 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 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.

467-207—73——78

IN THE MATTER OF

T & T CHINCHILLA, INC., ET AL.

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

Docket C-1791. Complaint, Sept. 3, 1970—Decision, Sept. 3, 1970

Consent order requiring a Council Bluffs, Iowa, distributor of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, deceptively guaranteeing the fertility of its stock, claiming that it has the approval of any governmental agency, and misrepresenting its services to purchasers.

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 T & T Chinchilla, Inc., a corporation, and Norman E. Taylor, 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 T & T Chinchilla, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Iowa, with its principal office and place of business located at 16 Hillsdale Drive, Council Bluffs, Iowa. Its office and place of business were formerly located at 253 Elliott Street, Council Bluffs, Iowa.

Respondent Norman E. Taylor is an individual and officer of said corporation. He formulated, directed and controlled 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 corporation.

PAR. 2. Respondents were engaged in the advertising, offering for sale, sale and distribution of chinchilla breeding stock to the public.

PAR. 3. In the course and conduct of their aforesaid business, respondents caused their said chinchillas, when sold, to be shipped from their place of business in the State of Iowa, to purchasers thereof located in various other States of the United States and at all times mentioned herein maintained a substantial course of trade in com-

merce as "commerce" is defined in the Federal Trade Commission Act.

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

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

Put yourself in "the profit" picture Now!

More and more people with little experience, are making full time money in part time Chinchilla raising.

Chinchillas are easy and inexpensive to breed and raise. . . .

Little space is required—basements, back rooms or special buildings.

Q. What kind of experience do I need to raise chinchillas?

A. None! A little common sense and our assistance in methods and supervision during your initial few months.

We have top quality stock available.

Conservatively speaking, our estimation of herd growth is based on three offspring per year, per fertile female, totaling 21 young at the end of a year from a polygamous herd of eight. There is no reason why a beginning rancher could not equal or surpass a herd of nearly 100 animals at the end of three years, and continually expand from there.

T & T EDUCATIONAL AND INVESTMENT PLAN

Starting with Seven (7) Females and One (1) Male Chinchilla. Estimating three (3) Babies per Female per year. Allowing Six Months consolidation or grace period.

Allowing 10% for replacement and taking advantage of the T & T purchasing agreement, your potential is as follows:

* * * * * * *

"AA" STRING

Total number of animals to be sold to T & T Chinchilla Ranch, Inc. at the end of FIVE YEARS, Your Potential:

		8 weeks	6 months
288 Males	8 weeks old at $15.00	$4,320	
	6 months old at $25.00		$7,200
191 Females	8 weeks old at $27.50	5,252.50	
	6 months old at $37.50		7,162.50
Total		9,572.50	14,362.50

DOUBLE MIXED STRING

Total number of animals to be sold to T & T Chinchilla Ranch at the end of FIVE YEARS Your Potential:

		8 weeks	6 months
288 Males	8 weeks old at $5.00	$1,440.00	
	6 months old at $15.00		$4,320.00
191 Females	8 weeks old at $10.00	1,910.00	
	6 months old at $20.00		3,820.00
Total		3,350.00	8,140.00

T & T Chinchilla Ranch can offer the capabilities of nearly a century's experience in the fur industries to assist you in initiating your beginning herd.

Our consultation service—already used by many well established ranchers—is available to you. Ten years actual experience in raising the animals is your warranty of success.

Q. What does T & T Ranch offer that I can't find from other ranchers advertising animals for sale?

A. Established business respect through banks, credit bureaus, the FTC [regulatory agencies] the New York Auction and other markets as well as businesses wherever T & T operates.

Our garment division . . . creators of Taylor Royal Furs . . . sells these garments almost as fast as we make them . . . The demand is there as it's been since the 16th century. Only the supply is limited. That's why we need more ranchers.

And T & T has its own garment division . . . creating a ready-market for the pelts produced by our associate breeders.

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 through the oral statements and representations made in sale representations to purchasers, respondents have represented, directly or by implication, that:

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

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

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

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

5. Each female chinchilla purchased from respondents and each

female offspring will produce two to three litters per year averaging one to four offspring per litter.

6. Each female chincilla purchased from respondents and each female offspring will produce at least three live offspring per year.

7. The offspring referred to in subparagraphs 5 and 6 above will produce pelts selling for an average price of $20 to $25 per pelt.

8. A purchaser starting with seven females and one male of respondents' chinchilla breeding stock under their "T & T Educational and Investment Plan" will have income at the end of five years ranging from $8,140 on the basis of their "Double Mixed String" quality to $14,362.50 on the basis of their "AA String" quality breeding stock.

9. Respondent guarantees that the buyer's female herd will double within 18 months.

10. Purchasers of respondents' breeding stock will receive service calls from respondents' service personnel on a monthly, or more frequent basis.

11. Respondents have owned and operated a successful fur garment manufacturing facility providing a ready market for pelts produced by purchasers of their chinchillas.

12. Respondents' business operation has the approval of the Federal Trade Commission or other governmental regulatory agencies.

PAR. 6. In truth and in fact:

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

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

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

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

5. Each female chinchilla purchased from respondents and each female offspring will not produce two or three litters per year averaging one to four live offspring per litter, but generally less than that number.

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

7. The offspring referred to in subparagraphs 5 and 6 of Paragraph Five above will not produce pelts selling for an average price of $20 to $25 per pelt but substantially less than that amount.

8. A purchaser starting with seven females and one male of respondents' chinchilla breeding stock under their "T & T Educational and Investment Plan" will not have income at the end of five years ranging from $8,140 on the basis of their "Double Mixed String" quality to $14,362.50 on the basis of their "'AA' String" quality breeding stock but substantially less than those amounts or range of amounts.

9. Chinchilla breeding stock purchased from respondents is not unconditionally guaranteed to double within 18 months but such guarantee is subject to numerous terms, limitations and conditions.

10. Purchasers of respondents' breeding stock have not received service calls from respondents' service personnel on a monthly or more frequent basis, but less than that number.

11. Respondents have not owned and operated a fur garment manufacturing facility providing a ready market for pelts produced by purchasers of their chinchillas.

12. Respondents' business operation does not have the approval of the Federal Trade Commission or other governmental regulatory agencies.

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

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

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had 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 respondents' chinchillas by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the respondents, as herein alleged, were all to the prejudice and injury of the public and of respondents' competitors and constituted unfair methods of

competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

Decision and Order

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

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

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

1. Respondent T & T Chinchilla, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Iowa, with its principal office and place of business located at 16 Hillsdale Drive, Council Bluffs, Iowa. Its office and place of business were formerly located at 253 Elliott Street, Council Bluffs, Iowa.

Respondent Norman E. Taylor is an officer of said corporation. He formulated, directed and controlled the acts and practices of said corporation, including the acts and practices being investigated. His address is the same as that of the corporation.

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

ORDER

It is ordered, That respondents T & T Chinchilla, Inc., a corporation, and its officers, and Norman E. Taylor, 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 chinchilla breeding stock or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication, that:

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

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

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

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

5. Each female chinchilla purchased from respondents and each female offspring will produce two to three litters per year averaging one to four offspring per litter.

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

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

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

9. Pelts from the offspring of respondents' chinchilla breeding stock sell for an average price of $20 to $25 per pelt.

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

11. A purchaser starting with seven females and one male of respondents' chinchilla breeding stock under their "T & T Educational and Investment Plan" will have income at the end of five years ranging from $8,140 on the basis of their "Double Mixed String" quality to $14,362.50 on the basis of their "'AA' String" quality breeding stock.

12. Purchasers of respondents' breeding stock will realize earnings, profits or income in any amount or range of amounts; or representing, in any manner, the past earnings, profits or income of purchasers of respondents' breeding stock unless, in fact, the past earnings, profits or income represented are those of a substantial number of purchasers and accurately reflect the average earnings, profits or income of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

13. Breeding stock purchased from respondents is guaranteed or warranted without clearly and conspicuously disclosing in immediate conjunction therewith the nature and extent of the guarantee, the manner in which the guarantor will perform thereunder and the identity of the guarantor.

14. Purchasers of respondents' chinchilla breeding stock will receive service calls from respondents' service personnel once a month or at any other interval or frequency unless purchasers do, in fact, receive the represented number of service calls at the represented interval or frequency.

15. Respondents own and operate a successful fur garment manufacturing facility providing a ready market for pelts produced by purchasers of their chinchillas.

16. Respondents' business operation has the approval of the Federal Trade Commission or other governmental regulatory agencies.

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

C. Misrepresenting, in any manner, the earnings or profits of purchasers of respondents' chinchilla breeding stock.

D. Misrepresenting, in any manner, the approval of respondents' business or business practices by banks, credit bureaus, the New York Auction or by any other organization, agency or business establishment.

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

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

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

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

Complaint

IN THE MATTER OF

JERWIN, INC., DOING BUSINESS AS JERWIN MOTORS, ETC.

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

Docket C-1792. Complaint Sept. 8, 1970—Decision, Sept. 8, 1970

Consent order requiring three affiliated Atlanta, Ga., dealers in used automobiles to cease violating the Truth in Lending Act by failing to state in terminology prescribed by Regulation Z the cash price of their cars, the amount of the downpayment, the number, amount and due date of scheduled payments, the annual percentage rates of the finance charge, and the deferred payment price.

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 Jerwin, Inc., a corporation, trading and doing business as Jerwin Motors, and University Motor Co., Inc., a corporation, trading and doing business as University Motors, and Capital Discount, Inc., a corporation, and Jerry G. Greenway and Winston W. Massengale, 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 Jerwin, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 1156 Memorial Drive, SE., Atlanta, Georgia. Jerwin, Inc., is trading and doing business as Jerwin Motors at the same address of the corporate respondent.

Respondent University Motor Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 1202 Stewart Avenue, SW., Atlanta, Georgia. University Motor Co., Inc., is trading and doing business as University Motors at the same address as the corporate respondent.

Respondent Capital Discount, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 1156 Memorial Drive, SE., Atlanta, Georgia.

Respondents Jerry G. Greenway and Winston W. Massengale 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. Their addresses are the same as those of the corporate respondents.

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

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 have caused newspaper advertisements to be published which promote, aid, or assist directly or indirectly consumer credit sales of their automobiles. In these advertisements respondents have stated the amount of the downpayment 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 number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;

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

4. The deferred payment price of the item advertised.

PAR. 5. Subsequent to July 1, 1969, respondents, in connection with their credit sales, as "credit sale" is defined in the aforesaid Regulation Z, have caused and are causing customers to execute both conditional sales contracts and installment sales contracts which are payable by agreement in more than four installments. The respondents have caused and are causing customers to sign the installment sales contracts in blank. None of these contracts contains disclosures in the manner and form required by Section 226.8 of Regulation Z. Respondents have made no other written disclosures to their customers nor have they preserved evidence of compliance with Regulation Z as required by Section 226.6(i) of Regulation Z.

PAR. 6. In the ordinary course and conduct of their business, respondents do not state the prices of their automobiles until they determine whether their customers will pay cash for an automobile or will pay on an extended payment plan. If the respondents learn that the customer is planning to use an extended payment plan, then they state a higher price for the automobile than would be stated if the customer would pay cash. The difference between the cash price and the extended payment price is a finance charge within the meaning of Section 226.4(a) of Regulation Z. Respondents thereby do not disclose the amount of the finance charge as required by Section 226.8(c)(8) of Regulation Z.

PAR. 7. By and through acts and practices set forth in paragraphs four, five, and six hereof, 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 105 of that Act, such failure to comply constitutes a violation of the Truth in Lending 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 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 Jerwin, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 1156 Memorial Drive, SE., Atlanta, Georgia.

Respondent University Motor Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 1202 Stewart Avenue, SW., Atlanta, Georgia.

Respondent Capital Discount, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 1156 Memorial Drive, SE., Atlanta, Georgia.

Respondents Jerry G. Greenway and Winston W. Massengale are officers of said corporations. They formulate, direct and control the policies, acts and practices of said corporations and their address is the same as that of said corporations.

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

ORDER

It is ordered, That respondents Jerwin, Inc., a corporation, trading or doing business as Jerwin Motors or under any other name, University Motor Co., Inc., a corporation, trading or doing business as University Motors or under any other name, Capital Discount, Inc., a corporation, Jerry G. Greenway and Winston W. Massengale, individually and as officers of respondent corporations, and their officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any advertisement or consumer credit sale of automobiles or any other merchandise or services, as "credit sale" is 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. 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 credit, unless all of the following items are stated in terminology prescribed under Section 226.8 of Regulation Z:

(i) The cash price;

(ii) The amount of the downpayment required or that no downpayment 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; and

(v) The deferred payment price.

2. Placing or causing to be placed any advertisement as "advertisement" is defined in Regulation Z which in any other manner fails to comply with the requirements of Section 226.10 of Regulation Z.

3. Consummating any customer "consumer credit" transaction as "consumer credit" is defined in Regulation Z, without first furnishing in writing to the customer all disclosures required to be made in the manner and form specified in Section 226.8 of Regulation Z.

4. Failing to disclose any finance charge, as "finance charge" is defined in Section 226.4 of Regulation Z, by representing as part of the "cash price" of goods or services any amount charged to the customer directly or indirectly which is in excess of the amount at which respondents would offer to sell the same goods or services for cash; or failing to disclose any finance charge as "finance charge" is defined in Regulation Z by any other means whatsoever.

5. Failing to preserve evidence of compliance with Regulation Z as required by Section 226.6(i) of Regulation Z.

6. Failing to deliver a copy of this order to cease and desist to all present and future employees, salesmen or other persons engaged in any aspect of the preparation, creation, and placing of respondents' advertising or engaged in the sale of respondents' merchandise or services; and failing to secure from each such employee, salesmen or other person a signed statement acknowledging receipt of said order.

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 each 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.

