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

IN THE MATTER OF

ALFRED LAUFER DOING BUSINESS AS PACIFIC NOTION CO.

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

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

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

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Alfred Laufer, individually and doing business as Pacific Notion Co., hereinafter referred to as respondent, has violated the provisions of said Acts, and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Alfred Laufer is an individual doing business as Pacific Notion Co. with his office and principal place of business located at 1411 46th Avenue, San Francisco, California.

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

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

issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were ladies' scarves.

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 as such constituted and now constitute unfair methods of competition, and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Division of Textiles and Furs, Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act and the 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 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 Alfred Laufer is an individual doing business as Pacific Notion Co.

2. The respondent is engaged in the sale and distribution of wearing apparel, including but not limited to ladies' scarves with his office and principal place of business located at 1411 46th Avenue, San Francisco, California.

3. 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 Alfred Laufer, individually, and doing business as Pacific Notion Co., or under any other name, and respondent'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 product, fabric or related material; or selling or offering for sale any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

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

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

It is further ordered, That the respondent herein shall, within ten (10) days after service upon him of this order, file with the Commission a special report in writing setting forth the respondent's intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since October 16, 1969, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondent has in inven-

tory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondent shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report, or a sample of a complete product if said product is less than one square yard.

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.

In the Matter of

IRVING MOSER CO., INC., ET AL.

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

Docket C-2034. Complaint, Sept. 8, 1971—Decision, Sept. 8, 1971

Consent order requiring a New York City importer and distributor of textile fiber products, including ladies' scarves, to cease violating the Flammable Fabrics Act by importing and selling any fabric which fails to conform to the standards of said Act.

Complaint

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Irving Moser Co., Inc., a corporation, and George Tobey and Jack H. Rapp, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

Paragraph 1. Respondent Irving Moser Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its office and principal place of business was located at 115 West 29th Street, New York, New York, prior to closing business in January 1970.

Respondents George Tobey, 2155 Paulding Avenue, Bronx, New York and Jack H. Rapp, 25 Knolls Crescent Road, Bronx, New York, are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of said corporate respondent including those hereinafter set forth.

Respondents during 1968, 1969 and 1970 were engaged in the importation, sale and distribution of textile fiber products, including, but not limited to, ladies' scarves.

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

Among such products mentioned hereinabove were ladies' scarves.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the 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 Flammable Fabrics Act, as amended; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed 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 Irving Moser Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its office and principal place of business was located at 115 West 29th Street, New York, New York until January 1970 when it discontinued operations.

Respondents George Tobey, 2155 Paulding Avenue, Bronx, New York and Jack H. Rapp, 25 Knolls Crescent Road, Bronx, New York, are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents during 1968, 1969 and 1970 were engaged in the importation, sale and distribution of textile fiber products, including, but not limited to, ladies' scarves.

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

ORDER

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

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

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

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the scarves which gave rise to the complaint, (2) the number of said scarves in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said scarves and effect the recall of said scarves from customers, and of the results thereof, (4) any disposition of said scarves since October 2, 1970, and (5) any action taken or proposed to be taken to bring said scarves into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said scarves and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

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

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

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

Complaint

IN THE MATTER OF

KAUFFMAN BROS., ET AL.

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

Docket C-2035. Complaint, Sept. 8, 1971—Decision, Sept. 8, 1971

Consent order requiring a Philadelphia, Pa., partnership selling and distributing wearing apparel, including women's scarves, to cease violating the Flammable Fabrics Act by importing and selling any fabric which fails to conform to the standards of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Kauffman Bros., a partnership, and Bernard Kauffman, Leonard Kauffman, and Albert Kauffman, individually and as copartners trading as Kauffman Bros., hereinafter referred to as respondents have violated the provisions of said Acts, and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Kauffman Bros. is a partnership organized, existing and doing business in the State of Pennsylvania. Respondents Bernard Kauffman, Leonard Kauffman, and Albert Kauffman are individual copartners in said partnership. They formulate, direct and control the acts, practices and policies of said partnership.

Respondents are engaged in the sale and distribution of wearing apparel, including, but not limited to women's scarves, with their office and principal place of business located at 715 Arch Street, Philadelphia, Pennsylvania.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, 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 scarves.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and as such constituted and now constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

1. Respondent Kauffman Bros. is a partnership organized, existing and doing business in the State of Pennsylvania.

Respondents Bernard Kauffman, Leonard Kauffman, and Albert Kauffman are individual copartners in the said partnership. They formulate, direct and control the acts, practices and policies of said partnership.

Respondents are engaged in the sale and distribution of wearing apparel, including women's scarves, with their office and principal place of business located at 715 Arch Street, Philadelphia, Pennsylvania.

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 Kauffman Bros., a partnership, and respondents Bernard Kauffman, Leonard Kauffman, and Albert Kauffman, individually and as copartners trading as Kauffman Bros. or under any other name, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, or offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported, in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling or offering for sale any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric" or "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric, or related material fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

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

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

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

of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since August 21, 1970, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That 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

EASTERN TEXTILE WOOLENS, INC., ET AL.

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

Docket C-2036. Complaint, Sept. 8, 1971—Decision, Sept. 8, 1971

Consent order requiring a New York City wholesaler of fabrics to cease misbranding its woolen products.

Complaint

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Eastern Textile Woolens, Inc., a corporation, formerly doing business as Eastern Textile Woolen Mills, Inc., and Morris Modlin (also known as Moe Modlin), Harry Isaac and Sylvia Modlin, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, and it appearing to the Com-

mission 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 Eastern Textile Woolens, 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 256 West 39th Street, New York, New York.

Respondents Morris Modlin (also known as Moe Modlin), Harry Isaac and Sylvia Modlin, are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their address is the same as that of the corporate respondent.

Respondents are engaged in the wholesaling of fabric. They ship and distribute fabric to various customers of the United States.

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

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

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

PAR. 4. Certain of said wool products were further misbranded by the respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled or otherwise identified with respect to the use of the word "Mills" as part of the former corporate name, Eastern Textile Woolen Mills, Inc., thereby representing that respondents owned, operated or controlled a mill or mills in which, or a loom or looms on which, some or all of the various products sold by them were and are manufactured.

In truth and in fact, said representations were, and are, false, misleading and deceptive. Respondents at all times mentioned herein did

not, and do not now, own, operate or control a mill in which, or a loom or looms on which, any of the products sold by them are manufactured.

PAR. 5. Certain of said wool products were further misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the rules and regulations promulgated under said Act.

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

PAR. 6. The acts and practices as set forth above were, and are, in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition, and unfair and deceptive acts and practices, in commerce, under Section 5(a)(1) of the Federal Trade Commission Act.

PAR. 7. In the course and conduct of their business, respondents now cause, and for some time last past, have caused, their said products, including bolts of fabrics, 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. 8. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of fabrics of the same general kind and nature as those sold by respondents.

PAR. 9. Respondents by and through the use of the word "mills" as part of the corporate name of respondent to wit: Eastern Textile Woolen Mills, Inc., and through said use of their former corporate name on letterheads, invoices and otherwise, thereby represented that they owned, operated or controlled a mill or mills in which, or a loom

or looms on which, some or all of the various products sold by them were and are manufactured.

PAR. 10. In truth and in fact, said representations were, and are, false, misleading and deceptive. Respondents at all times mentioned herein did not, and do not now, own, operate or control a mill in which, or a loom or looms on which, any of the products sold by them are manufactured.

PAR. 11. A substantial portion of the purchasing public in the United States have a preference for dealing directly with a mill, in the belief that savings and other advantages may accrue to them.

PAR. 12. The use by the respondents of the said false, misleading and deceptive representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous belief that said representations were and are true and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief.

PAR. 13. The acts and practices of the respondents as herein alleged in Paragraphs Seven, Eight, Nine, Ten, Eleven and Twelve were, and are, all to the prejudice and injury of the public, and of respondents' competitors, and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939; and

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

The Commission having thereafter considered the matters and having determined that it had reason to believe that the respondents had

violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Eastern Textile Woolens, Inc., formerly doing business as Eastern Textile Woolen Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its office and principal place of business is located at 256 West 39th Street, New York, New York.

2. Respondents Morris Modlin (also known as Moe Modlin), Harry Isaac, and Sylvia Modlin, are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are wholesalers of wool products, including, but not limited to fabrics which are sold to retail stores throughout the United States.

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

ORDER

It is ordered, That respondents Eastern Textile Woolens, Inc., a corporation, and its officers, and Morris Modlin (also known as Moe Modlin), Harry Isaac and Sylvia Modlin, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from:

A. Misbranding such products by:

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

2. Falsely and deceptively stamping, tagging, labeling or otherwise identifying such wool products by using the word "Mills" or any other word of similar import or meaning in or as a part of the respondents' trade or corporate name,

or representing in any other manner, on such wool products that the respondents manufacture the wool products unless and until the respondents actually own and operate, or directly and absolutely control the manufacturing plant wherein said wool products are woven or made.

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

It is further ordered, That respondents Eastern Textile Woolens, Inc., a corporation and its officers, and Morris Modlin (also known as Moe Modlin), Harry Isaac and Sylvia Modlin, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device in connection with advertising, offering for sale, sale and distribution of fabrics in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from, directly or indirectly using the word "Mills" or any other word of similar import or meaning in or as part of respondents' trade or corporate name, or representing in any other manner whether on letterheads, invoices, sales memoranda, advertising or other media that respondents manufacture the fabric sold by them unless and until respondents actually own and operate, or directly and absolutely control, the manufacturing plant wherein said fabrics are woven or made.

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 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

THE J. B. WILLIAMS COMPANY, INC., ET AL.

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

*Docket C-2037. Complaint, Sept. 9, 1971—Decision, Sept. 9, 1971**

Consent order requiring a New York City manufacturer and distributor of weight reduction wafers and a diet drink mix to cease representing falsely that any such product is effective for weight reduction unless caloric intake, exercise and diet are also mentioned, to affirmatively make a disclosure of the above in its advertising, and to cease making references to scientific and medical tests unless they actually have been made.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that The J. B. Williams Company, Inc., a corporation, and Parkson Advertising Agency, Inc., a 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 The J. B. Williams Company, 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 767 Fifth Avenue in the city of New York, State of New York.

Respondent Parkson Advertising Agency, 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 767 Fifth Avenue in the city of New York, State of New York.

PAR. 2. Respondent The J. B. Williams Company, Inc., is now, and for some time last past has been engaged in the manufacture, sale and distribution of products for weight reduction designated "Proslim" or "Proslim 7-Day Reducing" wafers and diet drink mix which fall within the classification of "food," as said term is defined in the Federal Trade Commission Act. In conjunction with the use of said products, the said respondent, in a pamphlet enclosed in the product

*Reported as modified by Commission's order of November 11, 1971, by modifying the third paragraph of Article IV of the order.

package, instructs the purchasers thereof to follow a diet plan restricting their caloric intake, and to eat no more than eight wafers or use no more than two packets of diet drink mix each day. Additionally, in said pamphlet such purchasers are encouraged to increase their physical activity and engage in general exercise.

Respondent Parkson Advertising Agency, Inc., is now, and for some time last past has been the advertising agency of The J. B. Williams Company, Inc., and now and for some time last past, has prepared and placed for publication, and has caused the dissemination of advertising material, including but not limited to the advertising referred to herein, to promote the sale of the said "Proslim" or "Proslim 7-Day Reducing" wafers and diet drink mix.

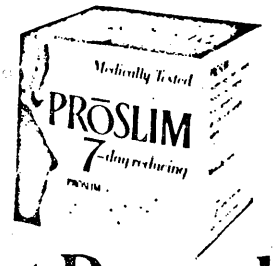
PAR. 3. Respondent The J. B. Williams Company, Inc., causes the said products, when sold, to be transported from its place of business in one State of the United States to purchasers located in various other States of the United States and in the District of Columbia. Respondent The J. B. Williams Company, Inc., maintains, and at all times mentioned herein has maintained, a course of trade in said products in commerce as "commerce" is defined in the Federal Trade Commission Act. The volume of business in such commerce has been and is substantial.

PAR. 4. In the course and conduct of their said businesses, respondents have disseminated, and caused the dissemination of, certain advertisements concerning the said "Proslim" or "Proslim 7-Day Reducing" wafers and diet drink mix by the United States mails and by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including but not limited to, advertisements inserted in magazines and other advertising media, and by means of television and radio broadcasts transmitted by television and radio stations located in various States of the United States, and in the District of Columbia, having sufficient power to carry such broadcasts across state lines, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said products; and have disseminated, and caused the dissemination of, advertisements concerning said products by various means, including but not limited to the aforesaid media, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said products in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 5. Typical of the statements and representations in said advertisements, disseminated as aforesaid, but not all inclusive thereof, are the following:

(A) In print advertisements set forth on the following pages:

The most important reducing figures for your figure in years!



