be bound by the terms of this order; *Provided*, That if said respondent wishes to present to the Commission any reasons why said order should not apply in its present form to said successor or transferee, it shall submit to the Commission a written statement setting forth said reasons prior to the consummation of said succession or transfer.

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

IN THE MATTER OF

SCHEFLIN-REICH, INC., ET AL.

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

Docket C-2174. Complaint, March 22, 1972—Decision, March 22, 1972.

Consent order requiring a New York City firm buying and selling furs to cease falsely and deceptively invoicing its fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virture of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Scheflin-Reich, Inc., a corporation, and Joseph Reich and Murray Scheflin, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

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

Respondents Joseph Reich and Murray Scheflin 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 fur merchants with their office and principal place of business located at 333 Seventh Avenue, New York, New York,

who either buy raw skins and have them dressed or buy skins already dressed which are sold to their customers.

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

PAR. 3. Certain of said fur products or furs were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated under such Act.

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

PAR. 4. Certain of said fur products or furs were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the rules and regulations promulgated thereunder in that the term "natural" was not used on invoices to describe fur products or furs which were not pointed, bleached, dyed, tip-dyed, or otherwise artifically colored, in violation of Rule 19(g) of said rules and regulations.

PAR. 5. The aforesaid acts and practices of respondents are in violation of the Fur Products Labeling Act and the rules and regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The 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 Fur Products Labeling 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, their attorney and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the 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 30 days, now in further conformity with the procedure prescribed in Section 2.14(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 Scheflin-Reich, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Joseph Reich and Murray Scheflin 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 fur merchants with their office and principal place of business located at 333 Seventh Avenue, New York, New York.

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

ORDER

It is ordered, That respondents Scheflin-Reich, Inc., a corporation, and its officers, and Joseph Reich and Murray Scheflin, 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 into commerce, or the manufacture for introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce; or in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur, as the terms "commerce,"

"fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely and deceptively invoicing such fur or fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Failing to set forth the term "natural" as part of the information required to be disclosed on any invoice under the Fur Products Labeling Act and the rules and regulations promulgated thereunder to describe any fur or fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further ordered, That respondents Scheflin-Reich, Inc., a corporation, and its officers, and Joseph Reich and Murray Scheflin, individually and as officers of said corporation, shall forthwith distribute a copy of this order to each of its salesmen and to each of the five customers who received furs which gave rise to this matter.

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 subsidaries 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 of their compliance with this order.

IN THE MATTER OF

IMPERIAL CHEMICAL INDUSTRIES, LTD., ET AL.

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

Docket C-2175. Complaint, March 22, 1972—Decision, March 22, 1972

Consent order requiring a British corporation, one of the world's largest chemical companies, to divest itself within three years of the explosives and

aerospace divisions of a Wilmington, Del., corporation, and not to acquire for a period of 10 years any interest in an American explosive business without the approval of the Commission.

COMPLAINT

The Federal Trade Commission, having reason to believe that Imperial Chemical Industries, Ltd., a corporation subject to the Commission's jurisdiction by reason of the transaction hereinafter described, and its wholly-owned and controlled subsidiary, ICI-America, Inc., a corporation subject to the commission's jurisdiction, have acquired control of the capital stock of Atlas Chemical Industries, Inc., a corporation subject to the Commission's jurisdiction, in violation of Section 7 of the Clayton Act (15 U.S.C. §18), hereby issues its complaint, pursuant to Section 11 of that Act (15 U.S.C. § 21) stating its charges as follows:

I DEFINITIONS

1. As used in this complaint:

(a) "High explosives" refers to nitroglycerine based commercial explosives, including permissible explosives approved by the United States Bureau of Mines for use in certain underground mining operations, and excluding blasting accessories.

(b) "ANFO" refers to ammonium nitrate-fuel oil sensitized commercial explosives, including ammonium nitrate for use in such mixtures, and excludes slurries.

(c) "Slurries" refers to a commercial explosive in the form of a liquid or gel containing ammonium nitrate and a sensitizer such as TNT or aluminum.

(d) "Electric blasting caps" refers to delay and non-delay electric caps.

(e) "Blasting Accessories" refers to all accessories to the use of commercial explosives, including primers and detonating devices such as electric blasting caps and detonating fuse.

(f) "Commercial explosives" refer to high explosives, AFNO, and slurries.

(g) "Explosives business" refers to the business of manufacturing high explosives, ANFO, or slurries and in connection with the sale of such products of supplying a full line of commercial explosives and blasting accessories, and technical advice on the use of said products.

(h) "United States" includes all fifty states.

II THE COMPANIES

2. Atlas Chemical Industries, Inc., ("Atlas") was a corporation organized under the laws of the State of Delaware, with its principal office and place of business located in Wilmington, Delaware, and was one of the corporations formed as a result of the decree in *United States* v. *E. I. DuPont de Nemours & Co.*, 188 Fed. 127 (1911). It is now merged with ICI-America, Inc.