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 resultant in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

IN THE MATTER OF

OWEN W. LOFTHUS TRADING AS METRO DISTRIBUTORS

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

Docket C-1793. Complaint, Sept. 15, 1970—Decision, Sept. 15, 1970

Consent order requiring a Washington, D.C., seller of an encyclopedia and certain other educational books to cease and desist from misrepresenting job opportunities to prospective salesmen, making various false and deceptive claims in the sale of *New Standard Encyclopedia* or any other books, misrepresenting that any of its books or bookcases are free and that the sales contract is a guarantee, failing to include on the face of all notes that they may be cancelled within three days, and failing to include in all contracts all the disclosures required by the Truth in Lending Act and Regulation Z.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of 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 Owen W. Lofthus, individually and trading as Metro Distributors, hereinafter referred to as respondent, has violated the provisions of said Acts, and of the regulations promulgated under the Truth in Lending 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 is an individual trading under the name and style of Metro Distributors, with its principal office and place of

business located at Suite 653, Warner Building, 501 13th Street, N.W., in the city of Washington, D.C.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale, sale and distribution of *The New Standard Encyclopedia* and certain other educational books to the public and services in connection therewith.

COUNT I

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

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

PAR. 4. In the course and conduct of his aforesaid business, respondent sells said books at retail to the general public. Sales are made by respondent and his agents, representatives or employees who contact prospective purchasers in their homes.

Respondent has formulated, developed and carried out a plan for the purpose of attracting and acquiring sales employees and for the purpose of selling said books.

In furtherance of said plan, respondent has disseminated or caused to be disseminated, and now disseminates or causes to be disseminated, help-wanted advertisements in newspapers of general and interstate circulation and has made statements and representations designed and intended to induce individuals to apply for employment and training in respondents' organization in reliance thereon.

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

Admin. Asst. TEN WOMEN will be hired by Metro Distributors, 13 & E N.W. this week to start a 90-day mgr. training program in our central office. Applicants are considered on neat appearance and a desire for a challenging career. EXP. NOT NEC. to be hired but must be minimum high school grad and over 18. Salary per mo. DURING TRAINING IS $632.50 Call M. R. Gilbert. 783-4331 before 2 p.m. for personal interview TODAY.

Also:

Admin. Asst. TEN MEN will be hired by Metro Distributors, 13 & E N.W. this week to start a 90-day mgr. training program in our central office. Applicants are considered on neat appearance and a desire for a challenging career. EXP. NOT NEC. to be hired but must be minimum high school grad and over 18. Salary per mo. DURING TRAINING IS $632.50. Call M. R. Gilbert, 783-4331, before 2 p.m. for personal interview TODAY.

In furtherance of that part of the aforesaid plan to sell his books to prospective customers, respondent supplies his agents, representatives or employees with a "sales pitch" and sales material in connection therewith and instructs them to use and follow same. Said agents, representatives or employees utilize said sales presentation and material in orally soliciting the purchase of *The New Standard Encyclopedia* and other educational books. Respondent, in said sales presentation, and respondent's agents, representatives or employees, in the course of their sales talks, make many statements and representations concerning their own status and employment, the quality and characteristics, and the offer and price of the encyclopedia set and other books offered for sale by the respondent.

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

1. Respondent has positions available as administrative assistants for young men and women who will take part in a 90-day manager trainee program.

2. Respondent will pay a salary of $632.50 per month.

3. Respondent is doing business at more than one office location.

4. Employees of respondent are professional interviewers engaged in "brand identification analysis" as part of a promotional advertising campaign.

5. Respondent himself, and/or the encyclopedia company, is engaged in extensive national advertising.

6. The purchaser will receive an encyclopedia set free, or as payment in the form of merchandise, in return for a letter stating the purchaser's opinion of the encyclopedia set, permission to use the purchaser's name in future advertising, and the purchase of a loose-leaf updating service.

7. The encyclopedia set is not yet available in the general market and only a certain number of encyclopedia sets have been released, solely for the purpose of testimonial advertising.

8. All books in question are being made available to the purchaser at absolutely no profit to respondent or the encyclopedia company.

9. The purchaser has been specially selected to receive the encyclopedia set and other educational books.

10. A research service accompanying the encyclopedia set covers every conceivable type of information, with the exception of medical, legal and investment advice.

11. The customer will receive certain additional books and/or a bookcase free if he chooses to pay for the looseleaf service and research service over a two-year period instead of ten years.

12. All representations made by the salesman are fully guaranteed by the publishers of the encyclopedia.

13. The purchaser must sign a "guarantee" in order to receive the books.

14. A statement on the sales contract that: "Nothing in this offer is free; this is a combination offer and all items herein are included in the above total" is included in the contract for the sole purpose of avoiding, for the purchaser, the necessity of paying a federal gift tax for the "free" merchandise received.

15. The salesman is seeking certain personal background information for a character reference check to determine whether the encyclopedia set should be "placed" in the home and/or in order to get information to ensure a forwarding address, should the purchaser change his present address without informing the company.

PAR. 6. In truth and in fact:

1. The only positions respondent has available are positions as door-to-door salesmen, with a training period of three to four days.

2. Trainees recruited by respondent are usually not paid a set salary per month. Their only compensation is in the form of commissions on sales made by them.

3. Respondent has only one office location.

4. Employees of respondent are door-to-door salesmen with the sole object of selling encyclopedia sets and other educational books.

5. Respondent engages solely in help-wanted advertising as part of his recruiting program, and the encyclopedia publishers engage in only limited regional advertising.

6. The purchaser does not receive the encyclopedia set free or as payment in the form of merchandise in return for cooperating in the advertising program and purchasing the yearly supplements, but is paying the full price for the encyclopedia set.

7. The encyclopedia set is now available, and has been available for

several decades, in the general market and has not been recently released solely for the purpose of testimonial advertising.

8. All books in question are being sold to the purchaser at the regular retail price, which includes a profit for both respondent and the encyclopedia company.

9. The purchaser has not been specially selected. The books in question are available for purchase by anyone desiring to buy them.

10. The research service made available as a part of the sale of the encyclopedia set is, in fact, limited to questions only of an encyclopedia nature, and is not available for all questions.

11. The purchaser has no choice as to the number and length of payments. All books and merchandise received by the purchaser are paid for by the purchaser.

12. Any representations made by employees of respondents are disclaimed by the publishers of the encyclopedia.

13. The purchaser must sign a sales contract in order to receive the books.

14. The statement on the sales contract that none of the items offered to the customer are free is true.

15. The background information sought by the salesman is for the purpose of a credit check to determine whether the purchaser is financially qualified to buy the encyclopedia set and other books in question.

Therefore, the statements and representations as set forth in Paragraphs 4 and 5 hereof were and are false, misleading, and deceptive.

PAR. 7. In the further course and conduct of his business, and in furtherance of a sales program for inducing the purchase of his encyclopedias and other educational books, respondent and his sales personnel or representatives have engaged in the following unfair and false, misleading and deceptive acts and practices:

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

Therefore, the acts and practices as set forth in Paragraph Seven

hereof, were and are unfair and false, misleading and deceptive acts and practices.

PAR. 8. In the course and conduct of his aforesaid business, and at all times mentioned herein, respondent has been, and is now, in substantial competition, in commerce, with corporations, firms, and individuals in the sale of encyclopedia sets and related educational books of the same general kind and nature as that sold by respondent.

PAR. 9. The use by respondent of the aforesaid false, misleading, and deceptive statements, representations, and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and to enter into contracts for the purchase of respondent's products because of such erroneous and mistaken belief.

The use by respondent of the aforesaid statements and representations in connection with the recruitment of personnel to sell encyclopedia sets and related educational books has had, and now has, the capacity and tendency to mislead prospective employees into the erroneous and mistaken belief that such statements and representations were, and are, true and to induce them to respond to such advertisements and to enter into respondent's employment in reliance thereon.

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

COUNT II

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

PAR. 11. In the ordinary course and conduct of his business, as aforesaid, respondent 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. 12. Subsequent to July 1, 1969, respondent in the ordinary course and conduct of his business and in connection with credit sales as "credit sales" is defined in Regulation Z, has caused and induced, and is causing and inducing his customers to execute retail installment contracts, hereinafter referred to as the contracts.

PAR. 13. By and through the use of the contract, respondent:

(a) Fails to designate the amount of the cash price as "cash price" as required by Section 226.8(c)(1) of Regulation Z.

(b) Fails to designate the amount of the downpayment in money as "cash downpayment," as required by Section 226.8(c)(2) of Regulation Z.

(c) Fails to disclose the amount of the difference between the cash price and the cash downpayment, and to designate it as the "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

(d) Fails to disclose the amount of the amount financed, and to designate it as "amount financed," as required by Section 226.8(c)(7) of Regulation Z.

(e) Fails to disclose the date on which the finance charge begins to accrue, as required by Section 226.8(b)(1) of Regulation Z.

(f) Fails to disclose the dollar amount of finance charge, and to designate it as a "finance charge," as required by Section 226.8(c)(8) of Regulation Z.

(g) Fails to disclose the number of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

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

(i) Fails to disclose the amount of the deferred payment price, and to designate it as "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

(j) Fails to make all the required disclosures in any one of the following three ways, as required by Sections 226.8(a) and 226.801 of Regulation Z:

(1) Together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

(2) On one side of a separate statement which identifies the transaction; or

(3) On both sides of a single document containing on each side

thereof the statement "*NOTICE:* See other side for important information," with the place for the customer's signature following the full content of the document.

(k) Fails to make all of the disclosures required by Section 226.8 of Regulation Z before consummation of the credit transactions, in violation of Section 226.8(a) of Regulation Z.

PAR. 14. Respondent, through his door-to-door salesman and solicitors, delivers sales talks to prospective purchasers, which talks constitute advertisements, as "advertisement" is defined in Regulation Z. In these talks, respondent makes and for some time last past has made, certain statements which aid, promote, or assist directly or indirectly the extension of consumer credit and credit sales as "consumer credit" and "credit sale" are defined in Regulation Z, of which the following statements are illustrative, but not all-inclusive:

We could make available to you everything you see and our personal services for 10 years at an average cost of 13¢ a day . . . .

Take a year and a half to handle it at only $1 per day . . . .

If you handle the 10 year program making each month as a year you'd handle the complete program in only 10 months, but then you'd have to save $1.50 everyday.

PAR. 15. By and through the use of the advertisements referred to in Paragraph Fourteen hereof, respondent represents and has represented, directly or by implication, that credit can be arranged in the specified installment amount and for the specified period.

In truth and in fact, respondent does not usually and customarily arrange installments in the amounts represented nor for the specified periods, in violation of Section 226.10(a)(1) of Regulation Z.

PAR. 16. Respondent, through his aforesaid door-to-door salesmen and solicitors, delivers sales talks to prospective purchasers, which talks constitute advertisements, as "advertisement" is defined in Regulation Z. In these talks, respondent makes and for some time last past has made, certain statements which aid, promote, or assist directly or indirectly the extension of consumer credit and credit sales as "consumer credit" and "credit sale" are defined in Regulation Z, of which the following statement is illustratvie, but not all-inclusive:

Now there's not a downpayment or deposit like 10, 20 or 30% with the order, but this spot is for whatever you'd like to send along today.

PAR. 17. By and through the use of the advertisements referred to in Paragraph Sixteen hereof, respondent represents and has represented, directly or by implication, that no downpayment is necessary in connection with the extension of credit.

In truth and in fact, respondent usually and customarily accepts a downpayment, in violation of Section 226.10(a)(2) of Regulation Z.

PAR. 18. By and through the use of the advertisements referred to in Paragraph Fourteen hereof, respondent states the amount of an installment payment, and the period of repayment, without stating 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:

(a) The cash price.

(b) The amount of the downpayment required, or that no downpayment is required, as applicable.

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

(d) The amount of the finance charge expressed as an annual percentage rate, and

(e) The deferred payment price.

PAR. 19. Respondent, through his aforesaid door-to-door salesmen and solicitors, delivers sales talks to prospective purchasers, which talks constitute advertisements, as "advertisement" is defined in Regulation Z. In these talks, respondent makes and for some time last past has made, certain statements which aid, promote, or assist directly or indirectly the extension of consumer credit and credit sales as "consumer credit" and "credit sale" are defined in Regulation Z, of which the following statement is illustrative, but not all-inclusive:

. . . when you write out a check add into your total 1% for what is called a finance charge . . . .

PAR. 20. By and through the use of these advertisements referred to in Paragraph Nineteen hereof, respondent states the rate of finance charge without stating the rate of that charge expressed as an "annual percentage rate" and without designating it as the "annual percentage rate," as required in Section 226.10(d)(1) of Regulation Z.

PAR. 21. Pursuant to Section 105 of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act, and, pursuant to Sction 108 thereof, respondents thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act and of the Truth in

Lending Act and the regulations promulgated thereunder, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

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

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

1. Respondent Owen W. Lofthus is an individual trading under the name and style of Metro Distributors, with his principal office and place of business located at Suite 653, Warner Building, 501 13th Street, N.W. in the city of Washington, D.C.

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, Owen W. Lofthus, an individual trading as Metro Distributors, or under any other name or names and respondent's agents, representatives, and employees, directly or through any corporate or other device in connection with the advertising, offering for sale, sale or distribution of encyclopedias or other books or publications, services in connection therewith or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication that:

   a. Jobs are available or applicants are sought as management trainees for junior executive positions and/or professional interviewers; or misrepresenting in any manner, the type or kind of employment offered;

b. Respondent is doing business at more than one office location;

c. A salary or income is being paid for any job or position when only a commission is paid to those accepting the employment; or misrepresenting, in any manner, the amount or method of compensating employees;

d. Respondent's representatives are conducting a survey for the purpose of brand-identification analysis; or are interviewing and soliciting only a select group of people for the purpose of obtaining an endorsement of the *New Standard Encyclopedia* or any other books; or that respondent's representatives are professional interviewers engaged in an advertising promotional campaign; or misrepresenting, in any manner, the purpose of the call or intervview by respondent's representatives with prospective purchasers;

e. The prospective customer may obtain a set of the *New Standard Encyclopedia* free, or at a reduced price, merely by writing a letter of opinion thereon, or permitting the use of the customer's name in advertising, or purchasing an updating service, or that any of the books sold by respondent may be obtained by any means other than the payment of respondent's current price;

f. The customer will receive certain additional books and/or a bookcase free if he will pay for the yearly supplement service within a two-year instead of a 10-year period;

g. The encyclopedia set and any other books offered for sale by respondent are "brand new" and not yet available on the general market, or misrepresenting in any manner their quality, age or distribution;

h. Respondent and/or the encyclopedia company is engaged in extensive national advertising;

i. Neither respondent, nor the encyclopedia company, is earning a profit through any purchase made by the homeowner;

j. The homeowner has been specially selected to receive the encyclopedia and/or any other books;

k. The research service accompanying the encyclopedia set covers any type of information not actually included in such service;

l. The sales contract is a guarantee;

m. The encyclopedia company fully guarantees all statements by respondent's employees;

n. The statement on the sales contract that no items in-

cluded in the sale are free is printed in the contract to avoid the payment of a federal gift tax;

o. Credit information requested by the salesman is for a character reference check or to ensure a forwarding address should the homeowner move and fail to inform the company of his new address.