Doctors Report Pounds And Inches Lost In 7 days

regardless of weight...regardless of shape

(CHECK THE FIGURES FOR YOURSELF)

CLINICAL TEST: PROSLIM 7 DAY REDUCING

WEIGHT		MEASUREMENTS					
		BEFORE STARTING PROSLIM			7 DAYS AFTER STARTING PROSLIM		
Before Starting PROSLIM	7 Days After Starting PROSLIM	Bust	Waist	Hips	Bust	Waist	Hips
171	163	39¾	33	42½	39½	32½	41¾
154	145	37	30	40	36	27¼	38¼
150	145	38	28	40	37½	28	39
140	134	35	28½	38½	35	26¾	38
138	135	36¾	28¾	39¼	36½	28	39½
132	128	36½	31½	38	36½	31	38
125	121	35	29	38½	35	28¼	38

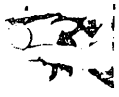
If you want to lose weight safely and fast, try PROSLIM 7 DAY REDUCING. Study the typical PROSLIM figures above. They show how people with a wide variety of shapes and weights lost pounds and inches in 7 days. With new PROSLIM the average weight loss in the first week *was over 4 pounds!*

Cut calories and avoid fattening snacks with new PROSLIM 7 DAY REDUCING high protein wafers *and* a medically sound, quick weight loss diet plan. Additional PROSLIM menus help you keep weight off or *lose even more*, after the first 7 days. PROSLIM really helps you reduce!

Start today. You may lose weight every day next week!

New! Delicious diet drink mix and diet plan help slim you down.

PROSLIM
7-day reducing
WHEREVER FINE DRUGS ARE SOLD



Tasty high protein wafers available with diet plan, too.

Start to lose weight tomorrow...

with PROSLIM 7-day reducing

Doctors report pounds and inches lost in 7 days

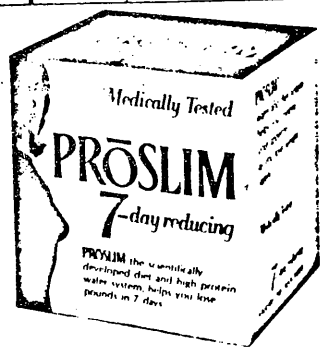
(CHECK THE FIGURES FOR YOURSELF)

CLINICAL TEST: PRŌSLIM 7-DAY REDUCING

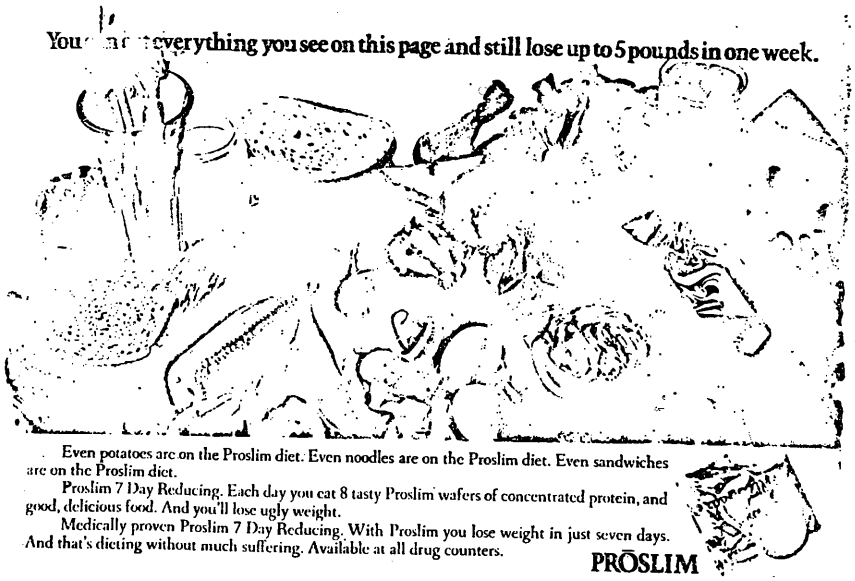
WEIGHT		MEASUREMENTS					
		BEFORE STARTING PRŌSLIM			7 DAYS AFTER STARTING PRŌSLIM		
Before Starting PRŌSLIM	7 Days After Starting PRŌSLIM	Bust	Waist	Hips	Bust	Waist	Hips
171	163	39¼	33	42½	39½	32½	41¾
154	145	37	30	40	36	27¾	38¾
150	145	38	28	40	37½	28	39
140	134	35	28½	38½	35	26¾	38
138	135	36¾	28¾	39¾	36½	28	39½
132	128	36½	31½	38	36½	31	38
125	121	35	29	38½	35	28¼	38
118	115	33½	25	38	32½	25	37½

Regardless of your weight or shape, you can lose pounds and inches in a week with Proslim 7-Day Reducing. In a clinical test, the average weight loss was over 4 pounds in the first week with Proslim, as shown in the above chart.

You simply follow the Proslim quick weight loss diet plan. And you enjoy delicious high protein Proslim wafers or the new Proslim diet drink mix to avoid between meal nibbling. Additional menus help you keep the weight off or lose even more. Try Proslim 7-Day Reducing. Wherever fine drugs are sold.



START NOW! YOU MAY LOSE WEIGHT EVERY DAY NEXT WEEK!



(B) In radio commercials the following dialogue between two persons interspersed with statements by a third person (emphasis supplied):

(1) First person: I'm going on vacation next week. I wish I could lose some weight.

Second person: You can! Start to Lose weight *tomorrow*, with Proslim 7-Day Reducing.

Third person: Enjoy delicious Proslim high protein wafers, or new Diet drink and follow the Proslim Diet plan. Doctors report pounds lost in 7 days with Proslim. Extra menus help keep you slim.

Sound: (Boat Whistle.)

Second person: Sue, your dress fits beautifully. Have a good vacation.

First person: I will! Thanks to Proslim!

Third person: Get Proslim 7-Day Reducing and *start to lose weight tomorrow!*

(2) First person: We're going to the beach next week. I hope I don't look too fat in my bathing suit.

Second person: Well, why *should* you? Start to *lose weight tomorrow* with Proslim 7-Day Reducing.

Third person: Enjoy delicious Proslim high protein wafers or new Diet Drink. Doctors report pounds lost in 7 days with Proslim. Extra menus help keep you slim!

Second person: Betty, your bathing suit fits perfectly!

First person: Thanks to Proslim!

Third person: Get Proslim 7-Day Reducing and *start to lose weight tomorrow!*

(C) In television commercials:

(1) A woman is depicted stepping on a bathroom scale and saying "Oh!" "When am I ever going to lose weight?" As two women, one heavy, the other

thin, are seen talking the camera focuses on the heavy woman, and the announcer says, "Start to lose weight tomorrow * * * with new Proslim 7-Day reducing, you start losing weight the very first day."

(2) Two women are depicted talking. One says, "And we're going to a party next week. I hope my dress isn't too tight." The other says, "you can start to lose weight tomorrow * * * with Proslim 7-Day Reducing!"

(3) Women are depicted talking to each other on the telephone. One woman states, "We're going swimming tomorrow. I hope my bathing suit isn't too tight." While the message flashes "Start to lose weigh tomorrow," the second woman says, "You can start to lose weight tomorrow, with Proslim 7-Day Reducing."

In all of the aforesaid television commercials, after the initial conversation between the women, the announcer states, "Eat delicious Proslim high protein wafers * * * instead of fattening snacks and follow * * * The Proslim 7-Day Reducing Plan. Additional menus help keep weight off. In clinical test doctors report pounds lost in 7 days with Proslim. How about you? Get Proslim 7-Day Reducing wafers or * * * diet drink. Start to lose * * * weight tomorrow!"

PAR. 6. Through the use of said advertisements and others similar thereto, not specifically set out herein, disseminated as aforesaid, respondents have represented and are now representing, directly or by implication, that:

1. "Proslim 7-Day Reducing" wafers or diet drink mix are of special, unique or significant value for the purpose of weight reduction.

2. "Proslim 7-Day Reducing" wafers or diet drink mix will cause the consumer thereof to lose weight and inches.

3. Prior to making the aforesaid representations set forth in Paragraph Five hereof, experts qualified by scientific training and experience to evaluate the effectiveness of said products for weight reduction have conducted reliable clinical studies, investigations, or tests, by use of appropriate or recognized scientific procedures, which were adequate to establish that said products are effective in causing weight reduction and reduction of body size, and are of special, unique or significant value for such purposes.

4. The protein content of said products is of significant value or is necessary for weight reduction or reduction of body size.

PAR. 7. In truth and in fact:

1. "Proslim 7-Day Reducing" wafers or diet drink mix are not of special, unique and significant value for the purpose of weight reduction. In fact said products are essentially foods similar in effect to other food products which are available to the consumer.

2. "Proslim 7-Day Reducing" wafers or diet drink mix will not cause the consumer thereof to lose weight and inches. Any reduction of body weight or size which might result after use of the said products in

conjunction with the diet plan is by reason of the diet plan, set forth in the pamphlet contained in the product package, prescribing a restriction of caloric intake and encouraging increased physical exercise. Similar types of diet plans for weight reduction not involving the Proslim products are available to consumers at relatively little or no cost.

3. Prior to making the representations set forth in Paragraph Five hereof, experts qualified by scientific training and experience to evaluate the effectiveness of said products for weight reduction had not conducted clinical tests, investigations, or studies, by use of appropriate or recognized scientific or medical procedures, which were adequate to establish that said Proslim products are effective in causing weight reduction and reduction of body size, and are of special, unique and significant value for the purpose of weight reduction. Further, any tests or studies which were conducted, were not well controlled.

4. The protein content of said products is not of significant value and is not necessary for weight reduction or reduction of body size. The quality and quantity of protein as prescribed in the said diet plan is in itself adequate, and in fact exceeds the Recommended Dietary Allowance for protein.

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

PAR. 8. Further, through the use of the name "Proslim" or "Proslim 7-Day Reducing," as a designation for said products, respondents have represented, directly or by implication, contrary to fact, that said products are of unique, special or significant value for the purpose of weight reduction and are effective in causing the consumer thereof to lose weight and inches.

Therefore, the names designated for said products, were, and are false, misleading and deceptive.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, and practices, and the dissemination of the aforesaid "false advertisements" has had, and now has, the capacity and tendency to mislead members of the consuming public into erroneous and mistaken beliefs about the nature and effectiveness of said products and that said statements and representations were, and are true, and into the purchase of substantial quantities of the products of respondent The J. B. Williams Company, Inc., by reason of said erroneous and mistaken beliefs.

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

DECISION AND ORDER

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

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

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

1. Respondent The J. B. Williams Company, 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 767 Fifth Avenue in the city of New York, State of New York.

Respondent Parkson Advertising Agency, 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 767 Fifth Avenue in the city of New York, State of New York.

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

ORDER

I

It is ordered, That respondent The J. B. Williams Company, Inc., a corporation and respondent Parkson Advertising Agency, Inc., a corporation, and their officers, representatives, agents and employees, directly or through any corporate or other device, in connection with the advertising, labeling, offering for sale, sale or distribution of "Proslim" or "Proslim 7-Day Reducing" wafers, diet drink mix, or any other purported weight reducing or weight control product, do forthwith cease and desist from:

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

(a) Any such product is effective or of any value for the purpose of weight reduction, reduction of body size, or weight control, unless in immediate conjunction therewith it is disclosed clearly and conspicuously that any weight reduction, weight control or reduction in body size which might result after use of said product would be by reason of a diet, restricting caloric intake, or an exercise program and diet plan.

(b) The protein content of any such product is of any value for weight reduction or weight control.

2. Disseminating, or causing the dissemination of, any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, in which the words "Proslim" or "Proslim 7-Day Reducing" are used or in which words of similar import or meaning are used as a designation, description or trade name for any such product: *Provided*, *however*, Respondents may use such words or words of similar import or meaning as a designation, description, or trade name for a diet plan, effective for weight reduction, and the word "plan" or "system" is used as part of and immediately following the words "Proslim" or "Proslim 7-Day Reducing" or words of similar import or meaning with equal prominence and conspicuousness as such designation, description or trade name, and the affirmative disclosure required by Paragraph 1(a) hereof is clearly and conspicuously made in immediate conjunction therewith.

3. 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 such product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, which contains any of the representations prohibited in Paragraphs 1 and 2 above.

4. Disseminating, or causing the dissemination of, any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which contains statements which are inconsistent with, negate or contradict the affirmative disclosure required by Paragraphs 1(a) and 2 above, or which in any way obscures the meaning of such disclosure.

II

It is further ordered, That respondent The J. B. Williams Company, Inc., a corporation, its officers, agents, representatives, and employees, directly or through any corporate or other device, in connection with the advertising, labeling, offering for sale, sale or distribution of any consumer product do forthwith cease and desist from disseminating, or causing the dissemination of, any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which in any manner makes reference to scientific or medical tests or studies as allegedly substantiating any representation or claim as to the effectiveness or performance of any such product unless scientific or medical tests or studies in fact substantiate such representation or claim.

III

It is further ordered, That the provisions of Parts I and II of this order are not applicable to labels or labeling affixed to or made part of the product package of "Proslim" or "Proslim 7-Day Reducing" wafers and diet drink mix or any other purported weight reducing or weight control product prior to the effective date of this order, and as to all other consumer products Part II hereof is not applicable to labels or labeling which have been purchased prior to the effective date of this order.

IV*

It is further ordered, That respondents 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 the corporate

*Reported as modified by Commission's order of November 11, 1971, by modifying the third paragraph of Article IV of the order.

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

It is further ordered, That respondents submit to the Commission within sixty (60) days after the order becomes final all advertising, labels and labeling, for "Proslim" or "Proslim 7-Day Reducing" wafers, diet drink mix, or any other purported weight reducing or weight control product, and all advertisements for any consumer product which in any manner make reference to scientific or medical tests or studies as allegedly substantiating any representation or claim as to the effectiveness or performance of any such product, to show the manner of compliance with this order, and thereafter will submit samples of all such advertising, labels and labeling each six (6) months to show continued compliance.

IN THE MATTER OF

THE PAPERCRAFT CORPORATION

MODIFIED ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7 OF THE CLAYTON ACT

Docket 8779. Complaint, Apr. 10, 1969[1]*—Modified Order Sept. 9, 1971*

Order granting respondent's petition for leave to file a further statement; denying in other respects the petition for reconsideration; denying the petition for reopening and for stay of the effective date of the final order of June 30, 1971; and modifying Paragraph IX of the Commission's final order of June 30, 1971, 78 F.T.C. 1352.

ORDER OF THE COMMISSION RULING ON RESPONDENT'S PETITIONS FOR RECONSIDERATION, REOPENING, STAY OF FINAL ORDER, AND PETITION FOR LEAVE

Respondent Papercraft Corporation having filed on August 12, 1971, a Petition for Reconsideration of Paragraph IX of the Commission's final order of June 30, 1971 [78 F.T.C. 1352], or for Reopening under Sections 3.55, 3.71, and 3.72 of the Commission's rules, and for a Stay of the effective date of that final order under Section 3.55; and counsel supporting the complaint having filed its Opposition thereto on August 20, 1971; and respondent Papercraft Corporation

[1] Reported as amended by Hearing Examiner's order of September 9, 1969, by amending the introductory portion of Paragraph 16, 78 F.T.C. 1352, 1355.

having filed on September 2, 1971, a Petition for Leave to file a further pleading in this proceeding; and counsel supporting the complaint having filed its Opposition thereto on September 8, 1971; and

The Commission having determined that respondent's Petition for Leave should be granted and having considered the contents of said further pleading; and

The Commission having determined that respondent's Petition for Reconsideration is addressed solely to a question that was presented in complaint counsel's Proposed Findings of Fact of May 12, 1970 (pp. 60 and 69), and ruled upon by the hearing examiner in his initial decision of July 27, 1970, is not "confined to new questions raised by the decision or final order of the Commission" in its decision or order of June 30, 1971, as required by Section 3.55 of the Commission's rules and therefore should be denied; and

The Commission having determined that respondent's Petition for Reopening and for a Stay of the effective date of the final order should be denied; and

The Commission having determined that Paragraph IX of its order of June 30, 1971, should be revised to make clear that it applies to direct customer accounts of CPS Industries, Inc., and should be modified to apply only to customers sold by CPS during a two (2) year period preceding the acquisition of December 27, 1967, and until divestiture hereunder;

Now therefore, it is ordered, That Papercraft's Petition for Leave to file a further statement be, and it hereby is, granted;

It is further ordered, That Paragraph IX of the Commission's final order of June 30, 1971 [78 F.T.C. 1352, 1396], be, and it hereby is, modified to read as follows:

> *It is further ordered*, That for a period of three (3) years from the date of divestiture the Papercraft Corporation is prohibited from selling any decorative giftwrap products to any direct customer account of CPS Industries, Inc., which at any time during the two (2) years preceding December 27, 1967, and until divestiture is effected hereunder, has been sold any decorative giftwrap products by CPS Industries, Inc., unless such customer account was sold such decorative giftwrap products by the Papercraft Corporation prior to December 27, 1967.

It is further ordered, That respondent's Petition for Reconsideration be, and it hereby is, otherwise denied; and

It is further ordered, That respondent's Petition for Reopening and for Stay of the effective date of the Commission's final order of June 30, 1971, be, and they hereby are, denied.

IN THE MATTER OF

GENERAL FOODS CORPORATION, ET AL.

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

Docket C-2038. Complaint, Sept. 13, 1971—Decision, Sept. 13, 1971

Consent order requiring a major food corporation and its advertising agency with headquarters in White Plains, N.Y., to cease representing falsely in connection with selling or distributing "Toast'em Pop-Ups" or any other consumer food product, that such product is a nutritionally sound substitute for a regular meal, and disseminating such representation to induce the purchase of respondent's preparation.

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 General Foods Corporation, a corporation, and Benton & Bowles, Inc., a 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 General Foods Corporation 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 250 North Street, White Plains, New York.

Respondent Benton & Bowles, 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 909 Third Avenue, city of New York, State of New York.

PAR. 2. Respondent General Foods Corporation is now, and for some time last past has been, engaged in the sale and distribution of toaster food designated "Toast'em Pop-Ups" which comes within the classification of a "food," as said term is defined in the Federal Trade Commission Act.

Respondent Benton & Bowles, Inc., is now, and for some time last past, has prepared and caused the dissemination of advertising material, including but not limited to the advertising referred to herein, to promote the sale of General Foods Corporation's "Toast'em Pop-Ups," which comes within the classification of "food" as said term is defined in the Federal Trade Commission Act.

PAR. 3. Respondent General Foods Corporation causes the said product, when sold, to be transported from its place of business in one State of the United States to purchasers thereof located in various other States of the United States and in the District of Columbia. Respondent maintains, and at all times mentioned herein has maintained, a course of trade in said product in commerce as "commerce" is defined in the Federal Trade Commission Act. The volume of business in such commerce has been and is substantial.

PAR. 4. In the course and conduct of its said business, respondents have disseminated, and caused the dissemination of, a certain advertisement concerning the said product by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including television broadcast transmitted by television stations located in various States of the United States, and in the District of Columbia, having sufficient power to carry such broadcasts across state lines, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said product; and have disseminated, and caused the dissemination of, advertisements concerning said product by various means, including but not limited to the aforesaid media, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said product in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 5. Statements and representations used in connection with said advertising are contained in the following:

In the television commercial entitled "Gerard," a young child is shown mulling over a plate of two eggs, bacon and toast. The audio portion of the commercial states: "Gerard! You're not eating your breakfast * * *. No breakfast will do a kid any good * * * if he leaves it on his plate. So give him something good for him you know he enjoys eating."

The visual portion of the commercial then cuts from a picture of the breakfast plate of eggs, bacon and toast to a picture of two Toast'ems. The audio portion of the commercial then states: "2 hot Toast'ems provide 100 percent of the minimum daily requirement of vitamins and iron * * *. As long as you know that—let them think it's just a big cookie."

PAR. 6. Through the use of the said advertising, respondents have represented, directly or by implication, that:

(1) Two Toast'ems contain all the nutrients that are contained in a breakfast consisting of two eggs, two slices of bacon and toast and in the same or greater amounts.

(2) A dietary practice that consists of the consumption of two Toast'ems for breakfast in lieu of one consisting of eggs, bacon and toast is a good nutritional practice.

PAR. 7. In truth and in fact:

(1) Two Toast'ems contain substantially less nutrients than the amount of nutrients that are contained in a breakfast consisting of two eggs, two slices of bacon and toast.

(2) A dietary practice that consists of the consumption of two Toast'ems for breakfast in lieu of one consisting of eggs, bacon and toast is not a good nutritional practice.

Therefore, the advertisement referred to in Paragraph Five was and is misleading in material respects and constituted, and now constitutes, a "false advertisement" as that term is defined in the Federal Trade Commission Act and the representations set forth in Paragraph Six were, and are, false, misleading and deceptive.

PAR. 8. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent General Foods Corporation has been, and now is, in substantial competition, in commerce, with corporations, firms and individuals in the sale of food products of the same general kind and nature as that sold by respondent.

PAR. 9. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent Benton & Bowles, Inc., has been, and now is, in substantial competition, in commerce with other advertising agencies.

PAR. 10. The use by respondents of the aforesaid false, misleading and deceptive representations and the dissemination of the aforesaid "false advertisement" has had and now has the capacity and tendency to mislead members of the consuming public into the erroneous and mistaken belief that said representations were and are true and into the purchase of substantial quantities of respondent General Foods Corporation's product by reason of said erroneous and mistaken belief.

PAR. 11. The aforesaid acts and practices of respondents including the dissemination of a "false advertisement," 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 and deceptive acts and practices in commerce and unfair methods of competition in commerce in violation of Sections 5 and 12 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption

herein, 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 Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed agreement, placed such agreement on the public record for a period of thirty (30) days, and received and considered comments, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission thereby issues its complaint, makes the following jurisdictional findings, and enters the following order.

1. Respondent General Foods Corporation, 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 250 North Street, White Plains, New York.

Respondent Benton & Bowles, 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 909 Third Avenue, New York, New York.

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

ORDER

I

It is ordered, That respondent General Foods Corporation, a corporation, its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of "Toast'em Pop-Ups" or any other consumer food product, do forthwith cease and desist from directly or indirectly:

1. Disseminating or causing the dissemination of any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which represents directly or by implication that any such product is a nutritionally sound substitute for any meal consisting of identified foods unless such product in fact is a nutritionally sound substitute for said meal.

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 respondent's preparation, in commerce, as "commerce" is defined in the Federal Trade Commission Act, which contains any of the representations prohibited in Paragraph One hereof.

II

It is ordered, That respondent Benton & Bowles, Inc., a corporation, its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of "Toast'em Pop-Ups" or any other consumer food product of similar composition or possessing substantially similar properties, or any General Foods Corporation consumer food product, do forthwith cease and desist from directly or indirectly:

Disseminating or causing the dissemination of any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which represents directly or by implication that any such product is a nutritionally sound substitute for any meal consisting of identified foods unless such product in fact is a nutritionally sound substitute for said meal.

III

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

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

IN THE MATTER OF

PARROTT & COMPANY DOING BUSINESS AS

SASKA-PARROTT SKI COMPANY

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

Docket C-2039. Complaint, Sept. 13, 1971—Decision, Sept. 13, 1971

Consent order requiring a San Francisco, Calif., seller and distributor of Kneissl skis and other merchandise to cease representing falsely that only Kneissl makes fiberglass skis, that any model is constructed entirely of fiberglass when it is not, and representing that no wood is used in such skis whenever such is not the case.

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 Parrott & Company, a corporation, dba Saska-Parrott Ski Company, hereafter 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 is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 550 Montgomery Street, San Francisco, California.

PAR. 2. Respondent is now, and for some time has been, engaged in the business of advertising, offering for sale, sale and distribution of Kneissl skis and other articles of merchandise to the public.

PAR. 3. In the course and conduct of that business, respondent now causes, and for some time has caused, its products, when sold, to be shipped from its place of business in the State of California 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. By and through the use of periodicals, pamphlets, diagrams, cross sections, mock-ups, and other materials, in the course and conduct of its business, and for the purpose of inducing the purchase of Kneissl skis to the exclusion of others, respondent has made numerous statements and representations concerning various objectively determinable characteristics of its skis and competing skis.

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

Not one of those wood-fiberglass, or metal-fiberglass combinations claimed by Kneissl's imitators to be fiberglass skis.

* * * * * * *

Sandwich-hollow body construction of epoxy glass-fiber laminate.

* * * * * * *

The world's greatest all epoxy fiberglass ski.

* * * * * * *

True Epoxy-Fiberglass Construction

* * * * * * *

a pure epoxy fiberglass ski

* * * * * * *

total epoxy fiberglass construction.

PAR. 5. By making the aforementioned statements and representations, respondent represents, and has represented, directly or by implication, that:

(1) Only Kneissl makes, or has made, skis which can be truthfully described as "fiberglass skis" as opposed to "wood-fiberglass skis" or "metal-fiberglass skis."

(2) Various models of Kneissl skis are constructed entirely of fiberglass.

(3) No wood is used in the construction of various models of Kneissl skis.

(4) Various portions of the interior of various models of Kneissl skis are either hollow, or filled with some substance other than wood.

(5) The diagrams, cross sections, and mock-ups used and distributed by respondent accurately reflect the design, construction, and composition of various models of Kneissl skis.

(6) The design, construction, and composition of a given model of Kneissl ski does not vary substantially from ski to ski.

PAR. 6. In truth and in fact:

(1) One or more companies other than Kneissl does make, or has made, skis which can be just as truthfully described as "fiberglass skis" as opposed to "wood-fiberglass skis" or "metal-fiberglass skis," as skis made by Kneissl.

(2) None of the various models of Kneissl skis is constructed entirely of fiberglass.

(3) Wood is used in the construction of most of the various models of Kneissl skis represented as having no wood used in their construction.

(4) Some of the various portions of the various models of Kneissl skis represented as being hollow, or being filled with some substance other than wood, do contain wood.

(5) Many of the diagrams, cross sections, and mock-ups used and circulated by respondent do not accurately reflect the design, construction, and composition of the respective models of Kneissl skis which they are represented as accurately reflecting.

(6) The design, construction, and composition of a given model of Kneissl ski does at times vary substantially from ski to ski.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were and are false and misleading, and the making of said statements and representations constituted, and constitutes, unfair and deceptive acts and practices.