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

"*Notice*"

"Any holder of this instrument takes this instrument subject to all defenses of the maker hereof which would be available to said maker in any action arising out of the contract which gave rise to the execution of this instrument if such action had been brought by any party to said contract."

It is further ordered, That the respondent herein shall, in connection with the offering for sale, sale, or distribution of encyclopedias, books, or publications or supplements in connection therewith or any other article of merchandise, when the offer for sale or sale is made in the buyer's home, forthwith cease and desist from:

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

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

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

(4) *Provided, however,* That nothing contained in this part of the order shall relieve respondent of any additional obligations respecting contracts made in the home required by Federal law or the law of the State in which the contract is made. When such obligations are inconsistent respondent can apply to the Commission for relief from this provision with respect to contracts executed in the state in which such different obligations are required. The Commission, upon proper showing, shall make such modifications as may be warranted in the premises.

II

It is further ordered, That respondent herein, his agents, representatives and employees, directly or through any corporate or other device, in connection with any consumer credit sale as "credit sale" is 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.*), or in connection with any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit as "advertisement" and "consumer credit" are defined in Regulation Z, do forthwith cease and desist from:

1. Failing to designate the amount of the cash price as "cash price," in accordance with Section 226.8(c)(1) of Regulation Z.

2. Failing to designate the amount of the downpayment in money as "cash downpayment," in accordance with Section 226.8(c)(3) of Regulation Z.

3. Failing to disclose the amount of the difference between the cash price and the cash downpayment, and to designate it as "unpaid balance of cash price," in accordance with Section 226.8(c)(3) of Regulation Z.

4. Failing to disclose the amount of the amount financed, and to designate it as "amount financed," as required by Section 226.8(c)(7) of Regulation Z.

5. Failing to disclose the date on which the finance charge begins to accrue, as required by Section 226.8(b)(1) of Regulation Z.

6. Failing to disclose the dollar amount of the finance charge, and to designate it as "finance charge," in accordance with Section 226.8(c)(8)(i).

7. Failing to disclose the number of payments scheduled to

repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

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

9. Failing to disclose the amount of the deferred payment price, and to designate it as "deferred payment price," in accordance with Section 226.8(c)(8)(ii) of Regulation Z.

10. Failing to make all the required disclosures in one of the following three ways, in accordance with Section 226.8(a) or 226.801 of Regulation Z:

(a) Together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

(b) On one side of a separate statement which identifies the transaction; or

(c) On both sides of a single document containing on each side thereof the statement "Notice" "See other side for important information," with the place for the customer's signature following the full content of the document.

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

12. Representing, directly or indirectly, that credit in a specified installment amount can be arranged unless respondents usually and customarily arrange installments in the advertised amount and for the advertised period, in accordance with Section 226.10(a)(1) of Regulation Z.

13. Representing, directly, or indirectly that no downpayment will be accepted unless respondent usually and customarily accepts no downpayment, in accordance with Section 226.10(a)(2) of Regulation Z.

14. Representing directly or indirectly the amount of any installment payment and period of repayment without stating all of the following items, in the terminology prescribed under Section 226.10(d)(2) of Regulation Z:

(a) The cash price;

(b) The amount of the downpayment required;

(c) The number, amount and due dates or period of payments scheduled to repay the indebtedness;

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

(e) The deferred payment price.

15. Representing the rate of finance charge without disclosing it as an "annual percentage rate," using that term, as required by Section 226.10(d)(1) of Regulation Z, computed in accordance with the provisions of Section 226.5 of Regulation Z.

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

III

It is further ordered, That respondent herein shall forthwith cease and desist from failing to deliver a copy of this order to cease and desist to all present and future salesmen, solicitors or other persons employed by or through any respondent, who is engaged in soliciting for or selling any publication, product or service, and shall secure from each such salesman, solicitor or other person a signed statement acknowledging receipt of said order.

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

By the Commission, with Chairman Kirkpatrick not participating.

IN THE MATTER OF

HERCULES INCORPORATED, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7 OF THE CLAYTON ACT

Docket C-1794. Complaint, Sept. 23, 1970—Decision, Sept. 23, 1970

Consent order requiring a major producer of rope synthetic fiber, located in Wilmington, Del. (Hercules), to divest all stock and share capital it acquired from a major distributor of hard and synthetic fiber rope, located in Auburn, N.Y. (Columbian), by selling such shares within 90 days to Columbian; that Hercules refrain for 10 years from acquiring any stock of any domestic concern which in the prior year had over $500,000 worth of purchases of polypropylene resin without 45 days notice to the Federal Trade Commission; and that Columbian refrain from acquiring any stock of any domestic rope producer without prior approval of the Federal Trade Commission.

COMPLAINT

The Federal Trade Commission, having reason to believe that Hercules Incorporated and Columbian Rope Company, corporations and respondents herein, have violated the provisions of Section 7 of the Clayton Act, as amended (15 U.S.C. § 18); therefore pursuant to Section 11 of the Clayton Act, as amended (15 U.S.C. § 21) it issues this Complaint, stating its charges in that respect as follows:

I. Definitions

1. For the purposes of this complaint, the following definitions are applicable:

(a) "Fiber"—any tough substance composed of thread-like material whether of animal, vegetable, mineral or man-made origin, especially substances capable of being spun or woven.

(b) "Yarn"—a number of fibers twisted together.

(c) "Strand" (sometimes called "thread")—two or more yarns twisted together in the opposite direction to that of the yarn itself.

(d) "Rope"—a longitudinally extended element composed of three or more strands, each strand composed of two or more yarns.

(e) "Wire rope"—a type of rope consisting of a center, which acts as a base on cushion, around which wire strands are twisted.

(f) "Centers" (sometimes called "cores")—very high quality nonmetallic fiber rope produced to exacting specifications, used in the manufacture of wire rope.

(g) "Polypropylene resin"—a synthetic product formed by the polymerization of purified propylene.

(h) "Fiber grade" (sometimes called "filament grade") polypropylene resin—that grade of polypropylene resin suitable for commercial use in the production of filaments and fibers.

(i) "Synthetic fiber"—fibers of man-made origin, such as polypropylene, nylon and polyester (Dacron). "Synthetic rope" rope made from synthetic fibers.

(j) "Hard fiber"—vegetable fibers made from Abaca ("Manila") or Agave ("sisal"). "Hard fiber rope"—rope made from hard fibers.

II. The Respondents

A. Hercules Incorporated

2. Respondent Hercules Incorporated ("Hercules"), is a corporation organized and existing under the laws of the State of Delaware,

with its principal office and principal place of business located at 910 Market Street, Wilmington, Delaware.

3. Hercules is a diversified firm which includes nine operating departments and a central research organization. Through its polymer department, it has become one of the nation's leading producers of plastics resins. Total revenue from all of Hercules' operations was $532 million during 1965, of which plastics sales accounted for approximately $48 million of this revenue.

4. Hercules was the first company in the United States to enter into the commercial production of polypropylene. Since its entry into the production of that resin in 1958, two years ahead of any other corporation, it has maintained a substantial share of the polypropylene market. Hercules' total shipments of polypropylene resin and polypropylene yarn and fiber each represent approximately 44 percent of total United States shipments of these products in 1963. In 1963, Hercules' total shipments of polypropylene resin amounted to 58 million pounds valued at $16 million. Hercules' total production of polypropylene yarn and fiber amounted to 8 million pounds valued at $6.5 million during 1963.

5. Hercules is and for many years has been extensively engaged in the sale and shipment across state lines of many chemical and other products, including polypropylene. Hercules is and was at the time of the acquisitions challenged herein, engaged in "commerce" within the meaning of the Clayton Act.

B. Columbian Rope Company

6. Respondent Columbian Rope Company ("Columbian") is a corporation organized and existing under the laws of the State of New York, with its principal office and principal place of business located at 309 Genesee Street, Auburn, New York.

7. Columbian produces and sells rope and related products made of natural and synthetic fibers. Columbian's consolidated net sales in the United States in 1964 were over $11 million and, as of December 31, 1964, its total domestic assets were $10 million and its domestic net worth was $9 million. Columbian owns or leases factories in Auburn and Maspeth, New York; Plymouth, Massachusetts; New Orleans, Louisiana; and Newport News, Virginia.

8. Columbian ranked second in 1963 among producers of hard and synthetic fiber rope, accounting for 19 percent of all domestic shipments. Columbian's total shipments of hard and synthetic fiber rope during 1963 amounted to 15 million pounds valued at $8.5 million.

9. Columbian is one of the largest domestic producers of rope manufactured from polypropylene and other synthetic fibers. It maintains its own facilities for the extrusion of polypropylene resin into fibers. In 1963, it accounted for approximately 14 percent of all domestic shipments of synthetic rope.

10. Columbian is and for many years has been extensively engaged in the sale and shipment across State lines of rope and other products and has been extensively engaged in the purchase across State lines of fibers, polypropylene resin and other materials used in the production of rope. Columbian is and was at the time of the acquisitions challenged herein, engaged in "commerce" within the meaning of the Clayton Act.

III. The Acquisitions

A. Assets Acquired by Columbian Rope Company from Plymouth Cordage Company

11. On October 1, 1965, Columbian purchased for approximately $6 million, all the assets of the domestic rope and Plymkraft divisions of Plymouth Cordage Company ("Plymouth"). The assets acquired included the land, plants, machinery, and inventory at Plymouth, Massachusetts; Plymouth trademarks and patents; and the right to use the name "Plymouth." The assets acquired represented substantially all of Plymouth's domestic rope operations, but did not include any part of Plymouth's Canadian rope-making subsidiary.

12. In 1963, Plymouth ranked first among domestic producers of hard and synthetic fiber rope, accounting for 20 percent of all domestic shipments. Plymouth's total shipments of hard and synthetic fiber rope during 1963 amounted to 16 million pounds valued at over $8 million.

13. Plymouth also was one of the nation's largest producers of synthetic rope. During 1963, it accounted for 17 percent of this market, with shipments of synthetic rope totaling 2.6 million pounds valued at $3 million. Plymouth also operated facilities for extrusion of polypropylene resin into filaments for use in the production of rope.

14. Prior to October 1, 1965, when it sold the assets described in Paragraph 11, above, Plymouth had been extensively engaged in the sale and shipment across State lines of rope and other products and had been extensively engaged in the purchase across State lines of fibers, polypropylene resin and other materials used in the production of rope. Plymouth was engaged in "commerce" within the

meaning of the Clayton Act at the time it sold the above-described assets to Columbian Rope Company.

B. The Acquisition By Hercules Incorporated of a Stock Interest in Columbian Rope Company

15. Hercules cooperated closely with Columbian in Columbian's acquisition of the Plymouth assets described in Paragraph 11, above. On June 25, 1965, Hercules agreed to lend Columbian $4 million at 4½ percent interest, repayable on January 1, 1966, for the purchase of the assets acquired from Plymouth. In connection with this loan agreement, Hercules agreed to buy and Columbian agreed to sell to Hercules 34 percent of the authorized capital stock of Columbian for $4 million. This loan agreement further provided that Hercules would be relieved of its obligation to purchase the Columbian stock if Columbian did not within six months increase, by at least 40 percent, the manufacturing and marketing capabilities of its rope and related products.

16. On October 1, 1965, Columbian acquired the assets of Plymouth described in Paragraph 11, above. On November 5, 1965, Columbian transmitted 20,200 shares, amounting to 34 percent of its capital stock, to Hercules in satisfaction of the loan agreement described in Paragraph 15, above. Hercules thereby became a substantial shareholder in Columbian.

IV. Nature of Trade And Commerce

A. Hard and Synthetic Fiber Rope

17. The rope industry is one of America's oldest industries, closely tied to the nation's commercial and maritime history. Traditionally, rope has been manufactured from hard and soft vegetable fibers, such as manila, sisal, hemp and cotton.

18. Synthetic fibers were first introduced into the rope industry in the form of nylon and, later, Dacron, in the 1940's and have since become increasingly important factors in rope manufacture. High density polyethylene and polypropylene were introduced into the industry in 1958.

19. The dollar value of domestic shipments of rope, both of hard and synthetic fiber, rose to $45 million in 1963 from $36 million in 1958, an increase of 24 percent.

20. Rope produced from synthetic fibers weighs less, exhibits greater strength per pound and has a longer useful life than rope

produced from natural fibers. For these reasons, synthetic fibers will probably eventually replace natural fibers as the major material resource used in the manufacture of rope. Increased use of synthetics has contributed to the decline in the total poundage of rope shipped domestically. For example, the total domestic rope poundage shipped declined from 97 million pounds in 1958 to 81 million pounds in 1963.

21. The hard and synthetic fiber rope industry is highly concentrated. There are four major factors in the rope industry: Columbian, Wall Rope Works, American Manufacturing Company and Tubbs Cordage Company. These four firms in 1963 accounted for 70 percent of all hard and synthetic fiber rope shipped in the United States. These same four firms also accounted for virtually all of domestic sales of fiber centers for wire rope in 1963.