PAR. 7. Respondent is, and has been, making it a practice of performing, and causing to be performed, the unfair and deceptive acts of placing, and causing to be placed, in the hands of dealers, retailers and others the means and instrumentalities by and through which they may perform the unfair and deceptive acts set out above.

PAR. 8. Respondent's use of the aforesaid false and misleading statements and representations, and unfair and deceptive acts and practices has, and has had, the tendency and capacity to mislead and deceive members of the purchasing public into the mistaken belief that said statements and representations are, and were, true, and into the purchase of substantial quantities of respondent's Kneissl skis rather than skis sold in competition with them.

PAR. 9. The aforesaid acts and practices of respondent, as herein alleged, are, and were, all to the prejudice and injury of the public and of respondent's competitors and constitute, and have 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 Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

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

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

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

(1) Respondent Parrott & Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 550 Montgomery Street, in the city of San Francisco, State of California.

(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 Parrott & Company, a corporation, dba Saska-Parrott Ski Company, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of Kneissl skis or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Making, or causing to be made, directly or by implication, any false or misleading statements or representations concerning any objectively determinable characteristic of Kneissl skis or any other article of merchandise advertised, offered for sale, sold, or distributed by respondent or any article of merchandise advertised, offered for sale, sold, or distributed in competition with respondent's merchandise. This prohibition shall include, but not be limited to, making any statements or representations representing, directly or by implication, that:

(a) Only Kneissl makes, or has made, skis which can be truthfully described as "fiberglass skis" as opposed to "wood-fiberglass skis" or "metal-fiberglass skis."

(b) Any model of Kneissl skis is constructed entirely of fiberglass, whenever said model is not in fact so constructed.

(c) No wood is used in the construction of any model of Kneissl skis whenever such is not the case.

(d) Any portion of the interior of any model of Kneissl skis is either hollow or filled with some substance other than wood, when said area is in fact filled with wood.

(e) Any diagram, cross-section cut, or mock-up used and distributed by respondent accurately reflects the design, construction or composition of any model of Kneissl skis whenever said diagram, cross-section cut, or mock-up does not accurately reflect the design, construction, or composition of the respective model of Kneissl skis which it is represented as accurately reflecting.

(f) The design, construction, or composition of a given model of Kneissl ski does not vary substantially from ski to ski when such is not the case.

(2) Placing, or causing to be placed, in the hands of others any pamphlets, diagrams, cross-sections, mock-ups or other means and instrumentalities by and through which they may perform any of the acts prohibited in (1) above.

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

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

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

It is further ordered, That respondent distribute a copy of this order to each advertising agent or agency and media representative with which it does business, directly or indirectly, and shall do likewise with any such person or organization with which it does business in the future immediately upon beginning such undertaking.

It is further ordered, That respondent distribute a copy of this order to each of its dealers, retailers, and other similar parties, which

handles Kneissl skis. Included with said copy will be a cover letter instructing said parties to abide by the provisions of the order and to discontinue the use of all advertising, sales, and promotional material furnished them by respondent prior to July 1, 1970.

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

DEFA ELECTRONICS CORP., ET AL.

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

Docket C-2040. Complaint, Sept. 13, 1971—Decision, Sept. 13, 1971

Consent order requiring a New York City seller and distributor of stereophonic high fidelity audio equipment to cease misrepresenting the time period in which mail orders will be filled, imposing unapproved cancellation charges, increasing selling prices after receipt of the order, and shipping unauthorized substitute merchandise; the respondent shall also make full refund of monies if goods are not shipped within 30 days of order.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Defa Electronics Corp., a corporation, and Jerry Famolari, 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 Defa Electronics Corp., 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 2207 Broadway, New York, New York.

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

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of stereophonic high fidelity audio equipment direct to purchasers at the above location, as well as by mail order.

PAR. 3. In the course and conduct of their business, as aforesaid, respondents now cause, and for some time last past have caused, said merchandise, 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 maintained, and at all times have 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 their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in sales of products of the same general kind and nature as those sold by respondents.

PAR. 5. In the course and conduct of their mail-order business and for the purpose of inducing the sale of their said merchandise, respondents have made certain statements and representations with respect to what merchandise is maintained in stock, the time period in which orders are shipped, and refunds, in advertisements in magazines, in brochures containing inserted order forms, and through other advertising media.

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

Most items are in stock
Our prompt attention will be given to your order

PAR. 6. By and through the use of the statements and representations quoted in Paragraph 5 herein, respondents have represented, and are now representing, directly or by implication, that:

1. Most merchandise which is offered for sale is maintained in stock and is readily available for shipment.

2. Orders are promptly completed and shipped to respondents' customers.

PAR. 7. In truth and in fact:

1. In many instances ordered items are not in stock and customers wait several months for their orders to be completed and shipped. Even when respondents are aware that advertised items are in a back-order situation, they continue to accept additional orders without informing customers of the anticipated delay in shipment.

2. In many instances respondents have failed to take adequate steps to complete customers' orders within a reasonable time after receipt of the order and consequent delays have lasted several months.

Therefore, the statements, representations and practices set forth in Paragraphs 5 and 6 hereof were, and are unfair, false, misleading and deceptive.

PAR. 8. Respondents have failed, and are failing, to provide prompt refunds to customers whose orders have not been promptly completed and shipped and who have requested such refunds.

Therefore, the said practice was, and is, unfair, misleading and deceptive.

PAR. 9. Respondents have sought to impose an order cancellation charge of 5 percent or 10 percent of the sales price, characterized as a service charge, on merchandise which it has failed to deliver, said charge not having been disclosed in advance.

Therefore, the said practice was, and is, unfair, misleading and deceptive.

PAR. 10. Respondents have sometimes sought to impose prices in excess of those agreed upon when customers' orders were originally accepted, as a condition to completing and shipping orders.

Therefore, the said practice was, and is, unfair, misleading and deceptive.

PAR. 11. Respondents have, in some instances, shipped substitute merchandise for ordered goods without obtaining the customers' prior authorization therefor.

Therefore, the said practice was, and is, unfair, misleading and deceptive.

PAR. 12. In the course and conduct of their mail-order business, as aforesaid, respondents, on numerous occasions have failed to deliver prepaid merchandise or have delivered such merchandise after a long lapse of time, and several demands therefor have been made to respondents and requests for assistance have been made to Better Business Bureaus and to governmental agencies. Said practices have resulted in substantial inconvenience, hardship and irritation to purchasers.

Therefore, the said practice was, and is, unfair, misleading and deceptive.

PAR. 13. The use by respondents of the aforesaid unfair practices and false, misleading and deceptive statements and representations had had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were, and are, true and into the

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

PAR. 14. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practice in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging respondents named in the caption hereof with violation of Section 5 of the Federal Trade Commission Act, 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 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 Defa Electronics Corp., 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 2207 Broadway, New York, New York.

Respondent Jerry Famolari is an officer of the corporation and he formulates, directs and controls the acts and practices of the corporate respondent. His business 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 Defa Electronics Corp., a corporation, and Jerry Famolari, individually and as an officer of said corporation, and respondents' agents, representatives or employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale and distribution of stereophonic high fidelity audio equipment direct to purchasers or by mail order, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

I. Misrepresenting, directly or by implication, that orders which are accepted will be completed and shipped promptly, or within a reasonable period of time, or within any designated time period in excess of which a substantial number of orders are actually completed and shipped.

II. Imposing any cancellation or other charges in connection with orders received unless approval is obtained from a consumer before the consumer's order is accepted.

III. Increasing selling prices to consumers after receipt of their orders, unless the right to do so is agreed to by the consumer prior to the time when his order is accepted by respondents.

IV. Shipping substitute merchandise without obtaining a prior, expressed, written authorization from the affected consumers.

It is further ordered, That henceforth, from the date upon which respondents receive notification of acceptance of this order by the Commission, respondents make a written offer of a full refund in all instances in which it fails to make a complete shipment to a consumer within 30 days of their receipt of the consumer's order and payment therefor, unless a longer period for delivery has been agreed to by the parties. When a longer period for delivery has been agreed to and complete shipment has not been made within that designated time respondents shall make a written offer of a full refund to the consumer. In either event, when a refund offer is accepted by a consumer respondents shall send the refund to said consumer without delay.

It is further ordered, That respondents maintain files containing all inquiries or complaints relating to acts or practices prohibited by this order, for a period of one year after their receipt, and that such files be made available for examination by a duly authorized agent of the Federal Trade Commission during the regular hours of the respondents' business for inspection and copying.

It is further ordered, That upon receiving notification of acceptance of this order by the Commission respondents will make a written

offer to refund all monies received from those customers whose order or parts of an order are outstanding for a period in excess of two months immediately preceding the date of acceptance of said order. If said offer is accepted respondents shall send the customer the requested refund without relay.

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

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

In the Matter of

RALPH WILLIAMS FORD, ET AL.

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

Docket C-2041. Complaint, Sept. 13, 1971—Decision, Sept. 13, 1971

Consent order requiring an Encino, Calif., new and used automobile dealer with dealerships in California, Washington, and Texas, and its advertising agency to cease violating the Truth in Lending Act by failing to disclose in their advertising and installment contracts the cash price, the amount of the downpayment, the number and amount of scheduled repayments, the amount and annual percentage rate of the finance charge, the deferred payment price, and all other disclosures required by Regulation Z of said Act.

Complaint

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, Ralph Williams, Inc., corporations, and Ralph L. Williams, individually and as an officer of said corporations, and Hunter-Willhite Advertising, Inc., a 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 Ralph Williams Ford is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 15770 Ventura Boulevard, Encino, California.

Respondent Ralph's Chrysler-Plymouth is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 9250 Lakewood Boulevard, Downey, California.

Respondent Ralph Williams' North West Chrysler Plymouth, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business formerly located at 13733 Aurora Avenue, North Seattle, Washington.

Respondent Ralph Williams Gulf Gate Chrysler Plymouth 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 formerly located at 6902 Gulf Freeway, Houston, Texas.

Respondent Ralph Williams, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 15720 Ventura Boulevard, Encino, California.

Respondent Ralph L. Williams is president of Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, and Ralph Williams, Inc. He formulates, directs and controls the policies, acts and practices of said corporations, including the acts and practices hereinafter set forth. His address is 15720 Ventura Boulevard, Encino, California.

Respondent Hunter-Willhite Advertising, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 721 North La Brea Avenue, Los Angeles, California.

PAR. 2. Respondents Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, and Ralph L. Williams are now, and for some time last past have been engaged in the sale of new and used automobiles to the public.

PAR. 3. Respondent Ralph Williams, Inc., is a management servicing agent for Ralph Williams' automobile dealerships and is now and for some time last past has been engaged in the procuring and arranging of advertising for said automobile dealerships.

PAR. 4. Respondent Hunter-Willhite Advertising, Inc., is now and for some time last past has been an advertising agency engaged in the business of creating, producing, preparing and placing advertising for its clients, one of which is respondent Ralph Williams, Inc.

PAR. 5. In order to promote the sale of their automobiles, respondents Ralph Williams Ford, Ralph's Chrysler-Plymouth, Inc., and Ralph Williams Gulf Gate Chrysler Plymouth through its management and servicing agent, Ralph Williams, Inc., have caused advertisements to be placed in various media. Certain of these advertisements to promote, aid, or assist directly or indirectly consumer credit sales were created, prepared, produced and placed by respondent Hunter-Willhite Advertising, Inc.

PAR. 6. Certain of the advertisements referred to in Paragraph Five which were published in newspapers subsequent to July 1, 1969, stated the amount of downpayment and the amount of monthly payments required if credit is extended without also stating all of the following items in terminology prescribed under section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

1. The cash price;
2. The annual percentage rate; and
3. The deferred payment price.

PAR. 7. Certain of the advertisements referred to in Paragraph Five which were broadcast on television subsequent to July 1, 1969, visually disclosed information required by Regulation Z simultaneously with the announcer's distracting oral sales presentation in such a manner as to be difficult to be seen on a television screen and for such an insufficient period of time to be read and comprehended by the television viewer. By means of such advertisements respondents violated Section 226.6(a) of Regulation Z which requires disclosures to be made clearly, conspicuously, and in meaningful sequence.

PAR. 8. By causing to be placed for publication the advertisements referred to in Paragraph Five, respondents failed to comply with the requirements of Regulation Z, the implementing regulation of the Truth In Lending Act duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of the Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondents 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 Los Angeles Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Truth in Lending Act and the regulation promulgated thereunder; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said 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 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 Ralph Williams Ford is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 15770 Ventura Boulevard, Encino, California.

Respondent Ralph's Chrysler-Plymouth is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 9250 Lakewood Boulevard, Downey, California.

Respondent Ralph Williams' North West Chrysler Plymouth, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business formerly located at 13733 Aurora Avenue, North Seattle, Washington.

Respondent Ralph Williams Gulf Gate Chrysler Plymouth 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 formerly located at 6902 Gulf Freeway, Houston, Texas.

Respondent Ralph Williams, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 15720 Ventura Boulevard, Encino, California.

Respondent Ralph L. Williams is president of Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, and Ralph Williams, Inc. He formulates, directs and controls the policies, acts and practices of said corporations, including the acts and practices hereinafter set forth. His address is 15720 Ventura Boulevard, Encino, California.

Respondent Hunter-Willhite Advertising, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 721 North La Brea Avenue, Los Angeles, California.

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

ORDER

It is ordered, That respondents Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, Ralph Williams, Inc., corporations, and their officers, and Ralph L. Williams, individually and as an officer of said corporations, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the arrangement, extension, or advertisement of consumer credit in connection with the sale of motor vehicles or other products or services, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, which advertisement states the amount of the downpayment required, or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless it states all of the following items in terminology prescribed

under Section 226.8 of Regulation Z, as required by Section 226.10 (d) (2) of Regulation Z:

(a) The cash price;

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

(c) The number and amount 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;

(e) The deferred payment price.

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

3. Causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit which fails to make all the disclosures as required by Section 226.10 of Regulation Z.

4. Failing to deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in any aspect of preparation, creation, and placing of advertising, all persons engaged in reviewing the legal sufficiency of advertising, and all present and future agencies engaged in preparation, creation and placing of advertising on behalf of respondents, and failing to secure from each such person or agency a signed statement acknowledging receipt of said order.

It is further ordered, That respondent Hunter-Willhite Advertising, Inc., a corporation, and its officers, 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 "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226), of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*) do forthwith cease and desist from:

1. Creating, producing, or causing to be disseminated to the public in any manner whatsoever any consumer credit advertisement which fails to make all the disclosures required by Section 226.10 of Regulation Z clearly, conspicuously, and in meaningful sequence as required by Section 226.6 (a) of Regulation Z.

2. Creating, producing, or causing to be dissenminated to the public in any manner whatsoever any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, which advertisement states the amount of the downpay-

ment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless it states all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

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

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

(c) The number and amount 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 or the sum of the payments, as applicable.

3. Creating, producing, or causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit which fails to make all the disclosures as required by Section 226.10 of Regulation Z.

4. Failing to deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in reviewing the legal sufficiency of advertising prepared, created or placed on behalf of any advertiser, and failing to secure from each such person a signed statement acknowledging receipt of said order.

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

BYER FURNITURE COMPANY, 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-2042. Complaint, Sept. 13, 1971—Decision, Sept. 13, 1971

Consent order requiring a Miami, Fla., retail seller and distributor of furniture to cease violating the Truth in Lending Act by failing in any credit sale to use the term "cash sale," disclose the deferred payment price, the annual percentage rate, and all other credit disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Byer Furniture Company, Inc., a corporation, and Norman L. Madan, individually and as an officer, 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 Byer Furniture Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 2199 Northwest 36th Street, Miami, Florida.

Respondent Norman L. Madan 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 offering for sale and retail sale and distribution of furniture to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, 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 business as aforesaid 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 retail installment contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit cost disclosures.

By and through the use of the contract, respondents:

1. Fail in any credit sale to use the term "Cash Price" to disclose the price at which respondents in the regular course of business offer to sell for cash the property or services which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.

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

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

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and 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 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 Byer Furniture Company, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Florida, with its office and principal place of business located at 2199 Northwest 36th Street, Miami, Florida.

Respondent Norman L. Madan is an individual and an officer of Byer Furniture Company, Inc. He directs, formulates and controls the acts and practices of the respondent corporation, including the acts and practices under investigation.

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 Byer Furniture Company, Inc., and its officers, and Norman L. Madan, individually and as an officer of said corporation and respondent's 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 § 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 in any credit sale to use the term "cash price" to describe the price at which respondents, in the regular course of business offer to sell for cash the property or services which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.

2. Failing to accurately disclose the deferred payment price as the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as prescribed by Section 226.8(c)(8)(ii) of Regulation Z.

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

4. Failing in any consumer credit transaction or advertising to make all disclosures determined in accordance with Sections

226.4 and 226.5 of Regulation Z, at the time and in the manner, form and amount required by Sections 226.6, 226.8, and 226.10 of Regulation Z.

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

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

It is further ordered, That 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 this order.

IN THE MATTER OF

MARTIN DISPOSABLES, INC., TRADING AS MARTIN HOSPITAL DISPOSABLES, ET AL.

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

Docket C-2043. Complaint, Sept. 20, 1971—Decision, Sept. 20, 1971

Consent order requiring a Brooklyn, N.Y., manufacturer and distributor of wearing apparel, including disposable paper face masks and disposable paper caps, to cease violating the Flammable Fabrics Act by importing and selling any fabric which fails to conform to the standards of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Martin Disposables, Inc., a corporation, trading as Martin Hospital Disposables, and Stephen Chapnick and Alfred Chapnick, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and the rules and regulations promulgated under the

Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Martin Disposables, Inc., trading as Martin Hospital Disposables, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York. Respondents Stephen Chapnick and Alfred Chapnick are officers of said corporate respondent. They formulate, direct and control the acts, practices and policies of said corporation.

The respondents trade under the name of Martin Hospital Disposables and are engaged in the manufacture, sale and distribution of wearing apparel, including but not limited to disposable paper face masks and disposable paper caps, with their principal place of business located at 101 Richardson Street, Brooklyn, New York.

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

Among such products mentioned hereinabove were disposable paper face masks and disposable paper caps.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and as such constituted, and now constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Division of Textiles and Furs, 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 Flammable Fabrics Act, as amended; and

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

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

1. Respondent Martin Disposables, Inc., trading as Martin Hospital Disposables, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Stephen Chapnick and Alfred Chapnick are officers of the corporate respondent. They formulate, direct, and control the acts, practices, and policies of said partnership.

Respondents are engaged in the manufacture and sale of wearing apparel, including but not limited to disposable paper face masks and disposable paper caps, with their office and place of business located at 101 Richardson Street, Brooklyn, New York.

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

ORDER

It is ordered, That respondents Martin Disposables, Inc., a corporation, trading as Martin Hospital Disposables or under any other name or names, and its officers, and Stephen Chapnick and Alfred Chapnick, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce or selling or delivering after sale or shipment in commerce, any product, fabric or related

material; or manufacturing for sale, selling, or offering for sale any product made of fabric or related material which has been shipped and received in commerce, as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material, fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

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

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

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since April 1970, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

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

LESTZ & CO., ET AL.

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

Docket C-2044. Complaint, Sept. 20, 1971—Decision, Sept. 20, 1971

Consent order requiring a Lancaster, Pa., partnership which wholesales dry goods, including women's scarves, to cease violating the Flammable Fabrics Act by importing and selling any fabric which fails to conform to the standards of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Lestz & Co., a partnership, and Aaron Cohen, Minna Cohen and Fannie Lestz individually and as copartners of said partnership, hereinafter referred to as respondents, have violated the provisions of said Acts, and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Lestz & Co., is a partnership existing and doing business in the State of Pennsylvania. Respondents Aaron Cohen, Minna Cohen and Fannie Lestz are copartners in said partnership. Respondents are wholesalers of dry goods, including but not limited to women's scarves, with their office and principal place of business located at 436 West James Street, Lancaster, Pennsylvania.

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

defined in the Flammable Fabrics Act, as amended, which fail to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were scarves.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the Rules and Regulations promulgated thereunder, and as such constituted and now constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Division of Textiles and Furs, 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 Flammable Fabrics Act, as amended; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, and admission by the respondents of all the jurisdictional facts set forth in the 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 Lestz & Co., is a partnership existing and doing business in the State of Pennsylvania.

Respondents Aaron Cohen, Minna Cohen and Fannie Lestz are copartners of the partnership respondent. They formulate, direct and

control the acts, practices and policies of the partnership respondent.

Respondents are engaged in the business of wholesaling dry goods, including, but not limited to, women's scarves. Their office and principal place of business is located at 436 West James Street, Lancaster Pennsylvania.

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

ORDER

It is ordered, That respondents Lestz & Co., a partnership, and Aaron Cohen, Minna Cohen and Fannie Lestz, individually and trading as Lestz & Co., or under any other name or names, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or selling or offering for sale any product made of fabric or related material which has been shipped and received in commerce, as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

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

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

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning, (1) the identity of the product which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products and of the results thereof, (4) any disposition of said products since August 25, 1970,

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

It is further ordered, That respondents 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

NATPAC 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-2045. Complaint, Sept. 21, 1971—Decision, Sept. 21, 1971

Consent order requiring fourteen sellers of freezers, food, and freezer-food plans located in New York, Connecticut, New Jersey, Pennsylvania, and the District of Columbia to cease misrepresenting that their freezers are free in connection with purchase of the food, that the food is sold at a discount, that some food plans may be purchased on a weekly basis, making false guarantees, misrepresenting the grade of the meat sold, that a home economist will supervise customers' menus, that non-meat foods are packaged by national firms, and failing to disclose to each potential customer all the details of cost; respondents are also forbidden to induce signing of promissory notes without disclosing all the contents, failing to print a notice on face of contract that it may be sold to a third party, using false testimonial letters, claiming they have been in business since 1922, and failing to include in their contracts a notice that the contract may be canceled by customer within three days. Respondents are also required to make all dislosures required by Regulation Z of the Truth in Lending Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, and pursuant

to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, the Federal Trade Commission, having reason to believe that Natpac Inc., Natpac of New Jersey, Inc., Natpac of New York, Inc., Natpac of Connecticut, Inc., Natpac of Long Island, Inc., Natpac Foods, Inc., Natpac South, Inc., Guaranteed Home Food Service, Inc., Food Financiers, Incorporated, National Budgeting Company, Inc., Connecticut Budgeting Service, Inc., Associated Budgeting Corporation, Garden Budgeting Corp., Lenda-Freeze, Incorporated, corporations, hereinafter referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereto would be in the public interest, hereby issues its complaint stating its charges in those respects as follows:

PARAGRAPH 1. Respondent Natpac 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 105–32 Cross Bay Boulevard, Ozone Park, New York.

Respondents Guaranteed Home Food Service, Inc., Food Financiers, Incorporated, Associated Budgeting Corporation, and Lenda-Freeze, Incorporated are corporations organized, existing and doing business under and by virtue of the laws of the State of New York, with their principal office and place of business located at 105–32 Cross Bay Boulevard, Ozone Park, New York.

Respondent Natpac of New York, 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 715 Main Street, Poughkeepsie, New York.

Respondent Natpac of New Jersey, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 252 State Highway, East Brunswick, New Jersey.

Respondent Natpac of Connecticut, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 1034 Prospect Road, Cheshire, Connecticut.

Respondent Natpac of Long Island, 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 1904 Route 112, Medford, Long Island.

Respondent Natpac Foods, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal office and place of business located at 645 Chester Pike, Ridley Park, Pennsylvania.

Respondent Natpac South, Inc., 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 2951 V Street, N.E., Washington, D.C.

Respondents National Budgeting Company, Inc., and Garden Budgeting Corp., are corporations organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with their principal office and place of business located at 252 State Highway #18, East Brunswick, New Jersey.

Respondent Connecticut Budgeting Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 105–32 Cross Bay Boulvard, Ozone Park, New York.

PAR. 2. Respondents are now and for more than one year last past, have been engaged in the advertising, offering for sale and sale and distribution of food, as "food" is defined in the Federal Trade Commission Act, freezer food plans and freezers to members of the purchasing public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their freezers and food when sold, to be shipped from certain distribution points in the States of New York, New Jersey, Connecticut and the District of Columbia, to purchasers thereof located in the 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 freezers and food in commerce as "commerce" is defined in the Federal Trade Commission Act. The volume of business in such commerce has been and is substantial.

PAR. 4. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition in commerce with corporations, firms and individuals in the sale of freezers, food, and freezer food plans.

PAR. 5. In the course and conduct of their business as aforesaid, respondents have disseminated and caused the dissemination of certain statements and representations through advertisements concerning the said food, freezers, and freezer food plans by the United States mails, and by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including but not limited to, advertisements by means of circulars, newspapers, telephone directories, and pamphlets, for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of food, freezers and freezer food plans; and have disseminated, and caused the dis-

semination of, advertisements concerning said food, and freezer food plans by various means, including those aforesaid, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said food, and freezer food plans in commerce as "commerce" is defined in the Federal Trade Commission Act.

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

NATPAC WILL EVEN LEASE YOU A FREEZER TO STORE YOUR FOOD. ALL FOR THE SAME LOW WEEKLY COST OF $16.65.

NATPAC PUTS A STOP TO RISING FOOD COSTS—GIVES YOU A WRITTEN GUARANTEE THAT THEY WILL MAINTAIN TODAY'S LOW FOOD PRICES FOR THE NEXT THREE YEARS * * * WITHOUT A PENNY'S INCREASE.

IF YOU ALREADY OWN A FREEZER YOU CAN STILL PARTICIPATE.

NATPAC ONE OF AMERICA'S LARGEST FOOD PACKERS WILL EVEN PROVIDE YOU WITH A FREEZER OR COMBINATION FREEZER REFRIGERATOR TO STORE YOUR FOOD. THE LOW WEEKLY CHARGE OF $12 INCLUDES ALL COSTS.