22. Prior to October 1, 1965, Plymouth and Columbian were leading producers and sellers of rope. The combined shipments in 1963 of hard and synthetic fiber rope by Columbian and Plymouth represented 39 percent of all such domestic shipments. Columbian and Plymouth competed with each other throughout the United States. The acquisition of the assets acquired from Plymouth made Columbian, by far, the leading domestic producer and seller of hard and synthetic fiber rope.

B. Polypropylene Resin and Fiber

23. Polypropylene is the leading synthetic fiber used in the production of rope. The rope industry anticipates that polypropylene will become the major raw material used for rope production in the years to come. Rope produced from polypropylene is both stronger and has a considerable longer life than rope produced from hard fiber. Additionally, the fact that polypropylene rope floats is important to marine users. Although the cost per pound of polypropylene rope may be double that of hard fiber rope, the above characteristics make it more economical to the user than hard fiber rope. Polypropylene used by rope manufacturers is generally purchased in resin form and extruded into a monofilament fiber by the rope manufacturer.

24. Polypropylene resin was developed in 1954 in Italy. Hercules was the first company to produce polypropylene resin in the United States, beginning commercial production in this county in 1958. Production of polypropylene resin reached 270 million pounds in 1964.

25. Fiber grade polypropylene resin differs substantially in compo-

sition and characteristics from polypropylene resin produced for other uses. Specialized and costly additives must be blended into the resin to produce the necessary stability, color and other unique characteristics necessary for the manufacture of fibers. Polypropylene resin for fiber usage sells at higher price than polypropylene resin for other uses.

26. In 1964 there were nine companies engaged in production of polypropylene resin in the United States. In 1964, the four largest producers accounted for 74 percent of total U.S. production of polypropylene resin. Barriers to entry into the production of polypropylene resin are high; substantial polyolefin sales and technological know-how are required in addition to substantial amounts of capital.

27. Further barriers to entry into the production of polypropylene resin arise from the significant degree of vertical integration already present in the processing and fabrication of this resin. One of the principal uses for polypropylene resin is the manufacture of filament and fiber. Between 1962 and 1965 polypropylene producers made six partial or complete acquisitions of companies in the fiber field.

V. Violations Charged

28. The effect of the acquisition by Columbian of certain assets of Plymouth Cordage Company, as set forth in Paragraph 11, above, may be substantially to lessen competition or to tend to create a monopoly in the United States in the production and sale of rope, synthetic rope, polypropylene rope, and hard fiber rope, in violation of Section 7 of the Clayton Act, in that actual and potential competition between Columbian and Plymouth has been eliminated and already high levels of concentration may be substantially increased and the possibility of deconcentration lessened.

29. The effect of the acquisition by Hercules of part of the capital stock of Columbian, as described in Paragraphs 15 and 16, above, may be substantially to lessen competition or to tend to create a monopoly in the United States in the production and sale of polypropylene resin and fiber grade polypropylene resin and in the production and sale of rope, synthetic rope, polypropylene rope and hard fiber rope in violation of Section 7 of the Clayton Act, in the following ways, among others:

(a) Actual and potential competition in the production and sale of polypropylene resin and fiber grade polypropylene resin has been and may be foreclosed;

(b) The trend toward vertical integration between polypropylene

resin producers and users of polypropylene resin may be accelerated, thus further foreclosing actual competition in the sale of polypropylene resin, increasing the barriers to entry for potential polypropylene producers and inducing further mergers and consolidations; and

(c) But for the agreement by which Hercules acquired 34 percent of the voting stock of Columbian, Columbian probably would not have acquired the Plymouth assets described in Paragraph 11, above.

Decision and Order

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of Section 7 of the Clayton Act, as amended, and the respondents having each been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of complaint; and

The 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 § 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 Hercules Incorporated is a corporation organized and existing under the laws of the State of Delaware, with its principal office and principal place of business located at 910 Market Street, Wilmington, Delaware.

2. Respondent Columbian Rope Company is a corporation organized and existing under the laws of the State of New York, with its principal office and principal place of business located at 309 Genesee Street, Auburn, New York.

3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents.

ORDER

I

It is ordered, That respondent Hercules Incorporated ("Hercules"), a corporation, and its officers, directors, agents, representatives, employees, subsidiaries, affiliates, successors, and assigns, within ninety (90) days from the effective date of this order, purchase such shares of Columbian held by Hercules.

II

It is further ordered, That Hercules, from the effective date of this order shall cease and desist from acquiring, without the prior approval of the Federal Trade Commission, the whole or any part of the stock, share capital or assets of respondent Columbian.

III

It is further ordered, That Hercules, for a period of ten (10) years from the effective date of this order, shall cease and desist from acquiring, without forty-five (45) days prior notification to the Federal Trade Commission, the whole or any part of the stock or share capital of any concern in the United States, which in the year prior to the acquisition had purchases of polypropylene resin in excess of five-hundred thousand dollars ($500,000), or any part of the assets of such concern insofar as such assets have been or are being used in the production of polypropylene products.

IV

It is further ordered, That from the effective date of this order, respondent Columbian shall cease and desist from acquiring, directly or indirectly, without the prior approval of the Federal Trade Commission, the whole or any part of the stock, share capital or assets of any Company involved in the production and sale of rope in the United States.

The provisions of Paragraph IV above also apply to any arrangement pursuant to which respondent Columbian obtains, in whole or in part, the market share in the United States of any concern engaged in the manufacture and sale of rope (a) through such concern discontinuing the manufacture or production of rope under its own trade name or label and thereafter distributing such product under any trade name or label owned by Columbian or (b) through such concern discontinuing the manufacture of rope and thereafter

transferring or in any other way making available to respondent Columbian, customer lists or customer accounts.

As used in this order, "rope" means a "longitudinally extended element composed of at least three and not more than eight strands, each strand composed of two or more yarns; 'strand' means two or more yarns twisted together in the opposite direction of that of the yarn itself; and 'yarn' means a number of fibers twisted together."

V

It is further ordered, That respondent Hercules shall within sixty (60) days from the effective date of this order and at such further times as the Commission may require, submit to the Federal Trade Commission a detailed written report of its actions, plans, and progress in complying with the provisions of this order.

VI

It is further ordered, That respondent Columbian shall within sixty (60) days from the effective date of this order and at such further times as the Commission may order, submit to the Federal Trade Commission a detailed written report of its actions, plans and progress in complying with the terms of this order.

VII

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

VIII

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

IX

It is further ordered, That respondent Hercules and Columbian shall forthwith distribute a copy of this order to each of their respective operating divisions.

IN THE MATTER OF

AMBASSADOR INTERNATIONAL, INC., DOING BUSINESS AS AMBASSADOR LEATHER GOODS, ET AL.

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

Docket C-1795. Complaint, Sept. 23, 1970—Decision, Sept. 23, 1970

Consent order requiring a Scottsdale, Arizona, mail-order distributor of various leather and nonleather products to cease advertising nonleather products as made of leather and failing to disclose the nature and extent of its 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 Ambassador International, Inc., a corporation doing business as Ambassador Leather Goods, and Morris Holiff, also known as Murray Hall, and Joyce Holiff, also known as Joyce Hall, individually and as officers of said corporation, hereinafter referred to as respondents, have violated 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 Ambassador International, Inc., doing business as Ambassador Leather Goods, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Arizona, with its principal office and place of business located at 350 North Hayden Road, in the city of Scottsdale, State of Arizona.

Respondents Morris Holiff, also known as Murray Hall, and Joyce Holiff, also known as Joy Hall, are individuals and are officers of the corporate respondent. They formulate, direct, and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and mail order distribution of various leather and non-leather products, including but not limited to wallets, purses and handbags, 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 to purchasers thereof located in various other States of the United States 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 business, and for the purpose of inducing the sale of their products, the respondents have engaged, and are now engaging, in certain acts and practices, and have made, and are now making certain statements and representations in advertisements, catalogs, and other promotional material, through the use of various media, including the United States mail.

Typical and illustrative of said statements and representations are those in respondents' recent catalogs, in which the trade name "Ambassador Leather Goods" is prominently displayed. These statements and representations, which are not all inclusive, are as follows:

1. Now! the Sterling Tape Caddy . . . The case is of durable, leather grain Black Texon, with white saddle-stitching . . . (depiction on page 76 of the Ambassador Leather Goods catalog mailed in October, 1969, of a product having the appearance of leather).

2. The Americana [handbag] . . . In Black or Espresso Brown Calftone. (Depiction on page 16 of the Ambassador Leather Goods catalog mailed in March, 1969, of a product having the appearance of leather.)

3. Investment Portfolio . . . In handsome Black 24 Kt. gold-tooled covers—Red silk lining. (Composition not disclosed; depiction on page 57 of the Ambassador Leather Goods catalog mailed in October, 1969, of a product having the appearance of leather.)

4. We guarantee your satisfaction . . . You must be satisfied or your money will be refunded instantly . . . (Page 2 of the Ambassador Leather Goods catalog mailed in October, 1969).

PAR. 5. By and through the use of said acts, practices, statements and representations, including their use of the trade name "Ambassador Leather Goods" in connection with their advertisement of non-leather products, as aforesaid, and others of similar import and meaning not expressly set out herein, the respondents have represented, and are now representing, directly or by implication, that:

1. The "Sterling Tape Caddy" is made of leather.
2. The "Americana" is made of leather.
3. The "Investment Portfolio" is made of leather.
4. Their product guarantee is unconditional.

PAR. 6. In truth and in fact:

1. The "Sterling Tape Caddy," and other products represented by the respondents to be made of "texon," are not made of leather.

2. The "Americana," and other products represented by the respondents to be made of "calftone," are not made of leather.

3. The "Investment Portfolio," and other products made of undisclosed material which simulate or imitate leather or are depicted to simulate or imitate leather, are not made of leather.

4. In the case of certain of respondents' products, respondents' guarantees are not unconditional, but are subject to limitations and conditions which are not revealed in the advertising of said guarantees.

Therefore, the acts, practices, statements and representations as set forth in Paragraphs Four through Six hereof were and are false, misleading, and deceptive.

PAR. 7. There is a preference on the part of a substantial portion of the purchasing public for wallets, purses, handbags, and other related products made of leather over similar products made of non-leather materials.

PAR. 8. In the course and conduct of their business, and at all times mentioned herein, respondents have been, and are now in substantial competition in commerce with corporations, firms, and individuals engaged in the sale of 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, acts and practices, including the failure to disclose the composition of certain products, 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 the respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors, and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

1. Respondent Ambassador International, Inc., doing business as Ambassador Leather Goods, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Arizona, with its office and principal place of business located at 350 North Hayden Road, Scottsdale, Arizona.

Respondents Morris Holiff, also known as Murray Hall, and Joyce Holiff, also known as Joy Hall, are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their business address is the same as that of 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 Ambassador International, Inc., a corporation doing business as Ambassador Leather Goods, or under any other trade name or trade names, and its officers, and Morris Holiff, also known as Murray Hall, and Joyce Holiff, also known as Joy Hall, 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 wallets, purses, handbags, or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Failing to clearly and conspicuously disclose in advertising

or other promitional material that a product made of materials other than leather, which simulates or imitates leather or which is depicted so as to simulate or imitate leather, is not made of leather.

2. Using such leather-connoting terms as "calftone," "leather grain," or any others of similar import or meaning to describe or refer to any non-leather product unless it is clearly and conspicuously stated, in immediate conjunction with the leather-connoting term, that the product is not made of leather.

3. Representing, directly or by implication, that any non-leather product is made of leather.

4. Representing, directly or by implication, that any product is 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.

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 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 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

BURTON A. DIETCH DOING BUSINESS AS CARPET SPECIALISTS

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

Docket C-1796. Complaint, Sept. 23, 1970—Decision, Sept. 23, 1970

Consent order requiring a Bethesda, Md., seller of floor coverings to cease using bait advertising, deceptive pricing and "free" claims, misleading guarantees, misrepresenting that sales are made on a "No Money Down" basis, failing to include padding and installation charges in advertised prices, misrepresenting that his carpets are approved by the Federal Housing Administration or any other Government agency, and inaccurately depicting the quality of carpets through illustrations in newspapers and television material.

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 Burton A. Dietch, an individual doing business as Carpet Specialists, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Burton A. Dietch is an individual doing business as Carpet Specialists. His principal place of business is located at 4918 Cordell Avenue, Bethesda, Maryland.

PAR. 2. Respondent for some time last past has been, engaged in the advertising, offering for sale and sale of floor coverings to the public and in the distribution and installation thereof.

PAR. 3. In the course and conduct of his aforesaid business, respondent has caused his said merchandise, when sold, to be shipped from his place of business located in the State of Maryland to purchasers thereof located in various other States of the United States and the District of Columbia, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of his aforesaid business, and for the purpose of obtaining the names of prospective purchasers and inducing the purchase of his carpeting and floor coverings, the respondent has made numerous statements and representations by advertisements inserted in newspapers, and by oral statements and representations of his salesmen to prospective purchasers with respect to their products and services.

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

FREE! . .
SEWING MACHINE . . .
FREE TO THE FIRST 25
CUSTOMERS TO PURCHASE
40 SQ. YDS. OR MORE OF
OUR SPECIAL FHA APPROVED
CARPET.

* * * * * * *

ABSOLUTELY FREE!
22 Carat Gold Stamp Wheat Pattern
16-pc. Dinnerware Set
Nothing to Buy . . .

WALL TO WALL CARPET SALE

* * * * * * *

SPECTACULAR CARPET OFFER

* * * * * * *

3
ROOMS
COMPLETELY INSTALLED
$133
LIMITED OFFER

* * * * * * *

ALL DUPONT 501
NYLON PILE CARPET
PADDING & LABOR INCLUDED
NO MONEY DOWN
AS LITTLE AS $2 per wk . . . .
BANK FINANCING

* * * * * * *

BUY DIRECT & SAVE AS NEVER BEFORE
SHIPPED DIRECT FROM MILL TO YOU.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, separately and in connection with the oral statements and representations of respondent's salesmen to customers and prospective customers, the respondent has represented, directly or by implication:

1. That respondent was making a bona fide offer to sell the advertised carpeting and floor coverings at the price and on the terms and conditions stated in the advertisement.