PAR. 6. By and through the use of the above-quoted advertising statements and representations, and others of similar import and meaning not expressly set out herein, separately and in conjunction with the oral statements and representations made by their salesmen and representatives, to prospective purchasers, respondents represent, and have represented, directly or by implication, that:

1. Customers will receive a freezer without charge or additional cost when participating in respondents' food freezer program.
2. Respondents' freezers are custom built.
3. Respondents' freezers are commercial models.
4. Customers will realize savings over the cost of similar food purchased at retail food outlets.
5. Payments for the respondents' food plans may be made weekly.
6. Customers will receive USDA Prime or USDA choice meats.
7. Respondents will provide a food consultant or home economist who will supervise the preparation of customers' menus in accordance with customers' instructions.
8. The amount of food provided will be ample for the time period specified in the customers' individual food plans.
9. Customers have written testimonial letters praising the benefits received from respondents' food plans.
10. Foods other than meats are packaged by nationally-known food packers.

11. A prospective customer has won a prize in a sweepstakes drawing conducted by the respondents, and that a representative of the respondents will present the prospective customer with a prize such as a new sewing machine or other valuable item. Prospective customers are asked to allow respondents' representative to come to the home and make the presentation of the prize.

12. A complete inventory list showing weight and number of packages will accompany each food order.

13. Respondents have been in the food business since 1922.

14. Respondents guarantee that customers will pay the same prices for food for the three years following the date of contract.

PAR. 7. In truth and in fact:

1. Customers do not receive a freezer without charge. To the contrary, after the salesman sells the food plan he then proceeds to sell or lease a freezer to the customer. Customers are told that although there is a monthly cost of approximately $24 for a new freezer, they actually only pay $7–$8 a month as a result of the savings realized from the food plan. In addition, customers who cancel their food contracts or default thereon before the end of three years become immediately liable for the entire remaining unpaid amount of the original freezer purchase price. In addition, freezers are not loaned to customers without charge. Customers who request freezers on a loan basis pay an additional $13 per month for their food, which is the same sum charged for a leased freezer.

2. Respondents' freezers are not custom built. The freezers supplied to the respondents are not built to their or customers' specifications.

3. Respondents' freezers are not commercial models.

4. Customers do not realize savings on their food bills, but in fact, many pay more under respondents' plans than the cost for comparable food purchased at regular retail food outlets. Respondents do not sell food at discount prices. In addition the customer has no way of computing price per pound of a particular package of meat, as respondents do not give prices per item. The customer can only estimate the cost of an item by dividing the total weight of the shipment into the total cost.

5. Customers are rarely if ever billed weekly, but rather are charged on a monthly basis.

6. Respondents do not supply USDA Prime grade meats, but only U.S. choice or lesser grade or quality.

7. Respondents do not provide or make available a home economist or food consultant, to supervise the preparation of customers' menus in accordance with customers' instructions.

8. Respondents' food plans do not provide enough food for the time period specified by the salesman. Food delivered under the respondents' plans is often exhausted before the next delivery.

9. Respondents send prospective customers testimonial letters allegedly written by the prospective customers friends who are or were respondents' customers. Such letters are not written by the respondents' customers, but instead are prepared and mailed by respondents. Respondents have the alleged authors of these letters sign them at the time they contract with the respondents. In fact these letters are signed before the customer has received the food and freezer and has had time to evaluate both.

10. The food, other than meats, are not always packaged by national packers, as guaranteed by the respondents. To the contrary, in many instances the frozen food bears the Natpac label or other names not of national repute.

11. Customers have not won valuable sweepstakes prizes, such as sewing machines. In fact all winners of the alleged sweepstakes were fourth prize winners of one dollar and fifty cent cameras.

12. A complete inventory list showing weight and number of packages does not always accompany each order, as stated in the respondents' seven point guarantee. In fact the inventory rarely gives weight of each package or total weight of all packages.

13. Respondents have not been in the food business since 1922. In fact, respondents have been in business only since 1952.

14. Respondents do not guarantee that a customer will pay the same food prices for the three years after the date of contract. In fact this guarantee only applies to customers who purchase a freezer from the respondents at the time of the food purchase. Respondents advertise that guaranteed food prices are available, to customers who own their own freezer, when in truth and in fact this is not so. In addition respondents' inventory sheets, which accompany every order, state that prices are subject to change without notice.

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

PAR. 8. In the course and conduct of their business as aforesaid, respondents 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 Re-

serve System. Respondents enter into retail installment contracts with their customers, hereinafter referred to as "the contract." Respondents make no consumer credit cost disclosures to their customers other than on the contract.

By and through use of the contract, respondents:

1. Disclose as the "principal balance" the sum of the amount financed and charges for required credit life insurance which under the provisions of Regulation Z is part of the finance charge. This disclosure is not required or authorized by Regulation Z, and inclusion of a portion of the finance charge in an amount which purports to be in the nature of an amount financed is contradictory to the provisions of Regulation Z. Respondents thereby state additional information which is misleading and confusing to customers and contradicts and detracts attention from the required disclosure of the "amount financed," in violation of Section 226.6(c) of Regulation Z.

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

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

PAR. 9. In the course and conduct of their business, respondents have failed to supply customers, at the time of execution, with copies of all purchase orders, contracts and contract memoranda, promissory notes and other documents or papers signed by the customer and whose import, meaning or appearance is to obligate customers, directly or indirectly, to respondents or other third parties, whether immediately or not.

PAR. 10. In the course and conduct of their business, respondents have represented and do represent that their freezers and food products are guaranteed without disclosing the nature and extent of the guarantee, and the manner in which the guarantor will perform and the identity of the guarantor.

PAR. 11. In many instances, in the usual course of their business, respondents sell and transfer said customers' notes and contracts, procured by the aforesaid false, misleading and deceptive means, to various third parties including finance companies. In any subsequent action to collect monies from said customers pursuant to said notes and contracts, certain valid legal defenses and claims which said customers may have against respondents upon said notes and contracts are unavailable as against said third parties.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true, and into the purchase of substantial quantities of freezers, food, and freezer food plans from respondents by reason of said erroneous and mistaken belief.

Respondents' failure to disclose certain material facts, both orally and in writing prior to the time of sale, was and is false, misleading and deceptive, and constituted and now constitutes an unfair or deceptive act or practice.

PAR. 13. The aforesaid acts and practices of respondents, as herein alleged, including the dissemination by respondents of false advertisements, 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 within the intent and meaning of the Federal Trade Commission Act, and in violation of Sections 5 and 12 of said Act, and within the intent and meaning of the Truth in Lending Act and the implementing regulations promulgated thereunder.

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 the draft of complaint which the Bureau of Consumer Protection proposes to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Truth in Lending Act and the implementing regulation promulgated thereunder; and,

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all 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 those said Acts, and that complaint should issue stating its charges in those respects, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Natpac Inc., is a corporation with its principal office and place of business located at 105–32 Cross Bay Boulevard, Ozone Park, New York.

Respondents Guaranteed Home Food Service, Inc., Food Financiers, Incorporated, Associated Budgeting Corporation, Lenda-Freeze, Incorporated, are corporations with their principal office and place of business located at 105–32 Cross Bay Boulevard, Ozone Park, New York.

Respondent Natpac of New York, Inc., is a corporation with its principal office and place of business located at 715 Main Street, Poughkeepsie, New York.

Respondent Natpac of New Jersey is a corporation with its principal office and place of business located at 252 State Highway, East Brunswick, New Jersey.

Respondent Natpac of Connecticut, Inc., is a corporation with its principal office and place of business located at 1034 Prospect Road, Cheshire, Connecticut.

Respondent Natpac of Long Island, Inc., is a corporation with its principal office and place of business located at 1904 Route 112, Medford, Long Island.

Respondent Natpac Foods, Inc., is a corporation with its principal office and place of business located at 645 Chester Pike, Ridley Park, Pennsylvania.

Respondent Natpac South, Inc., is a corporation with its principal office and place of business located at 2951 V Street, N.E., Washington, D.C.

Respondents National Budgeting Company, Inc., and Garden Budgeting Corp., are corporations with their principal office and place of business located at 252 State Highway #18, East Brunswick, New Jersey.

Respondent Connecticut Budgeting Service, Inc., is a corporation with its principal office and place of business located at 105–32 Cross Bay Boulevard, Ozone Park, 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

PART I

It is ordered, That respondents Natpac Inc., Natpac of New Jersey, Inc., Natpac of New York, Inc., Natpac of Connecticut, Inc., Natpac of Long Island, Inc., Natpac Foods, Inc., Natpac South, Inc., Guaranteed Home Food Service, Inc., Food Financiers, Incorporated, National Budgeting Company, Inc., Connecticut Budgeting Service, Inc., Associated Budgeting Corporation, Garden Budgeting Corp., Lenda-Freeze, Incorporated, and any subsidiary or affiliated companies, and their officers 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 freezers, food or freezer food plans, or any other products or services, 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) Customers will receive freezers free or as a gift, or without cost or charge, in connection with the purchase of any other product or service, unless such freezer is given as a gift or free of all charges.

(b) Freezers are custom built or of a commercial grade or quality.

(c) Customers realize any savings or discounts over the cost of food of similar quantity and quality purchased at regular retail food outlets, when such savings are not realized or, misrepresenting in any manner, the amount of savings available or offered to purchasers.

(d) Respondents' food plans will provide sufficient food to feed a given number of persons for a specific time period or furnishing and delivering to customers food which differs in quantity and quality from that which was represented by the respondents.

(e) Respondents' food plans may be purchased and paid for on weekly installments or any other periodic basis unless respondents' customers usually and customarily are permitted to purchase food plans on such a basis.

(f) Any of respondents' products are guaranteed unless, in immediate conjunction therewith the nature and extent of the guarantee, the manner in which the guarantor will perform and the identity of each guarantor are clearly and conspicuously disclosed.

(g) USDA Prime meat is included in respondents' food plans unless, in fact, U.S. Prime meat is so included; or misrepresenting in any manner the grades of meat offered or available from respondents.

(h) The cost of freezers purchased from respondents is subsidized by savings realized as a result of belonging to respondents' food plan, as opposed to the usual cost of food of similar quality and quantity purchased at regular retail supermarkets, unless such savings are realized.

(i) The cost of a freezer is less than the amount stated in the terms of the retail installment agreement or contract of sale for the freezer.

(j) That home economists or food consultants will supervise the preparation of customers' menus.

(k) Foods, other than meat, are packaged by national packers, without first disclosing to the customers, prior to their signing any agreement, promissory note, or instrument of like nature and import, that the packaged goods may not always bear a brand name but that it will in all instances be equal to the highest USDA grade for such foods.

2. Failing to clearly, accurately and conspicuously disclose in writing to each potential customer, prior to the time of sale, and in conjunction with all descriptions of respondents' food plans:

(a) The weight of each non-meat item or package offered in each food category.

(b) The total weight of and number of packages in each non-meat food category comprising respondents' food plans.

(c) The total weight of meat supplied during any stated term of payment.

(d) The total cost of all food for any term of payment.

(e) The total cost of respondents' food plans.

(f) The total cost per month to the customer, of any freezer leased, loaned or sold to said customer.

It is further provided, That the information required in (a), (b) and (c) above with respect to the weight and number of packages, will be furnished with each delivery of food.

3. Inducing purchasers of food, or food and freezers or other merchandise to sign any promissory note or instrument of like nature and import unless said instrument or attachment thereto contains all of the terms and conditions of the promise and unless purchasers are fully apprised of the nature and contents thereof.

4. Failing to supply purchasers at the time of execution of con-

tracts or written agreements with copies of all agreements, instruments, notes and other written memoranda signed by such purchasers and fully completed with all terms set out and all blanks filled in, with the exception of the serial number of the freezer unit which will be filled in upon delivery.

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

IMPORTANT NOTICE

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

6. Representing to prospective customers that they have won valuable prizes, such as a sewing machine, in a sweepstakes drawing conducted by the respondents, when such valuable prizes are not awarded.

7. Representing to prospective or actual customers that food prices charged by the respondents are guaranteed not to increase for a three-year or other time period, without first setting forth clearly and conspicuously all conditions and terms related to such guarantee.

8. Representing that customers have written testimonial letters, praising the benefits of the respondents' food plans, when such letters are not written by the customers, or signed by them prior to the customers having had ample time to fully and completely appraise the full value of the respondents' food plans.

9. Representing that the respondents have been in the food business since 1922 or any other time period other than the actual number of years the respondents have been in the food business.

10. Obtaining signatures on any promissory note, contract, or other instrument of like nature and import, which does not contain a "Notice of Cancellation" which may be exercised by the buyer, if he so chooses, to cancel any time within three business days after he has signed the contract, promissory note or other instrument of like nature and import. Such notice shall allow the buyer to use any reasonable method to notify the seller of his intent to cancel, including mailing or delivering the signed notice to the seller's address.

It is further ordered, That respondents Natpac, Inc., Natpac of New Jersey, Inc., Natpac of New York, Inc., Natpac of Connecticut, Inc., Natpac of Long Island, Inc., Natpac Foods, Inc., Natpac South, Inc., Food Financiers, Incorporated, National Budgeting Company, Inc., Connecticut Budgeting Service, Inc., Associated Budgeting Corporation, Garden Budgeting Corp., Lenda-Freeze, Incorporated, and Guaranteed Home Food Service, Inc., corporations, and their officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Stating, utilizing, or placing any information or explanation not required or authorized by Regulation Z in a manner which might tend to mislead or confuse the customer or contradict, obscure, or detract attention from the information required by Regulation Z to be disclosed.

2. 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.

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

4. 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, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

PART II

It is further ordered, That respondents Natpac Inc., Natpac of New Jersey, Inc., Natpac of New York, Inc., Natpac of Connecticut, Inc., Natpac of Long Island, Inc., Natpac Foods, Inc., Natpac South, Inc., Food Financiers, Incorporated, National Budgeting Company, Inc., Connecticut Budgeting Service, Inc., Associated Budgeting Corporation, Garden Budgeting Corp., Lenda-Freeze, Incorporated, and Guaranteed Home Food Service, Inc., corporations and their officers, and respondents' agents, representatives and employees, directly or

through any corporate or other device, in connection with the offering for sale, sale or distribution of any food or freezer food plan, do forthwith cease and desist from, directly or indirectly:

1. Disseminating or causing to be disseminated, any advertisement by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement contains any representation prohibited in Part I of this order, which fails to comply with the affirmative requirements of said Part I of this order, or which contains any of the misrepresentations prohibited therein.

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 advertisement contains any of the representations prohibited in Part I of this order, which fails to comply with the affirmative requirements of said Part I of this order, or which contains any of the misrepresentations prohibited therein.

It is further ordered, That respondents shall forthwith distribute a copy of this order to each of their operating divisions and, in addition, to all present and future officers, managers and salesmen, and to present and future personnel engaged in the consummation of sales of respondents' products or in any aspect of preparation, creation or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such officer, manager, salesman and from the other aforementioned personnel.

PART III

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.

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

JEFFERSON'S JEWELERS, INC.

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

Docket C-2046. Complaint, Sept. 22, 1971—Decision, Sept. 22, 1971

Consent order requiring an Atlanta, Ga., jeweler and pawnbroker to cease violating the Truth in Lending Act by failing to furnish customers for open end credit accounts a single retainable written statement of information, failing to furnish such customers a periodic billing statement, failing to use the terms "annual percentage rate," and "finance charge," and failing to make all other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Jefferson's Jewelers, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts, and of the regulation 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 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 107 Peachtree Street, N.E., Atlanta, Georgia.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and sale of jewelry and related merchandise to the public. Respondent is also now, and for some time last past has been, engaged in business as a pawnbroker, extending loans of money secured by pledges of personal property to the public.

PAR. 3. In the ordinary course and conduct of its business, as a foresaid, 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. Respondent, subsequent to July 1, 1969, in the ordinary course and conduct of its business, extends open end credit to its

customers in connection with its credit sales, as "open end credit" and "credit sale" are defined in Regulation Z. Respondent failed to furnish its customers with a single written statement before the first transaction on the open end credit account in the manner and form required by Section 226.7(a) of Regulation Z.

Periodic billing statements are mailed to customers which do not contain any of the disclosure requirements of Section 226.7(b) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondent, in the ordinary course of business and in connection with loan transactions, has caused and is causing customers to execute pledge agreements which contain loan disclosure statements, hereinafter referred to as the "agreement." Respondent provides customers with no cost of credit disclosures other than those in the agreement. By and through the use of the agreement, respondent fails to print the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failure to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent has 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 respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Acts, and that complaint should issue stating its

charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its office and principal place of business located at 107 Peachtree Street, N.E., Altanta, Georgia.

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 Jefferson's Jewelers, Inc., its officers, 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 § 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 furnish each customer before the first transaction on any open end credit account with a single written statement, which the customer may retain, disclosing to the customer all the information required to be disclosed by Section 226.7(a) of Regulation Z.

2. Failing to furnish each open end credit account customer a periodic billing statement disclosing to the customer all the information required to be disclosed by Section 226.7(b) of Regulation Z.

3. Failing, in any consumer credit transaction other than open end credit, 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.

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

It is further ordered, That respondent shall furnish a copy of this order to cease and desist to all present and future personnel of respondent engaged in the consummation of any extension of consumer

credit, and shall secure from each such person a signed statement acknowledging receipt of said order.

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

IN THE MATTER OF

ARTHUR CLEIN AND MEYER H. GORDON DOING BUSINESS AS UNITED LOAN ASSOCIATION

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

Docket C-2047. Complaint, Sept. 22, 1971—Decision, Sept. 22, 1971

Consent order requiring Atlanta, Ga., individuals doing business as money lenders and pawnbrokers to cease violating the Truth in Lending Act by failing to disclose and print on their documents the terms "annual percentage rate," and "finance charge," and failing to make other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Arthur Clein and Meyer H. Gordon, individually and as partners doing business as United Loan Association, hereinafter referred to as respondents, have violated the provisions of said Acts, and the regulation 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. Respondents are partners doing business as United Loan Association with their principal office and place of business located at 238 Edgewood Avenue, N.E., Atlanta, Georgia.

PAR. 2. Respondents are now, and for some time last past have been, engaged in business as pawnbrokers, securing pledges of personal property as a condition to the extention of loans 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 of business and in connection with loan transactions, have caused and are causing customers to execute pledge agreements which contain loan disclosure statements, hereinafter referred to as the "agreement." Respondents provide customers with no consumer credit cost disclosures other than those in the agreement. By and through the use of the agreement, respondents:

1. Fail to employ the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

2. Fail to disclose the "annual percentage rate" as required by Section 226.8(b)(2) of Regulation Z in numerous instances by leaving the space provided for this disclosure blank.

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder; and

The respondents and counsel for the Commission having 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 settle-

ment purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

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

1. Respondents are partners in a partnership, with its office and principal place of business located at 238 Edgewood Avenue, N.E., Atlanta, Georgia.

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, Arthur Clein and Meyer H. Gordon, individually and as partners doing business as United Loan Association or under any other name, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to 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 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.

3. 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.

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

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the partnership, including dissolution, addition or deletion of partners from the partnership agreement, acquisition or creation of any other business entity, corporate or otherwise, or other change in the partnership which may affect compliance obligations arising out of this order.

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

IN THE MATTER OF

SUPREME LOAN COMPANY DOING BUSINESS AS AMERICAN LOAN OFFICE

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

Docket C-2048. Complaint, Sept. 22, 1971—Decision, Sept. 22, 1971

Consent order requiring an Atlanta, Ga., pawnbroker to cease violating the Truth in Lending Act by failing to disclose and print on its documents the terms "annual percentage rate," and "finance charge," and failing to make other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Supreme Loan Company, a corporation doing business as American Loan Office, hereinafter referred to as respondent, has violated the provisions of said Acts, and the regulation 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 a corporation formed, organized and existing under and by virtue of the laws of the State of Georgia, doing business as American Loan Office with its principal office and place of business located at 263 Peters Street, S.W., Atlanta, Georgia.

PAR. 2. Respondent is now, and for some time last past has been, engaged in business as a pawnbroker, securing pledges of personal property as a condition to the extension of loans of money to the public.

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 of business and in connection with loan transactions, has caused and is causing customers to execute pledge agreements which contain loan disclosure statements, hereinafter referred to as the "agreement." Respondent provides customers with no consumer credit cost disclosures other than those in the agreement. By and through the use of the agreement, respondent:

1. Fails to employ the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

2. Fails to disclose the "annual percentage rate" as required by Section 226.8(b)(2) of Regulation Z in numerous instances by leaving the space provided for this disclosure blank.

PAR. 5. Pursuant to Section 103(q) 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 Section 108 thereof, respondent has 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 respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder; and

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

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

1. Respondent is a corporation formed, organized and existing under and by virtue of the laws of the state of Georgia, with its office and principal place of business located at 263 Peters Street, S.W., Atlanta, Georgia.

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, Supreme Loan Company, a corporation doing business as American Loan Office or under any other name, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to 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 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.

3. 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.

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

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, 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 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

EDWARD BERGER DOING BUSINESS AS ROYAL LOAN OFFICE

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

Docket C-2049. Complaint, Sept. 22, 1971—Decision, Sept. 22, 1971

Consent order requiring two Atlanta, Ga., individuals doing business as pawnbrokers to cease violating the Truth in Lending Act by failing to disclose and print where required the "annual percentage rate" and "finance charge," and make disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Edward Berger and Williams S. Cohen, individually and as partners doing business as Royal Loan Office, hereinafter referred to as respondents, have violated the provisions of said Acts, and the regulation promul-

gated 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. Respondents are partners doing business as Royal Loan Office with their principal office and place of business located at 243 Peters Street, S.W., Atlanta, Georgia.

PAR. 2. Respondents are now, and for some time last past have been, engaged in business as pawnbrokers, securing pledges of personal property as a condition to the extension of loans 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 of business and in connection with loan transactions, have caused and are causing customers to execute pledge agreements which contain loan disclosure statements, hereinafter referred to as the "agreement." Respondents provide customers with no consumer credit cost disclosures other than those in the agreement. By and through the use of the agreement, respondents:

1. Fail to employ the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

2. Fail to disclose the "annual percentage rate" as required by Section 226.8(b)(2) of Regulation Z in numerous instances by leaving the space provided for this disclosure blank.

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if

issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder; and

The respondents and counsel for the Commission having 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. Respondents are partners doing business as Royal Loan Office, with their office and principal place of business located at 243 Peters Street, S.W., Atlanta, Georgia.

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 Edward Berger, and William S. Cohen, individually and as partners doing business as Royal Loan Office, or under any other name, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to 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 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.

3. 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.

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

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the partnership, including dissolution, addition or deletion of partners from the partnership agreement, acquisition or creation of any other business entity, corporate or otherwise, or other change in the partnership 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 it has complied with this order.

IN THE MATTER OF

EDWARD WEINER, ET AL. DOING BUSINESS AS

WEST SIDE LOAN OFFICE

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

Docket C-2050. Complaint, Sept. 22, 1971—Decision, Sept. 22, 1971

Consent order requiring two Atlanta, Ga., individuals doing business as pawnbrokers to cease violating the Truth in Lending Act by failing to disclose and print where required the "annual percentage rate" and "finance charge," and make disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated

thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Charles Weiner and Edward Weiner, individually and as partners in a partnership trading as West Side Loan Office, hereinafter referred to as respondents, have violated the provisions of said Acts, and the regulation 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. Respondents are partners doing business as West Side Loan Office with its principal office and place of business located at 337 Peters Street, S.W., Atlanta, Georgia.

PAR. 2. Respondents are now, and for some time last past have been, engaged in business as pawnbrokers, securing pledges of personal property as a condition to the extension of loans 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 of business and in connection with loan transactions, have caused and are causing customers to execute pledge agreements which contain loan disclosure statements, hereinafter referred to as the "agreement." Respondents provide customers with no consumer credit cost disclosures other than those in the agreement. By and through the use of the agreement, respondents:

1. Fail to employ the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

2. Fail to disclose the "annual percentage rate" as required by Section 226.8(b)(2) of Regulation Z in numerous instances by leaving the space provided for this disclosure blank.

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption

hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder; and

The respondents and counsel for the Commission having 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 said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondents are partners in a partnership trading as West Side Loan Office, their office and principal place of business located at 337 Peters Street, S.W., Atlanta, Georgia.

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, Edward Weiner and Charles Weiner, individually and as partners doing business as West Side Loan Office or under any other name, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to print the terms "annual percentage rate" and "finance charge," where required by Regulation Z to be used, more conspicu-

ously than other required terminology, as set forth in Section 226.6(a) of Regulation Z.

2. 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.

3. 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.

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

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the partnership, including dissolution, addition or deletion of partners from the partnership agreement, acquisition or creation of any other business entity, corporate or otherwise, or other change in the partnership 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 it has complied with the order.

IN THE MATTER OF

MORRIS SHMERLING DOING BUSINESS AS RELIABLE LOAN OFFICE

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

Docket C-2051. Complaint, Sept. 22, 1971—Decision, Sept. 22, 1971

Consent order requiring an Atlanta, Ga., individual doing business as a pawnbroker to cease violating the Truth in Lending Act by failing to disclose and print where required the "annual percentage rate" and "finance charge," and make all disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated

thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Morris Shmerling, individually and doing business as Reliable Loan Office, hereinafter referred to as respondent, has violated the provisions of said Acts, and the regulation 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 doing business as Reliable Loan Office with its principal office and place of business located at 88 Pryor Street, S.W., Atlanta, Georgia.

PAR. 2. Respondent is now, and for some time last past has been, engaged in business as a pawnbroker, securing pledges of personal property as a condition to the extension of loans of money to the public.

PAR. 3. 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. 4. Subsequent to July 1, 1969, respondent, in the ordinary course of business and in connection with loan transactions, has caused and is causing customers to execute pledge agreements which contain loan disclosure statements, hereinafter referred to as the "agreement." Respondent provides customers with no consumer credit cost disclosures other than those in the agreement. By and through the use of the agreement, respondent:

1. Fails to employ the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology as required by Section 226.6(a) of Regulation Z.

2. Fails to disclose the "annual percentage rate" as required by Section 226.8(b)(2) of Regulation Z in numerous instances by leaving the space provided for this disclosure blank.

PAR. 5. Pursuant to Section 103(q) 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 Section 108 thereof, respondent has 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 respondent named in the caption

hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder; and

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

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

1. Respondent is an individual, with his office and principal place of business located at 88 Pryor Street, S.W., Atlanta, Georgia.