2. By and through the use of the word "SALE," and other words of similar import and meaning, that respondent's carpeting and floor coverings were being offered for sale at special or reduced prices, and that purchasers were thereby afforded savings from respondent's regular selling prices.

3. That prospective purchasers of the advertised merchandise would receive without any cost or obligation, a "free" dinnerware set.

4. That the first twenty-five purchasers of forty square yards or more of respondent's "special FHA approved carpet" would receive a "*free*" sewing machine.

5. That respondent's products were unconditionally guaranteed for various periods of time such as from 10 to 20 years by respondent.

6. By and through the use of the words "*bank financing*" and words of similar import and meaning, that no finance company was involved in the financing of the customer's purchase and that the customer's account would be discounted, negotiated or assigned to a bank.

. . . . . .

7. By and through the statements "No Money Down," "As Little as $2 per wk." and other similar statements and representations, that respondent regularly arranged financing of purchases for no down payment and on the represented low weekly terms.

8. By and through the use of the words "Padding & Labor Included" and words of similar import and meaning, that all of the advertised Dupont 501 Nylon Pile carpet was installed with separate padding included at the advertised price.

9. By and through the use of the words "FHA Approved" that the carpeting mentioned in such advertisements was approved by the Federal Housing Authority.

10. By and through the use of the term "Buy Direct and Save As Never Before Shipped Directly From Mill To You" that the carpeting mentioned in such advertisements were brought by the purchaser directly from the mill at reduced prices which eliminated the middleman's profits with consequent savings to the purchaser.

11. By and through the use of illustrations depicting a high plush pile that the carpeting mentioned in such advertisements had a high plush pile.

PAR. 6. In truth and in fact:

1. Respondent's offers were not bona fide offers to sell said carpeting and floor coverings at the price and on the terms and conditions stated in the advertisements, but were made for the purpose of obtaining leads to persons interested in the purchase of carpeting. After obtaining such leads through responses to said advertisements, respondent's salesmen called upon such persons, but made no effort to sell the advertised carpeting. Instead, they exhibited what they represented to be the advertised carpeting which, because of its poor appearance and condition was usually rejected on sight by the prospective purchaser. Concurrently, higher priced carpeting or floor coverings of superior quality and texture were presented, which by comparison disparaged and demeaned the advertised carpeting. By these and other tactics, purchase of the advertised carpeting was discouraged, and respondent through his salesmen attempted to and frequently did sell the higher priced carpeting.

2. Respondent's products were not being offered for sale at special or reduced prices, and purchasers were not thereby afforded savings from respondent's regular selling prices. In fact, respondent did not have a regular price.

3. The first twenty-five purchasers of forty square yards or more of respondent's special "*FHA approved*" carpeting did not receive "*free*" sewing machines. In those few instances when the purchaser

actually received a sewing machine, the cost of the "*free*" merchandise was added to and regularly included in the selling price of the merchandise sold to the customer.

4. Prospective purchasers of the advertised merchandise did not receive a "free" dinnerware set without any cost or obligation.

5. Respondent's carpets and floor coverings were not unconditionally guaranteed for the period of time orally specified by respondent's salesmen. Such guarantees as they may have provided customers were not respondent's guarantees but were from the manufacturer and were subject to numerous conditions and limitations not disclosed in respondent's representatives' oral statements. Furthermore, in a substantial number of instances customers did not receive a written guarantee setting forth the terms and conditions of the represented guarantee.

6. A finance company was involved in many instances in the financing of the customer's purchase and the customer's account was not customarily and usually discounted, negotiated or assigned to a bank.

7. Respondent did not regularly arrange financing of purchases for which no downpayment was required or on the represented low monthly terms.

8. The advertised Dupont 501 Nylon Pile Carpet is not installed with separate padding included at the advertised price.

9. The advertised carpeting was not approved by the Federal Housing Authority.

10. The advertised carpeting was not shipped directly to the purchaser from the mill at reduced prices with consequent savings to the purchaser.

11. The physical appearance of the sale advertised carpeting was inaccurately depicted in the advertisement. Said carpeting did not have a plush pile.

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 his aforesaid business, and at all times mentioned herein, respondent has been in substantial competition, in commerce, with corporations, firms and individuals in the sale and distribution of rugs, carpets and floor coverings products and services of the same general kind and nature as those sold by respondent.

PAR. 8. The use by the respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had

the capacity and tendency to mislead and deceive 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 respondent's products and services by reason of said erroneous and mistaken belief.

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

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, 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 Burton A. Dietch is an individual doing business as Carpet Specialists. His principal place of business is located at 4918 Cordell Avenue, Bethesda, Maryland.

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.

467-207—73——81

ORDER

It is ordered, That respondent Burton A. Dietch, an individual doing business as Carpet Specialists or under any other trade name or names and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale, distribution or installation of carpeting or floor covering or any other article of merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

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

2. Advertising or offering merchandise for sale for the purpose of obtaining leads or prospects for the sale of different merchandise when the advertised merchandise is inadequate to perform the functions for which it is offered and respondent does not maintain a reasonably adequate and readily available stock of said advertised merchandise.

3. Discouraging the purchase of or disparaging any merchandise or services which are advertised or offered for sale.

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

5. Using the words "Wall to Wall Carpet Sale," "Spectacular Carpeting Offer" or any other word or words of similar import or meaning unless the price for any merchandise being offered for sale constitutes a reduction, in an amount not so insignificant as to be meaningless, from the actual bona fide price at which the advertised merchandise was sold or offered for sale to the public on a regular basis by respondent for a reasonably substantial period of time in the recent regular course of his business.

6. (a) Representing, in any manner, that by purchasing any of respondent's merchandise, customers are afforded savings amounting to the difference between respondent's stated price and respondent's former price unless such merchandise has been sold or offered for sale in good faith at the former price by respondent for a reasonably substantial period of time in the recent, regular course of his business.

(b) Representing, in any manner, that by purchasing any of

respondent's merchandise, customers are afforded savings amounting to the difference between respondent's stated price and a compared price for said merchandise in respondent's trade area unless a substantial number of the principal retail outlets in the trade area regularly sell said merchandise at the compared price or some higher price.

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

7. Failing to maintain adequate records which disclose the facts upon which any savings claims, sale claims and other similar representations as set forth in Paragraphs Five and Six of the order are based, and (b) from which the validity of any savings claims, sale claims and similar representation can be determined.

8. Representing, directly or by implication, that a prospective purchaser or respondent's products or services will receive a "free" dinnerware set or any other prize or award unless all conditions, obligations, or other prerequisites to the receipt of such prizes or award are clearly and conspicuously disclosed and respondent does in fact deliver said gift to all persons entitled to receive them.

9. Representing, directly or by implication, that any gift is furnished "free" or at no cost to a purchaser of advertised merchandise, when, in fact, the cost of such gift is obtained through an increase in the selling price of the advertised merchandise to cover the cost of the "free" gift or such cost is regularly included in the selling price of the advertised merchandise.

10. Representing, directly or by implication, that any product or service is guaranteed, unless the nature and extent of the guarantee, the identity of the guarantor, and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed; and respondent delivers to each purchaser a

written guarantee clearly setting forth all of the terms, conditions and limitations of the guarantee fully equal to the representation, directly or impliedly made to each such purchaser, and unless respondent promptly and fully performs all of his obligations and requirements under the terms of each such guarantee.

11. Representing, directly or by implication, that respondent usually and customarily discounts, negotiates, or assigns customers' conditional sales contracts, promissory notes or other instruments of indebtedness to a bank, rather than to a finance company or other third party unless respondent does, in fact, usually and customarily assigns such customers' instruments of indebtedness to a bank.

12. Representing, directly or by implication, that respondent sells his products for "No Money Down" or that respondent sells his merchandise without requiring a down payment or for stated monthly installments or on any other terms or conditions, unless respondent does, in fact, sell his merchandise on the represented terms and conditions to all persons seeking to purchase said merchandise.

13. Representing, directly or by implication, that a stated price for floor covering includes the cost of a separate padding and the installation thereof, unless in every instance where it is so represented the stated price for floor covering does, in fact, include the cost of such separate padding and installation thereof; or misrepresenting in any manner, the prices terms or conditions under which respondent supplies separate padding in connection with the sale of floor covering products.

14. Representing, directly or by implication, that respondent's carpeting or floor covering is approved by the Federal Housing Authority, or any other governmental authority; or misrepresenting in any manner the nature or character of any approval or endorsement of respondent's product or service.

15. Representing, directly or by implication, that carpeting or any other product will be shipped directly to the purchaser from the mill or that such products are being sold at mill prices or at prices which eliminate the middleman profit.

16. Inaccurately depicting the depth of the pile face of carpeting or the characteristics or quality of any products through illustrations or other pictorial depictions in newspapers, television or other promotional material.

It is further ordered, That respondent deliver a copy of this order

to cease and desist to all present and future salesmen or other persons engaged in the sale of respondent's products or services, and secure from each such salesman or other person a signed statement acknowledging receipt of said order.

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

IN THE MATTER OF

CURTIS BROTHERS, INC.

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

Docket C-1797. Complaint. Sept. 23, 1970—Decision, Sept. 23, 1970

Consent order requiring a Washington, D.C., distributor of furniture and other merchandise to cease violating the Truth in Lending Act by failing to state in terminology prescribed by Regulation Z the cash price of its furniture, the annual percentage rate of the finance charge, the deferred payment price, failing to inform customers whose homes are obligated as security that they have the opportunity to rescind such agreement, and failing to make other disclosures required by Regulation Z.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the regulations 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 Curtis Brothers, Inc., a corporation, hereinafter referred to as respondent, has 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:

PARAGRAPH 1. Respondent Curtis Brothers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at Nichols Avenue at V Street, S.E., Washington, D.C.

PAR. 2. Respondent is now, and for some time last past has been,

engaged in the offering for sale, sale and distribution of furniture and other merchandise to the public through its retail stores located at Nichols Avenue at V Street, S.E., Washington, D.C., 7031 Columbia Pike, Annandale, Virginia, and 6611 Marlboro Pike, Forestville, Maryland.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent 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. Subsequent to July 1, 1969, respondent, in the ordinary course and conduct of its business and in connection with its credit sales, as "credit sale" is defined in the aforesaid Regulation Z, has caused and is causing its customers to enter into an open end credit agreement, hereinafter referred to as the agreement. The agreement provides for the extension of open end credit, as "open end credit" is defined in Regulation Z. By and through the use of the agreement, respondent:

1. Fails to employ the term "finance charge," as required by Section 226.7(a) of Regulation Z and also thereby fails to employ this term more conspicuously than other required teminology, as required by Section 226.6(a) of Regulation Z.

2. Fails to employ the term "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

3. Fails to disclose each periodic rate, using the term "periodic rate" (or "rates"), that may be used to compute the finance charge; the range of balances to which each rate is applicable; and the corresponding annual percentage rate determined by multiplying the periodic rate by the number of periods in a year, as required by Section 226.7(a)(4) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondent, in the ordinary course and conduct of its business and in connection with its credit sales, as "credit sale" is defined in Regulation Z, has sent and is sending to customers periodic statements as "periodic statements" are described in Sections 226.7(b) and (c) of Regulation Z. By and through the use of the periodic statements respondent:

1. Fails to employ the term "previous balance" to describe the outstanding balance in the account at the beginning of the billing cycle, as required by Section 226.7(b)(1) of Regulation Z.

2. Fails to employ the term "payments" to describe the amounts

credited to the account during the billing cycle for payments, as required by Section 226.7(b)(3) of Regulation Z.

3. Fails to employ the term "credits" to describe credits other than payments credited to the account during the billing cycle, as required by Section 226.7(b)(3) of Regulation Z.

4. Fails to employ the term "finance charge" to describe the amount of any finance charge debited to the account during the billing cycle, as required by Section 226.7(b)(4) of Regulation Z and thereby fails to print the term "finance charge" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

5. Fails to disclose the periodic rate (or rates) that may be used to compute the finance charge (whether or not applied during the billing cycle) using the term "periodic rate" (or "rates"), and the range of balances to which each rate is applicable, as required by Section 226.7(b)(5) of Regulation Z.

6. Fails to disclose the annual percentage rate or rates determined in accordance with Section 226.5(a) of Regulation Z, using the term "annual percentage rate" (or "rates"), and thereby fails to print the term "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

7. Fails to disclose the balance on which the finance charge was computed, as required by Section 226.7(b)(8) of Regulation Z.

8. Fails to include a statement of how the balance upon which the finance charge was computed is determined, as required by Section 226.7(a)(8) of Regulation Z.

9. Fails to employ a statement accompanying the term "new balance" indicating the date by which or the period, if any, within which payment must be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z.

10. In placing greater emphasis on the term "total installment due" than on the required term "new balance," supplies additional information which is stated, utilized or placed so as to mislead or confuse the customer or contradict, obscure, or detract attention from the information required by Regulation Z to be disclosed, thereby violating Section 226.6(c) of Regulation Z.

PAR. 6. Subsequent to July 1, 1969, respondent in the ordinary course and conduct of its business and in connection with its credit sales, as "credit sale" is defined in the aforesaid Regulation Z, has caused and is causing its customers to execute a promissory note

containing a confession of judgment clause (cognovit note provision), hereinafter referred to as the note.

By and through the use of the note a security interest is or will be retained or acquired in real property which is used or expected to be used as the principal residence of the respondent's customers. Respondent's retention or acquisition of said security interest in said real property entitles its customers to the right to rescind that transaction until midnight of the third business day following the consummation of that transaction or the date of delivery of all the disclosures required by Regulation Z, whichever is later.

Respondent has failed and is failing to provide its customers with the required notice of opportunity to rescind specified in Section 226.9(b) of Regulation Z.