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

ORDER

It is ordered, That respondent, Morris Shmerling, individually and doing business as Reliable Loan Office or under any other name, and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to 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 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.

3. 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.

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

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed sale of respondent's business, any proposed change in the name under which respondent does business, any change in the form of respondent's business such as incorporation or formation of a business partnership, or the entry of respondent into any other business individually or through a corporation, business partnership or other form of doing business, or other change in respondent's business status 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 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

L.G. BALFOUR COMPANY, ET AL.

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

Docket 8435. Complaint, June 16, 1961—Decision, Sept. 23, 1971

Order modifying a cease and desist order of July 29, 1968, 74 F.T.C. 345, which required the nation's largest manufacturer of college fraternity jewelry and its sales subsidiary to cease various anti-competitive practices to also cease monopolizing the sale and distribution of fraternity jewelry and other products, making exclusive contracts with any fraternity, for a period of 5 years making any contract to be effective for over one year, participating as an active member of any interfraternity organization, inducing any fraternity not to deal with a competitor of respondent, and for a period of 10 years not

to merge with a competing company whose sales are 10 percent or more than those of the respondent unless approved by the F.T.C.

The L.G. Balfour Company shall divest itself of its subsidiary corporation, Burr, Patterson & Auld Company, and for 5 years refrain from selling to Burr customers; the respondent shall also cease disparaging the performance of or enticing away the employees of any competing company, and entering into any monopolistic agreement with any high school official or high school class officer concerning the purchase of high school class rings. All charges respecting the person L.G. Balfour are dismissed. This order was modified pursuant to a decision of the Court of Appeals Seventh Circuit, April 5, 1971 [442 F. 2d 1].

Final Order

The Commission having issued its original order on July 29, 1968, and respondents having appealed from the Commission's decision; and

The United States Court of Appeals for the Seventh Circuit having rendered its decision on April 5, 1971 [442 F. 2d 1], and its judgment on June 1, 1971, modifying the Commission's decision and order; and

The time for filing a petition for a writ of certiorari having expired:

It is ordered, That the previously issued order of the Commission be, and it hereby is, modified to read as follows:

Order

Definitions

For the purposes of the order to be issued in this proceeding, the following definitions shall apply:

(a) *Fraternity* shall mean a college social or college professional fraternity or sorority or college honor or college recognition society having more than one chapter;

(b) *Fraternity products* shall mean products bearing the trademark or distinctive insignia of a fraternity (as defined in (a) above); including, but not limited to, such products as standard badges, jeweled badges, pledge buttons or pins, recognition pins, monograms pins, pendants, miscellaneous jewelry items, paddles, beer mugs, processed knitwear, blazers, party and dance favors, stationery, pennants and other novelty-like items;

(c) *Findings* shall mean any product used in the manufacture, fabrication or processing of insignia jewelry, service awards or specialty products including, but not limited to, tie bars, tie tacks, tie chains, cuff links, lapel pins or buttons, key chains, identification bracelets, belt buckles, pendants, compacts, vanities, cigarette lighters, billfolds, jewel or cigarette boxes and pens and pencils.

I

It is ordered, That respondent L. G. Balfour Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns and respondent Burr, Patterson & Auld Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns, in connection with the sale, offering for sale, or distribution of fraternity products in commerce, as "commerce" is defined in the Federal Trade Commission Act, shall terminate all contracts, agreements, understandings or arrangements, written or oral, in effect with any fraternity relating in any manner to the manufacture, sale or distribution of fraternity products. Respondents shall send a written notice of termination to each said fraternity, together with a copy of this order; and a copy of such notice and order, together with a list of the fraternities to which said notice and order has been sent, shall be furnished to the Federal Trade Commission within thirty (30) days thereafter.

II

It is further ordered, That respondent L. G. Balfour Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns and respondent Burr, Patterson & Auld Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns, in connection with the sale, offering for sale, or distribution of fraternity products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Monopolizing, or attempting to monopolize, the manufacture, sale or distribution of fraternity products by utilizing any plan, policy, method, system, program or device which has the purpose or effect of foreclosing competitors from the manufacture, sale or distribution of such products, or utilizing any contract, agreement, understanding or arrangement, written or oral, which has the purpose or effect of unlawfully foreclosing, restricting, restraining, or eliminating competition in the manufacture, sale or distribution of such products;

(2) Entering into, maintaining or utilizing any contract, agreement, understanding or arrangement, written or oral, with any fraternity which designates, appoints, authorizes, grants or entitles respondents, or either of them, to be sole or exclusive supplier, or suppliers, of any or all types of fraternity products to said fraternity, or which requires or obligates said fraternity to purchase all or substantially all of its requirements of any or all types of fraternity products from respondents, or either of them;

(3) For a period of five (5) years, entering into, maintaining or utilizing any contract, agreement, understanding or arrangement, written or oral, with any fraternity which continues in effect for a period longer than one year;

(4) Representing, directly or by implication, that respondents, or either of them, are the sole authorized supplier or suppliers of any or all types of fraternity products to any fraternity;

(5) Holding any office in, making any financial or other contribution of value to, or participating in any manner in the management of the affairs of any organization composed of more than one fraternity, such as, but not limited to, the Interfraternity Research and Advisory Council, National Interfraternity Conference, National Panhellenic Conference, National Panhellenic Council, Professional Interfraternity Council, Professional Panhellenic Association or Association of College Honor Societies.

III

It is further ordered, That respondent L. G. Balfour Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns and respondent Burr, Patterson and Auld Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns, in connection with the manufacture, sale, offering for sale, or distribution of fraternity products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Falsely representing that any competitor has manufactured, distributed or sold any or all types of fraternity products without permission or authorization of any fraternity or fraternities;

(2) Inducing or coercing any fraternity or any officer, member or employee thereof, (a) to refrain from giving fair consideration to offers by respondents' competitors to sell any or all types of fraternity products to any fraternity or any member thereof, or (b) to deny respondents' competitors free and open access to the national offices or chapter houses of any fraternity, or (c) to cancel any existing contract or purchase order of respondents' competitors covering the sale of any or all types of fraternity products to any fraternity or to any member thereof;

(3) During a period of ten (10) years from the date of entry of this order, purchasing, merging or consolidating with, or in any way acquiring any interest in, any competitor engaged in the manufacture, distribution or sale of any or all types of fraternity products whose sales of said fraternity products constitute an amount in excess of

ten (10) percent of the total sales of such competitor, unless permission to make such merger, consolidation or acquisition is first obtained from the Federal Trade Commission;

(4) Entering into any contract, agreement, understanding or arrangement, written or oral, with any manufacturer or distributor of any fraternity product, or any product intended for sale or distribution to any fraternity, that such supplier shall not sell said product, or products, to any competitor of respondents.

IV

It is further ordered, That respondent L. G. Balfour Company, within one (1) year from the date this order becomes final, shall divest itself, absolutely and in good faith, of all assets, properties, rights and privileges, tangible and intangible, of respondent Burr, Patterson & Auld Company relating in any way to the manufacture, sale or distribution of fraternity products, including patents, trademarks, trade names, firm names, good will, contracts and customer lists. In such divestment no property above mentioned to be divested shall be sold or transferred, directly or indirectly, to anyone who at the time of the divestiture is a stockholder, officer, director, employee or agent of, or otherwise directly or indirectly connected with, or under the control or influence of, respondent L. G. Balfour Company, or to any purchaser who is not approved by the Federal Trade Commission.

Commencing upon the date this order becomes final and continuing for a period of five (5) years from and after the effective date of the divestiture, respondent L. G. Balfour Company shall refrain from selling any fraternity products to any fraternity that was under an official, co-official or sole official jeweler contract with respondent Burr, Patterson & Auld as of June 16, 1961.

V

It is further ordered, That respondent L.G. Balfour Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns and respondent Burr, Patterson and Auld Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns, in connection with the manufacture, sale, offering for sale or distribution of any of their products in commerce, as "commerce" is defined in the Federal Trade Commission Act, shall cease and desist from:

(1) Falsely imputing to any competitor dishonorable conduct, inability to perform contracts, questionable credit standing, or falsely

disparaging any competitor's products, business methods, selling prices, values, credit terms, policies or services;

(2) Enticing away employees or sales representatives from any competitor with the intent or effect of injuring any competitor or competitors. This provision shall not prohibit any person from seeking more favorable employment with respondents, or either of them, or to prohibit said respondents, or either of them, from hiring or offering employment to employees of a competitor in good faith and not for the purpose of inflicting injury on such competitor;

(3) Entering into any contract, agreement, understanding or arrangement, written or oral, with any supplier of any finding or findings that such supplier shall not sell said finding or findings to any competitor of respondents.

VI

It is further ordered, That respondent L.G. Balfour Company, a corporation, its officers, agents, employees, representatives, subsidiaries, successors and assigns, directly or indirectly, through any corporate or other device, in or in connection with the offering for sale, sale or distribution of high school class rings in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Entering into, establishing, maintaining, enforcing, or continuing in operation or effect beyond the first school year that ends after the effective date of this order, any contract, agreement or understanding with any high school official or high school class with respect to the sale, supply or distribution of high school class rings which fails to set forth all of the terms essential to enable performance of such contract, agreement or understanding, including a description of the ring being ordered and the price thereof;

(2) Entering into, establishing, maintaining, enforcing, or continuing in operation or effect beyond the first school year that ends after the effective date of this order, any contract, agreement or understanding with any high school official or high school class with respect to the sale, supply or distribution of high school class rings which continues in effect for a period longer than one year; *Provided, however*, that respondent L.G. Balfour Company, a corporation, and its officers, agents, representatives, employees, subsidiaries, successors and assigns, may enter into such contract, agreement or understanding for a period not in excess of three (3) years if (i) the manufacture of the high school class rings that are the subject of any contract, agree-

ment, or understanding requires respondent to construct a complete and original set of dies usable solely for said rings, (ii) the die charges are separately quoted and stated by respondent and (iii) the contract, agreement, or understanding provides that the dies become the property of the high school at the expiration thereof;

(3) Representing, directly or by implication, that special prices, discount prices, term prices, discounts, or rebates are afforded to purchasers of high school class rings unless the price at which such merchandise is offered constitutes a reduction equal to any amount stated, or otherwise directly or by implication represented, from the actual, bona fide price at which such merchandise was offered to high schools on a regular basis during the calendar year in which such representation is made in the regular course of business in the trade area where the representation is made, and unless such regular price and the discount price, discount rate, or rebate terms are clearly set forth in such agreement;

(4) Entering into, establishing, maintaining, or enforcing at any time after the first school year that ends after the effective date of this order, any contract, agreement, or understanding with any high school official or high school class with respect to the sale, supply, or distribution of high school class rings more than sixty (60) days prior to the date upon which the term of such contract, agreement, or understanding is to begin;

(5) Entering into, establishing, maintaining or enforcing at any time after the first school year that ends after the effective date of this order, any contract, agreement, or understanding with any person whereby respondent will alternate, rotate, or otherwise share with any competitor in the sale or supply of high school class rings to any high school class.

VII

It is further ordered, That respondent L. G. Balfour Company and respondent Burr, Patterson & Auld shall, within sixty (60) days from the date of service of this order, submit to the Federal Trade Commission a report, in writing, setting forth in detail the manner and form in which they have complied with Parts I, II, III and V of this order; respondent L.G. Balfour Company shall also, within sixty (60) days from the date of such service, submit to the Federal Trade Commission a report, in writing, setting forth in detail the manner and form in which it has complied with Part VI of this order; and respondent L.G. Balfour Company shall also, within sixty (60) days from such date of service and every sixty (60) days thereafter until it has fully

complied with this order, submit to the Commission a detailed written report of its actions, plans and progress in complying with the provisions of Part IV of this order.

VIII

It is further ordered, That all charges respecting respondent L. G. Balfour be, and they hereby are, dismissed.

It is further ordered, That the Commission's decision is hereby modified by striking therefrom the Commission's findings that respondents misrepresented the extent of fraternities' trademark protection and the Commission's findings relating to the manner or motive of Balfour's acquisition of Burr, Patterson and Auld Company and Edwards Haldeman.

IN THE MATTER OF

UNIVERSE CHEMICALS, INC., ET AL.

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

Docket 8752. Complaint, Dec. 5, 1967—Decision, Sept. 23, 1971*

Order adopting the initial decision of the hearing examiner which found respondent Jordan L. Lichtenstein, an officer of Universe Chemicals, Inc., a Chicago paint company, to be subject to the order to cease using misrepresentations to sell its products and recruit dealers.

FINAL ORDER

This matter having been heard by the Commission upon respondent Jordan L. Lichtenstein's appeal from the Initial Decision,[1] and upon briefs and oral argument in support thereof and in opposition thereto; and

The Commission having concluded on this record and the facts and circumstances set forth therein, and for the reasons expressed in the accompanying opinion, that the initial decision and order issued by the examiner should be adopted as the decision and order of the Commission;

It is ordered, That the Initial Decision and the order contained therein be, and they hereby are, adopted as the decision and order of the Commission.

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*Reported in 77 F.T.C. 598 as amended by Hearing Examiner's order of July 10, 1968.

[1] *See* 77 F.T.C. 598.