PAR. 7. By the aforesaid failure to make the disclosures in the agreements, periodic statements, and notes in the manner and form required by Regulation Z as set forth in Paragraph Four, Paragraph Five and Paragraph Six hereof, respondent has failed to comply with the requirements of Regulation Z, duly promulgated by the Board of Governors of the Federal Reserve System pursuant to Section 105 of the Truth in Lending Act. Pursuant to Section 108(c) thereof, respondent thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

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

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

The Commission having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty

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

1. Respondent Curtis Brothers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at Nichols Avenue at V Street, S.E., Washington, D.C.

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 Curtis Brothers, 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 sale of furniture or any other merchandise or service, as "credit sale" is 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 print the terms "annual percentage rate" and "finance charge," where required by Regulation Z to be used, more conspicuously than other required terminology, as set forth in Section 226.6(a) of Regulation Z.

2. Failing to disclose, where one or more periodic rates may be used to compute the finance charge, each such rate, using the term "periodic rate" (or "rates"), the range of balances to which each rate is applicable, and the corresponding annual percentage rate determined by multiplying the periodic rate by the number of periods in a year, as required by Section 226.7(a)(4) of Regulation Z.

3. Failing to employ the term "previous balance" to describe the outstanding balance in the customer's account at the beginning of the billing cycle, as required by Section 226.7(b)(1) of Regulation Z.

4. Failing to employ the term "payments" to describe the amounts credited to the customer's account during the billing cycle for payments, as required by Section 226.7(b)(3) of Regulation Z.

5. Failing to employ the term "credits" to describe credits other than payments credited to the customer's account during the billing cycle, as required by Section 226.7(b)(3) of Regulation Z.

6. Failing to disclose each periodic rate that may be used to compute the finance charge (whether or not applied during the billing cycle), using the term "periodic rate" (or "rates"), and the range of balances to which each rate is applicable, as required by Section 226.7(b)(5) of Regulation Z.

7. Failing to disclose the annual percentage rate or rates determined in accordance with Section 226.5(a) of Regulation Z, using the term "annual percentage rate" (or "rates"), as required by Section 226.7(b)(6) of Regulation Z.

8. Failing to disclose the balance on which the finance charge is computed, as required by Section 226.7(b)(8) of Regulation Z.

9. Failing to state how the balance on which the finance charge was computed is determined, as required by Section 226.7(b)(8) of Regulation Z.

10. Failing to disclose a statement, accompanying the term "new balance," indicating the date by which, or period, if any, within which, payment must be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z.

11. Placing greater emphasis on the term "total installment due" or any other term indicating the minimum payment due, than on the required term "new balance," in accordance with Section 226.6(c) of Regulation Z.

12. Failing to give the customer the notice of opportunity to rescind, as set forth in Section 226.9(b) of Regulation Z, when a security interest is or will be retained or acquired in any real property which is used or is expected to be used as the principal residence of the customer, as required by Section 226.9(a) of Regulation Z.

13. Engaging in any consumer credit transaction or disseminating any advertisement within the meaning of Regulation Z of the Truth in Lending Act without making all disclosures that are required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z in the amount, manner and form therein specified.

It is further ordered, That respondent shall forthwith deliver a copy of this order to cease and desist to all store managers and other persons engaged in the completion of credit agreements growing out of the sales of respondent's products or services and shall secure from each such store manager and other persons a signed statement acknowledging receipt of said order.

It is further ordered, That respondent notify the Commission at

least 30 days prior to any corporate change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

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

IN THE MATTER OF

TRADE ADVERTISING ASSOCIATES, INC., ET AL.
TRADING AS TRADE UNION NEWS

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

Docket 8582. Complaint, June 28, 1963—Decision, Sept. 24, 1970

Order modifying an earlier order, 65 F.T.C. 650, dated May 15, 1964, by adding thereto a paragraph which forbids the respondent from using words implying that it is officially connected with any labor union, and requiring it to place on certain printed matter the statement "Not affiliated with, endorsed by, or an official publication of any labor organization or union."

Mr. Frank P. Dunn, supporting order to Show Cause.

Grunewald & Turk, Brooklyn, N.Y., by *Mr. Norman Turk* for respondents.

CERTIFICATION OF RECORD AND REPORT OF PROCEEDINGS BY WILLIAM K. JACKSON, HEARING EXAMINER

JUNE 22, 1970

Preliminary Statement

On June 19, 1969, the Commission issued an Order To Show Cause why its cease and desist order of May 15, 1964 [65 F.T.C. 650], in this proceeding should not be modified

. . . to prohibit respondents additionally from using, with or without a qualifying statement or statements, the names or designations Trade Union News, Trade Union News of New Jersey or any other name or designation

which represents directly or by implication, that any of respondents' publications is endorsed by, affiliated with or is an official publication of any labor union, brotherhood, guild, workers federation or any other type of labor organization or association and otherwise to alter and modify its order in conformance therewith.

On August 25, 1969, respondents filed their answer to the Order To Show Cause requesting that it be denied, and on October 27, 1969, filed a memorandum in support thereof. An answering brief was filed by counsel supporting the Commission's Order To Show Cause on November 14, 1969.

Thereafter, on December 9, 1969, the Commission issued an *Order Reopening Proceeding and Directing Hearings for Receipt of Evidence* [76 F.T.C. 1090]. Specifically the Commission referred this matter to a hearing examiner to receive evidence on the question:

. . . whether the use by respondents of the names or designations "Trade Union News" and "Trade Union News of New Jersey" or the use of words or phrases of similar import or meaning (such as trade, labor, union, guild, brotherhood, workers) in the titling of their publications (with or without a qualifying statement or statements) in itself constitutes, or may be understood, as an implied representation that such publications are endorsed by, affiliated with, or are official publications of a labor or trade union or unions.

Pursuant to the Commission's order of December 9, 1969, evidentiary hearings were conducted by the undersigned examiner on March 24, 25 and 26, 1970, at New York, New York, in accordance with Part 3, Subpart H, § 3.72(b)(3) of the Commission's Rules of Practice for Adjudicative Proceedings and the record has been closed. On April 24, 1970, the parties filed proposed findings of fact, conclusions and proposals for modification of the order.

Summary of the Proceedings

The record in this proceeding consists of 305 pages of testimony (Tr. 303–607), thirteen (13) exhibits for the Commission (CX 50A–X through CX 62) and eighteen (18) exhibits for the respondents (RX 1 through RX 18). Counsel supporting the complaint called eight (8) advertiser-witnesses and it was stipulated by the parties that had he called two additional witnesses, their testimony would have been substantially the same as the other eight. In addition, counsel supporting the complaint called respondent Joseph Lash. Respondents called as defense witnesses, Joseph Lash and Eugene Serels, individual respondents, and Mr. Charles Shafman, an advertiser.

Findings of Fact

1. The testimony of most of the witnesses called indicates that respondents' method of soliciting ads was by telephone,[1] although one witness stated two men contacted him in person at his plant.[2] Generally the caller, who in some cases identified himself as John Scott,[3] asked the witness to run an ad in the "Trade Union News" or renew an ad previously run in the "Trade Union News." [4] Almost all of the witnesses agreed to run ads, which were identified,[5] although some of them testified it was only after additional representations, high pressure tactics or subtle suggestions of union affiliation were utilized by the caller.[6] In all instances of solicitation by telephone, the witnesses were never shown a copy of the newspaper or any other document,[7] and many of the witnesses stated they had never seen a copy of the "Trade Union News" until shown it in the hearing room.[8]

2. In several cases, within approximately thirty minutes after the telephone call and the witnesses' oral agreement to run an ad, a messenger from respondents arrived with a formal authorization for execution by the witness.[9] This form carried the format of the newspaper's masthead at the top including the qualification which appears immediately thereunder.[10] These witnesses testified they signed this document or authorized one of their personnel to approve it and pay for the ad.[11] Several of the witnesses said they received billings, invoices, etc., but did not bother to read the firm's letterhead thereon which was identical to the masthead of the paper and contained the qualification "The Nation's Leading 'Independent' Labor Publication." [11a] One witness stated he merely checked the copy of the ad and the price, before authorizing payment.[12]

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[1] Tr. 341, 345; Tr. 370; Tr. 426, 436; Tr. 458, 464; Tr. 517; Tr. 545.

[2] Tr. 489–490.

[3] Tr. 370; Tr. 458, 464; Tr. 495.

[4] Tr. 341, 346–48, 355, 402–03; Tr. 370, 377, 379; Tr. 426; Tr. 546; Tr. 600.

[5] Tr. 319, CX 51S; Tr. 369, CX 51E; Tr. 392, CX 52K (Tr. 423, witness Hain did not authorize this ad); Tr. 426, CX 53F; Tr. 457, CX 53H; Tr. 489, CX 52D; Tr. 516, CX 55G; Tr. 545, CX 50E, CX 50F.

[6] Tr. 341–42, 359; Tr. 427; Tr. 458, 464, 482–87; Tr. 517.

[7] Tr. 326, 361–62; Tr. 373, 385; Tr. 429; Tr. 461; Tr. 494; Tr. 518.

[8] Tr. 373; Tr. 429; Tr. 518.

[9] Tr. 398–401, RX 9; Tr. 461, 467, Tr. 508, RX 13, RX 14, Tr. 511; Tr. 495–97, RX 12; Tr. 517.

[10] The qualification reads: "The Leading Independent Labor Newspaper." Tr. 461, 510, RX 13, RX 14; Tr. 550, RX 17; Tr. 497–98, RX 12. See also RXs 1–8, RX 9, RX 11, RX 18, CXs 60, 61, 62.

[11] Tr. 461; Tr. 496; Tr. 517, 519.

[11a] Tr. 379, 382, RX 1 through RX 8; Tr. 397, CX 60, CX 61, CX 62; Tr. 399, RX 9; Tr. 430; Tr. 461, 466, 510; Tr. 495, 496; Tr. 551.

[12] Tr. 514.

3. Most of the witnesses stated that at the time of the receipt of the telephone call soliciting the ad, they formed an opinion as to the relationship of the publication to labor based solely on the name of the publication "Trade Union News." [13] In almost every case, the witnesses testified it was their belief, based on the use of the words "Trade Union" or "Union" in the name of the publication, that the publication was affiliated with or supported by a union.[14] Many of the witnesses agreed that the substitution in the titling of the newspaper of words or phrases of similar import or meaning; such as trade, labor, union, guild, brotherhood, workers, would also connote affiliation with or support by a union.[15] The degree of affiliation varied from witness to witness, but it ran from a general impression that the publication was in some way associated with the American labor movement—affiliated with a union or organized labor [16]—to a definite feeling that it was affiliated with "ILGWU, the Amalgamated, and the Teamsters." [17]

4. Those witnesses who noticed the qualification on billings, invoices or the "authorization form" for the ad at the time they executed it, testified that this language did not alter their impression that the publication had an affiliation with labor or unions.[18] When asked directly whether the word "independent" connotated "non-affiliation" with organized labor, several witnesses testified it did not, or it was meaningless [19] while one said it might.[20] The reaction of those witnesses who did not notice this qualification at the time they signed the authorization, but who were directed to consider its significance during the course of their examination, testified substantially the same as the others. Some witnesses thought it did not connote non-affiliation with labor or a labor organization,[21] one admitted it might,[22] and some were unsure.[23] In all but one case,[24] the qualifi-

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[13] Tr. 370; Tr. 433; Tr. 459–60; Tr. 493–94 (see footnote 2, *supra*); Tr. 517; Tr. 546–47.

[14] Tr. 327; Tr. 370; Tr. 434; Tr. 460; Tr. 494; Tr. 518; Tr. 547.

[15] Tr. 331, 334–35; Tr. 371–72, 373–74; Tr. 411–12; Tr. 462–63; Tr. 496; Tr. 519–20; Tr. 548–50.

[16] Tr. 372; Tr. 520.

[17] Tr. 517–18.

[18] Tr. 374, 383; Tr. 406–11; Tr. 466.

[19] Tr. 351, 352; Tr. 374; Tr. 419; Tr. 438–39; Tr. 466.

[20] Tr. 552; Respondents' witness, Shafman, testified that his partner, Mr. Gordon, previously had mentioned to him that Trade Union News was an independent newspaper (Tr. 594), so with that prior knowledge, when he was asked what the words "Independent labor newspaper" connote, he testified that it meant "independent of direct affiliation with labor unions, et cetera" (Tr. 597–98).

[21] Tr. 419; Tr. 498; Tr. 524.

[22] Tr. 552.

[23] Tr. 421.

[24] Tr. 349–50.

cation was never volunteered at the time of the initial oral solicitation, unless specifically a question was asked regarding the paper's affiliation with labor unions and only then was the qualification mentioned by the solicitor.[25] One of the witnesses indicated that the word "non-affiliated" rather than the word "independent" if contained in the qualification would have been more meaningful to him.[26]

5. Respondent Joseph Lash testified that he purchased the name of Trade Union News in 1959 from the original owners and filed a business certificate to that effect in the New York County Clerk's Office.[27] Mr. Lash further stated that he has continuously used the name of Trade Union News since that time and he has caused a publication to be printed under that name.[28] Mr. Lash also testified that the name Trade Union News was of great value and importance to the newspaper published by the witness and his business associates.[29] In addition, Mr. Lash stated that if the publication lost its name it would suffer a great financial loss both in advertising revenue and subscriptions.[30]

Conclusionary Findings of Fact

1. The use by respondents of the names or designations "Trade Union News" and "Trade Union News of New Jersey" in the titling of their publications in itself constitutes, or may be understood, as an implied representation that such publications are endorsed by, affiliated with, or are official publications of a labor or trade union or unions.

2. The use by respondents of words or phrases of similar import or meaning to the names or designations "Trade Union News" and "Trade Union News of New Jersey" (such as trade, labor, union, guild, brotherhood, workers) in itself constitutes or may be understood, as an implied representation that such publications are endorsed by, affiliated with, or are official publications of a labor or trade union or unions.

3. The use by respondents of the names or designations "Trade Union News" and "Trade Union News of New Jersey," in connection with the printed qualifying statement "The Leading Independent Labor Newspaper," does not satisfactorily correct in the minds

[25] Tr. 377; Tr. 461; Tr. 495; Tr. 518; Tr. 548.
[26] Tr. 351.
[27] Tr. 562–63, 565.
[28] Tr. 565.
[29] Tr. 568–69.
[30] Tr. 570.

of a substantial segment of the public the impression that such publications are endorsed by, affiliated with, or are official publications of a labor or trade union or unions.

Discussion

Respondents do not contest the fact that the continuing use of the names "Trade Union News" and "Trade Union News of New Jersey" together with the qualifying statement, "The Leading Independent Labor Newspaper," may be misleading to a substantial segment of the public, but they argue that under the doctrine enunciated by the courts, excision of the trade name under certain circumstances may be avoided if such remedy "would be a harsh, drastic and unwarranted step of the Federal Trade Commission." See *FTC* v. *Royal Milling Co.*, 288 U. S. 212, 217 (1933); *Jacob Siegel Co.* v. *FTC*, 327 U. S. 608 (1946); *In the Matter of Devcon Corporation*, Docket C–607, February 26, 1968 [73 F.T.C. 272].

In support of this argument respondents agree to accept any of the following qualifications to be used in conjunction with their trade names:

a. In all of the oral solicitations for advertising, the following verbal statements will be made in the solicitations:

1. Not affiliated with any labor union.

2. This newspaper claims no affiliation with any labor union.

3. Not associated with, sponsored by or affiliated with any labor organization or union.

4. Not endorsed by or affiliated with any labor organization or union.

b. In addition thereto, anyone of the aforestated statements, which will be orally stated, will also be clearly written, in a prominent place in ten point bold type, on the masthead, of each publication, and will clearly appear on all other forms of letterheads, billheads and authorizations shown under the name Trade Union News in clear bold legible type.

Recommendation

1. The public interest requires that the Commission's order of May 15, 1964, be altered and modified.

2. The use by respondents of the names or designations "Trade Union News" and "Trade Union News of New Jersey" with the written qualification "The Leading Independent Labor Newspaper" is insufficient to correct the impression that such publications are endorsed by, affiliated with, or are official publications of a labor or trade union and must be further clarified.

3. Excision of the words "Trade" and "Union" from respondents' trade name would be a harsh and drastic remedy causing respondents significant financial loss.

4. The use by respondents in both oral solicitations for advertising and on all printed materials including the masthead of the newspapers, letterheads, billheads, and stationery of the qualifying statement "Not affiliated with, endorsed by, or an official publication of any labor organization or union" would appear to be sufficient to eliminate the tendency of the trade name to mislead and to deceive.

This recommendation is primarily based on the following testimony of Henry Bacarisse, Jr.:

HEARING EXAMINER JACKSON: Would the word "non-affiliated" mean anything to you?

THE WITNESS: I think in this particular case it would certainly be much more meaningful than "independent" (Tr. 351).

Certification

The record consisting of 305 pages of testimony (Tr. 303–607), 13 exhibits for the Commission (CX 50A–CX 62), and 18 exhibits for the respondents (RX 1–RX 18), together with the briefs, proposed findings and conclusions submitted by the parties are hereby certified to the Commission.

Findings of Fact, Conclusions, and Final Order

The Commission having reopened this proceeding and having issued its order of June 19, 1969, to show cause why the order issued May 15, 1964 [65 F.T.C. 650], should not be modified, and

The hearing examiner, pursuant to Commission direction, having conducted hearings and having certified the record of said hearings to the Commission together with findings of fact and his recommendation that the order of May 15, 1964, be altered and modified, and

The Commission having determined that the public interest requires modification of the order of May 15, 1964, now enters its Findings of Fact, Conclusions, and Final Order.

FINDINGS OF FACT AND CONCLUSIONS

1. The Commission adopts the hearing examiner's "Findings of Fact" and "Conclusionary Findings of Fact" set forth in his Certification of Record and Report of Proceedings dated June 22, 1970.

2. The Commission further finds, as stated by the hearing exami-

ner in his "Recommendation," that the use by respondents both in oral solicitations for advertising and on all printed materials including the masthead of the newspapers, letterheads, billheads, and stationery of the qualifying statement "Not affiliated with, endorsed by, or an official publication of any labor organization or union" would appear to be sufficient to eliminate the tendency of the trade name to mislead and deceive.

3. The public interest requires modification of the order of May 15, 1964 [65 F.T.C. 650], in accordance with the above findings of fact.

FINAL ORDER

It is ordered, That respondents Trade Advertising Associates, Inc., a corporation, and its officers, and Joseph Lash and Eugene Serels, individually and as officers of said corporation, and as copartners trading and doing business as Trade Union News, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the soliciting, offering for sale or sale in commerce of advertising space in the newspaper designated as Trade Union News, or any other publication, whether published under that name, or any other name, and in connection with the offering for sale, sale or distribution of said newspaper, or any other publication, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the names or designations Trade Union News, Trade Union News of New Jersey or using the words trade, labor, union, guild, brotherhood, workers or any other word, words or combination of words of similar import or meaning in the title of their publications without disclosing in a clear and conspicuous manner in all oral solicitations for advertising and on all printed materials including the masthead of the newspapers, letterheads, billheads, and stationery the statement "Not affiliated with, endorsed by, or an official publication of any labor organization or union."

2. Representing, directly or by implication, that any of their publications are endorsed by, affiliated with, or an official publication of, or otherwise connected with a labor union or trade union.

3. Representing that any of their publications was the "Winner of the National Trade Union Advertising Award" or "Winner of International Editorial Excellence Award," or otherwise

misrepresenting that any of the respondents' publications have been presented with an award or distinction as a result of a competitive contest.

4. Misrepresenting in any manner that competitive contests are or have been conducted by impartial and qualified individuals to determine the relative quality or merits of any of their publications in comparison with competing publications.

5. Placing, printing or publishing any advertisement on behalf of any person, firm, or corporation, in any of respondents' publications without a prior order or agreement to purchase said advertisement.

6. Sending bills, letters or notices to any person, firm or corporation, with regard to an advertisement which has been or is to be printed, inserted or published on behalf of said person, firm or corporation, or in any other manner seeking to exact payment for any such advertisement, without a bona fide order or agreement to purchase said advertisement.

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

POLYNESIAN POOLS, 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-1798. Complaint, Sept. 24, 1970—Decision, Sept. 24, 1970

Consent order requiring a Silver Spring, Md., seller of residential swimming pools to cease violating the Truth in Lending Act by failing to state in terminology prescribed by Regulation Z the cash price of the pool, the number, amount, and due date of scheduled payments, the annual percentage rate of the finance charge, and the deferred payment price.

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 be-

lieve that Polynesian Pools, Inc., a corporation, and Thurlow F. Park, individually and as an officer of said corporation, 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 Polynesian Pools, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 703 Cloverly Street, Silver Spring, Maryland.

Respondent Thurlow F. Park is an officer of the corporate respondent. He formulates, directs and controls the policies, acts and practices of the corporation, 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 have been engaged in the construction, advertising, offering for sale and sale of residential swimming pools to the public.

PAR. 3. In the ordinary course of their aforesaid business, respondents regularly extend and arrange for the extension of consumer credit, as "consumer credit" and "arrange for the extension of credit" are 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 their aforesaid business, respondents have caused advertisements, as "advertisement" is defined in Regulation Z, to be published which aid, promote, or assist directly or indirectly extensions of consumer credit. Through these advertisements, respondents by representing "100% Financing," state indirectly that no downpayment is required in connection with a consumer credit transaction, without also stating all of the following terms, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

1. The cash price;

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

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

4. The deferred payment price.

PAR. 5. Pursuant to Section 105 of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regu-

lation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

Decision and Order

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the 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 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 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 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 Polynesian Pools, Inc., is a corporation organized existing and doing business under and by virtue of the laws of the State of Maryland, with its office and principal place of business located at 703 Cloverly Street, Silver Spring, Maryland.

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

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

ORDER

It is ordered, That respondents Polynesian Pools, Inc., and its officers, and Thurlow F. Park, 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 any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit, as "advertisement" and "consumer credit" are defined in Regulation Z (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. Stating 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 they state all of the following items in terminology prescribed under Section 226.8 of Regulation Z:

a. The cash price;

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

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

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

e. The deferred payment price.

2. Failing, in any advertisement, to make all disclosures in the manner, form and amount required by Section 226.10 of Regulation Z.

It is further ordered, That a copy of this order to cease and desist be delivered to all present and future personnel of respondents engaged in any aspect of preparation, creation, or placing of advertising, and failing to secure from each such 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 the corporate respondent, such as dissolution, assignment, or sale resultant in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission

a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

LONE OAK STATE BANK, ET AL.

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

Docket C-1799. Complaint, Sept. 24, 1970—Decision, Sept. 24, 1970

Consent order requiring a Lone Oak, Texas, State-chartered, nonfederally insured bank to cease violating the Truth in Lending Act by failing to state in terminology prescribed by Regulation Z all individually itemized charges, the annual percentage rate, the total of all payments, the number, amount, and due date of scheduled payments, failing to designate as a "balloon payment" each payment which is more than twice the regular payment, and disclosing unrequired information in a manner to confuse the customer.

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 Lone Oak State Bank, a corporation, and J. J. Lee, individually and as an officer of said corporation, 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 Lone Oak State Bank is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal office and place of business located in Lone Oak, Texas.

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

PAR. 2. Respondent Lone Oak State Bank is a State-chartered,

nonfederally insured bank. Respondents are now, and for some time in the past have been, engaged in the business of banking, including the lending of money to the 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, 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 and in connection with their loan transactions, have caused and are causing customers to execute promissory notes, and provide these customers with loan disclosure statements, hereinafter referred to as the "statement." Respondents provide customers with no cost of credit disclosures, other than on the statement. By and through the use of the statement, respondents:

1. Fail to include in the "amount financed" the charge for optional credit life and disability insurance and the fee for recording the security interest, as required by Section 226.8(d)(1) of Regulation Z.

2. Fail to disclose as part of the "finance charge" all charges required by Section 226.4 of Regulation Z to be included therein, as required by Section 226.8(d)(3) of Regulation Z.

3. Fail to disclose the rate of finance charge as an "annual percentage rate" computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z, and fail to state that rate accurately to the nearest quarter of one percent, as required by Section 226.5 of Regulation Z.

4. Fail to disclose as the "total of payments" the sum of all payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

5. Fail to disclose the number, amount and due dates of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

6. Fail to designate as a "balloon payment" each payment which is more than twice the amount of any otherwise regularly scheduled equal payment, as required by Section 226.8(b)(3) of Regulation Z.

7. Disclose additional information not required by Regulation Z in such a manner as to mislead or confuse the customer or contradict, obscure or detract from the information required, in violation of Section 226.6(c) of Regulation Z.

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

respondents' failure 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 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 procedures 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 Lone Oak State Bank is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal office and place of business located in Lone Oak, Texas.

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

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 Lone Oak State Bank, a corporation, and its officers, and J. J. Lee, 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 any extension of consumer credit, as "consumer credit" is 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 amount financed all charges, individually itemized, which are included in the amount of credit extended but which are not part of the finance charge, as required by Section 226.8(d)(1) of Regulation Z.

2. Failing to disclose as part of the finance charge all charges required by Section 226.4 of Regulation Z to be included therein, as required by Section 226.8(d)(3) of Regulation Z.

3. Failing to disclose the rate of finance charge as an annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z, and to state that rate accurately to the nearest quarter of one percent, as required by Section 226.5 of Regulation Z.

4. Failing to disclose as the "total of payments" the sum of all payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

5. Failing to disclose the number, amount and due dates of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

6. Failing to designate as a "balloon payment" each payment which is more than twice the amount of any otherwise regularly scheduled equal payment, as required by Section 226.8(b)(3) of Regulation Z.

7. Disclosing additional information not required by Regulation Z in such a manner as to mislead or confuse the customer or contradict, obscure or detract from the information required, in violation of Section 226.6(c) of Regulation Z.

8. 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, 226.8, 226.9 and 226.10 of Regulation Z.

9. Failing to deliver a copy of this order to cease and desist

to all present and future personnel of respondent bank engaged in the preparation and execution of any loan documents, and failing to secure from each such 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 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 shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

INVESTIGATORS TRAINING ACADEMY, ET AL.

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

Docket C-1800. Complaint, Sept. 24, 1970—Decision, Sept. 24, 1970

Consent order requiring a Washington, D.C., school offering instructions in detective and investigational techniques to cease violating the Truth in Lending Act and Regulation Z issued thereunder by failing to make all disclosures in its consumer credit transactions required by said Act and Regulation.

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 Investigators Training Academy, a corporation, and Jack Ezell, also known as Jack Young and as Thomas A. Ezelle, individually and as an officer of said corporation, 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 Investigators Training Academy is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 1343 H Street, N.W., Washington, D.C.

Respondent Jack Ezell, also known as Jack Young and as Thomas A. Ezelle, is an officer of the corporate respondent. He formulates, directs and controls the policy, acts and practices of the corporation, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale to the public of a course of instruction in detective and investigational techniques.

PAR. 3. In the ordinary course of their aforesaid buisness respondents regularly extend 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 their aforesaid business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, respondents fail to disclose credit cost information required by Section 226.8 of Regulation Z, in the manner and form prescribed therein. Respondents do not provide these customers with any consumer credit cost disclosures.

PAR. 5. Pursuant to Section 105 of the Truth in Lending Act, respondents' aforesaid failure to comply with the provisions of Regulation Z constitute a violation of that Act and pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the 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 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 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 Investigators Training Academy is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 1343 H Street, N.W., Washington, D.C.

Respondent Jack Ezell, also known as Jack Young and as Thomas A. Ezelle, is an officer of said corporation. He formulates, directs and controls, the policies, acts and practices of said corporation and his address is the same as that of said corporation.

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

ORDER

It is ordered, That respondents Investigators Training Academy, and its officers, and Jack Ezell, also known as Jack Young and as Thomas A. Ezelle, 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 any extension of consumer credit, as "consumer credit" is 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 failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4

and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

It is further ordered, That a copy of this order to cease and desist be delivered to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit and/or in any aspect of preparation, creation, and placing of advertising, and failing to secure from each such 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 the corporate respondent, such as dissolution, assignment, or sale resultant in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

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

IN THE MATTER OF

HARMIN'S JEWELERS, 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-1801. Complaint, Sept. 24, 1970—Decision, Sept. 24, 1970

Consent order requiring a Rochester, N.Y., jewelry store to cease violating the Truth in Lending Act in its retail installment contracts by failing to state in terminology prescribed by Regulation Z the cash price of jewelry and other merchandise, the number, amount, and due date of scheduled payments, the annual percentage rate of the finance charge, and the deferred payment price.

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 Harmin's Jewelers, Inc., a corporation, and Edwin H.

Cohen, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and 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 Harmin's Jewelers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 172 East Main Street, Rochester, New York.

Edwin H. Cohen is the vice president of the corporate respondent. He formulates, directs and controls its policies, acts and practices, including the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution of jewelry and other merchandise to the public through their retail store located at 172 East Main Street, Rochester, New York.

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, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in the Regulation Z, have caused and are causing customers to execute retail installment conditional sales contracts, hereinafter referred to as "the contract." Respondents make no other credit cost disclosures to their customers.

By and through the use of the contract, respondents:

1. Fail to use the term "cash price" to describe the cash price of the goods sold by them, as required by Section 226.8(c)(1) of Regulation Z.

2. Fail to use the term "cash downpayment" to describe any downpayment in money, as required by Section 226.8(c)(2) of Regulation Z.

3. In combining the amount of the "trade-in" with the amount of "other credits," fail to accurately disclose the amount of the trade-in portion of the downpayment, as required by Section 226.8(c)(2) of Regulation Z.

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

5. Fail 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.

6. Fail to use the term "amount financed" to describe the amount financed, as required by Section 226.8(c)(7) of Regulation Z.

7. Fail to disclose the finance charge in the manner and form prescribed by Sections 226.6(a) and 226.8(c)(8)(i) of Regulation Z.

8. Fail to disclose the annual percentage rate in the manner and form required by Sections 226.5, 226.6(a) and 226.8(b)(2) of Regulation Z.

9. Fail to disclose the sum of the cash price, all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

10. Fail to disclose the "total of payments," using that term, as required by Section 226.8(b)(3) of Regulation Z.

11. Fail to disclose, prior to consummation of the credit sale, the due dates or periods of payments scheduled to repay the indebtedness, as required by Sections 226.8(a) and 226.8(b)(3) of Regulation Z.

PAR. 5. Pursuant to Section 105 of the Truth in Lending Act, respondents' aforesaid failures to comply with Regulation Z constitute a violation of that Act and, pursuant to Section 108 thereof, respondents thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging respondents named in the caption hereof with violation of the Federal Trade Commisison Act, the Truth in Lending Act and the implementing Regulation promulgated thereunder, and 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

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such com-

plaint, 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. Proposed respondent Harmin's Jewelers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 172 Main Street, Rochester, New York.

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

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

ORDER

It is ordered, That respondents Harmin's Jewelers, Inc., a corporation, and Edwin H. Cohen, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or indirectly or through any corporate or other device, in connection with any consumer credit sale of jewelry or any other merchandise or services, as "credit sale" is 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 use the term "cash price" to describe the cash price of goods or services sold by them, as required by Section 226.8(c)(1) of Regulation Z.

2. Failing to use the term "cash downpayment" to describe any downpayment in money, as required by Section 226.8(c)(2) of Regulation Z.

3. Failing to accurately disclose the amount of the trade-in portion of the downpayment, using the term "trade-in," as required by Section 226.8(c)(2) of Regulation Z.

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

5. 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.

6. Failing to use the term "amount financed" to describe the amount financed, as required by Section 226.8(c)(7) of Regulation Z.

7. Failing to use the term "finance charge" to describe the total amount of the finance charge, in the amount, manner and form required by Sections 226.4, 226.6(a) and 226.8(c)(8)(i) of Regulation Z.

8. Failing to disclose the "annual percentage rate," using that term, in the manner and form required by Sections 226.5, 226.6 (a) and 226.8(b)(2) of Regulation Z.

9. Failing to disclose the sum of the cash price, all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, using the term "deferred payment price," as required by Section 226.8(c) (8)(ii) of Regulation Z.

10. Failing to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

11. Failing to disclose the due date of the first payment, or otherwise failing to disclose the number, amount and due dates or periods of payments scheduled to repay the indebtedness, prior to the consummation of the transaction, as required by Section 226.8(b)(3) of Regulation Z.

12. Engaging in any consumer credit transaction within the meaning of Regulation Z without making all disclosures that are required thereby in the amount, manner and form specified in Section 226.8 of Regulation Z.

13. Failing to deliver forthwith a copy of this order to each present and future employee or other person engaged in the sale of respondents' products or services.

It is further ordered, That each 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.

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 the order.

IN THE MATTER OF

LITTLE GEORGIE TOGS, INC., ET AL.

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

Docket C-1802. Complaint, Sept. 28, 1970—Decision, Sept. 28, 1970

Consent order requiring a New York City manufacturer of textile fiber products, namely boys' wear, to cease misbranding and falsely guaranteeing its textiles and failing to maintain required records.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Little Georgie Togs, Inc., a corporation, and Seymour Baruch, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Textile Fiber Products Identification Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Little Georgie Togs, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. The respondent corporation maintains its office and principal place of business at 112 West 34th Street, New York, New York.

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

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

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

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

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

PAR. 4. Certain of said textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

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

1. To disclose the true generic names of the fibers present; and

2. To disclose the percentages of such fibers by weight.

PAR. 5. Respondents have failed to maintain and preserve proper records showing the fiber content of the textile fiber products manufactured by them in violation of Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the Regulations promulgated thereunder.

PAR. 6. Certain of said textile fiber products were misbranded in violation of the Textile Fiber Products Identification Act in that

they were not labeled in accordance with the Rules and Regulations promulgated thereunder in the following respects:

1. Samples, swatches or specimens of textile fiber products subject to the aforesaid Acts, which were used to promote or effect sales of such textile fiber products, were not labeled to show their respective fiber content and other information required by Section 4(b) of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, in violation of Rule 21(a) of the aforesaid Rules and Regulations.

2. The required information as to fiber content was not set forth in such a manner as to separately show the fiber content of each section of textile fiber products containing two or more sections, in violation of Rule 25(b) of the aforesaid Rules and Regulations.

PAR. 7. The respondents have furnished false guaranties that their textile fiber products were not misbranded by falsely representing in writing that respondents had filed a continuing guaranty under the Textile Fiber Products Identification Act with the Federal Trade Commission, when such was not the fact, in violation of Section 10(b) of the Textile Fiber Products Identification Act and Rule 38(d) of the Rules and Regulations promulgated under said Act.

PAR. 8. The acts and practices of respondents as set forth above were, and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce, under the Federal Trade Commission Act.

DECISION AND ORDER

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

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an

admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

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

1. Respondent Little Georgie Togs, 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 112 West 34th Street, New York, New York.

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

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

ORDER

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

A. Misbranding such textile fiber products by:

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

2. Failing to affix a stamp, tag, label, or other means of identification to each such textile fiber product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

3. Failing to affix labels to samples, swatches or specimens of textile fiber products used to promote or effect the sale of such textile fiber products showing in words and figures plainly legible all the information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

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

B. Failing to maintain and preserve proper records of fiber content of textile fiber products manufactured by respondents, as required by Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the Regulations promulgated thereunder.

It is further ordered, That respondents Little Georgie Togs, Inc., a corporation, and its officers, and Seymour Baruch, 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 furnishing false guaranties that textile fiber products are not misbranded or falsely or deceptively invoiced or advertised under the provisions of the Textile Fiber Products Identification Act.

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

IN THE MATTER OF

LOUIS WEISSMAN, INC., ET AL.

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

Docket C-1803. Complaint, Sept. 28, 1970—Decision, Sept. 28, 1970

Consent order requiring New York City wholesalers of fur products to cease falsely invoicing their fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Louis Weissman, Inc., a corporation, and Louis Weissman, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

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

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

Respondents are wholesalers of furs with their office and principal place of business located at 103 West 30th Street, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transporta-

tion and distribution in commerce, of fur products; and have sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce; and have introduced into commerce, sold, advertised and offered for sale in commerce and transported and distributed in commerce, furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products or furs were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

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

PAR. 4. The aforesaid acts and practices of respondents, as alleged herein, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and

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

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

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

Respondents are wholesalers of fur products with their office and principal place of business located at 103 West 30th Street, New York, New York.

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

ORDER

It is ordered, That Louis Weissman, Inc., a corporation, and its officers, and Louis Weissman, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the sale, advertising, offering for sale, transportation or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce; or in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely or deceptively invoicing furs or fur products by failing to furnish an invoice as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by Section 5(b)(1) of the Fur Products Labeling Act.

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

DIPAK ROY TRADING AS INDIA CRAFTS

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

Docket C-1804. Complaint, Sept. 28, 1970—Decision, Sept. 28, 1970

Consent order requiring a San Francisco, Calif, retailer of scarfs, to cease marketing dangerously flammable scarfs, and other items and misbranding textile fiber products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Flammable Fabrics Act, as amended, and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Dipak Roy, an individual trading as India Crafts, 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 the Textile Fiber Products Identification Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Dipak Roy is an individual trading as India Crafts.

Respondent is engaged in the sale and distribution of various textile fiber products, including ladies scarfs, with his office and princi-

pal place of business located at 1038 Polk Street, San Francisco, California.

PAR. 2. Respondent is now and for some time last past has been engaged in the sale and offering for sale, in commerce, and in the importation into the United States, 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 the terms "commerce" and "product" are defined in the Flammable Fabrics Act, as amended, which products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were ladies' scarfs.

PAR. 3. The aforesaid acts and practices of respondent 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.

PAR. 4. Respondent is now and for some time last past has been engaged in the introduction, delivery for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile fiber products; and has sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and has sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products; as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 5. Certain of said textile fiber products were misbranded by respondent in that they were not stamped, tagged, labeled, or otherwise identified to show each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded textile fiber products were ladies' scarfs.

PAR. 6. The acts and practices of respondents as set forth in Paragraphs Four and Five were, and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promul-

gated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts or practices, in commerce, under the Federal Trade Commission Act.

Decision and Order

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

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

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

1. Respondent Dipak Roy is an individual trading as India Crafts.

Respondent is engaged in the sale and distribution of various textile products, including scarfs, shirts, place mats, table cloths and spreads, with his office and principal place of business located at 1038 Polk Street, San Francisco, California.

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 Dipak Roy, individually and trading as India Crafts or under any other name or names, and re-

spondent's representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any 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 respondent herein shall, within ten (10) days after service upon him of this order, file with the Commission an interim special report in writing setting forth the respondent's intentions as to compliance with this order. This interim special report shall also advise the Commission fully and specifically concerning the identity of the product which gave rise to the complaint, (1) the amount of such product in inventory, (2) any action taken to notify customers of the flammability of such product and the results thereof and (3) any disposition of such product since December 22, 1969. Such report shall further inform the Commission whether respondent has in inventory any fabric, product or related material having a plain surface and made of paper, silk, cotton, rayon, 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. Respondent will submit samples of any such fabric, product or related material with this report. Samples of the fabric, product or realted material shall be of no less than one square yard of material.

It is further ordered, That respondent Dipak Roy, individually and trading as India Crafts or under any other name or names, and respondent's representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its

original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from misbranding textile fiber products by failing to affix a stamp, tag, label or other means of identification to each such product showing each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

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

It is further ordered, That all subsequent imports of paper, silk, cotton, rayon, 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 combination thereof, be tested for flammability by a private laboratory located in the United States, that the results of such testing and samples of the products or fabrics be submitted to the Commission, and that no sales of such products or fabrics be made until respondent has been advised by the Commission that such products or fabrics meet the requirements of the Flammable Fabrics Act, as amended.

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

IN THE MATTER OF

ABE A. GLATT

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

Docket C-1805. Complaint, Sept. 28, 1970—Decision, Sept. 28, 1970

Consent order requiring a Chicago, Ill., manufacturer and wholesaler of furs to cease and desist from falsely and deceptively invoicing his fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having

reason to believe that Abe A. Glatt, an individual trading as Abe A. Glatt, hereinafter referred to as respondent, has violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Abe A. Glatt is an individual trading as Abe A. Glatt.

Respondent is a manufacturer and wholesaler of fur products and a wholesaler of furs with his office and principal place of business located at 190 North State Street, Chicago, Illinois.

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

PAR. 3. Certain of said furs or fur products were falsely and deceptively invoiced by the respondent in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

Among such falsely and deceptively invoiced furs or fur products, but not limited thereto, were furs or fur products covered by invoices which failed to disclose that the furs or fur products were bleached, dyed or otherwise artificially colored, when such was the fact.

PAR. 4. Certain of said furs or fur products were falsely and deceptively invoiced in that certain of said furs or fur products were invoiced to show that the fur contained therein was "natural" when in fact such fur was "dyed," in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 5. The aforesaid acts and practices of respondent, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute un-

fair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

Decision and Order

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

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

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

1. Respondent Abe A. Glatt is an individual trading as Abe A. Glatt with his office and principal place of business located at 190 North State Street, Chicago, Illinois.

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 Abe A. Glatt, individually and trading as Abe A. Glatt or under any other name, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into

commerce, or manufacture for introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce; or in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely or deceptively invoicing any fur or fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

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

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

IN THE MATTER OF

A.B.C. FABRICS, INC., TRADING AS MAE FABRICS, ET AL.

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

Docket C-1806. Complaint, Sept. 30, 1970—Decision, Sept. 30, 1970

Consent order requiring Tampa, Fla., wholesalers and retailers of textile fiber products to cease misbranding their products and failing to keep required records.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of