3. In 1970 Atlas had sales in excess of $155 million and assets in excess of $139 million. It ranked approximately 540th among the nation's largest industrial firms by sales.

4. Atlas was one of the six to eight companies in this country which are known as "powder companies" and which manufacture most of a full-line of explosives and blasting accessories, have a network of distributors, salesmen, and magazines, are able to supply field engineering services, and have an established record of safety and reliability. In 1970 Atlas' sales of explosives and blasting accessories (other than sales to other manufacturers) were approximately $30 million, or approximately 15 percent of total domestic sales of such products and Atlas ranked second among companies making such sales. At all times relevant hereto Atlas sold and shipped its products throughout the United States and engaged in "commerce" as that term is defined in the Clayton Act.

5. (a) Respondent Imperial Chemical Industries, Ltd., ("ICI") is a corporation organized and existing under the laws of the United Kingdom.

(b) Together with its subsidiaries and affiliated companies (hereinafter referred to collectively as "ICI"), ICI had sales in 1970 in excess of $3.5 billion, and its assets exceeded $4.5 billion. It ranked approximately 6th in size among the largest industrial firms not based in this country. It would have ranked approximately 20th among the largest domestic industrial firms.

(c) Immediately prior to the acquisition, ICI imported a substantial quantity of goods into this country; it had investments valued in excess of $300 million in domestic firms, one of which was its wholly-owned subsidiary, ICI-America, Inc. ("ICIA"), which investments generated in excess of $100 million in sales in 1970. The activity above described continued after the merger. The acquisition of Atlas was planned, financed, and controlled by ICI.

6. Respondent ICIA is a corporation organized and existing under the laws of the State of Delaware, with its principal places of business in Stamford, Connecticut, and Wilmington, Delaware.

7. Canadian Industries, Ltd., ("CIL") is a corporation organized and existing under the laws of Canada; approximately 74 percent of its stock is owned by ICI, and it is one of ICI's "subsidiary or affiliated companies" as that term is used in this complaint. In 1970 CIL had sales in excess of $(C)300 million on assets exceeding $(C)290 million. It ranks among the 25 largest manufacturing companies in Canada.

III THE ACQUISITION

8. On or about July 20, 1971, ICI, through ICIA, acquired all of the then issued and outstanding stock of Atlas, aggregating 4,089,893 shares, for $40 per share, or $163,595,720 (the "acquisition").

IV TRADE AND COMMERCE

9. (a) Outside the United States, ICI is one of the largest producers and marketers of commercial explosives and blasting accessories. Sales in the United Kingdom including exports exceeded $38 million in 1970. Canadian sales through CIL exceeded $40 million in 1970. CIL is the largest producer of explosives in Canada, producing and selling approximately 70 percent of all explosives sold in that country.

(b) Over a period of years, during which it has been one of the world's foremost suppliers of explosives, ICI has maintained long standing commercial relationships with large consumers of explosives outside the United States, including international mining companies.

10. (a) At least since 1967 ICI has competed with Atlas in the sale in this country of electric blasting caps. In 1970 approximately 4 percent of electric blasting caps sold in this country had been manufactured by ICI.

(b) CIL has sought to participate in the Alaska market for explosives through sale of a full-line of explosives in that state.

(c) Prior to the acquisition, ICI considered expanding its participation in the United States commercial explosives markets, in terms of volume of sales, variety of explosives sold, and areas of the country to which sales are made, and it has considered making such participation part of an explosives business conducted on a continental scale.

11. As a result of its long experience, extensive manufacturing facilities, established sales organization and customer relationships, and CIL's entrenched position in Canada, immediately prior to the acquisition ICI was one of the most likely potential entrants into the

business of selling explosives in this country and of being a "powder company" in this country.

12. The relevant geographic markets involved in this complaint are the United States as a whole and regional areas containing a high proportion of explosives users in the construction and quarrying industries.

13. The relevant product market involved in this complaint is the explosives business. The relevant product sub-markets are:

(a) Commercial explosives
  (i) high explosives
  (ii) ANFO
  (iii) slurries
(b) Blasting accessories
(c) Electric blasting caps
(d) Explosives sold to users in the Construction Industry.
(e) Explosives sold to users in the Quarrying Industry.

14. The manufacture and sale of explosives is a significant business in the United States. During 1970 total domestic sales (other than sales to other manufacturers) amounted to approximately $200 million. For that year, Atlas' rankings in the relevant markets were:

Market:	*Atlas' ranking*
Commercial explosives	3
High explosives	2
ANFO	4
Slurries	8
Blasting accessories	2
Electric blasting caps	2
Construction industry	2
Quarrying industry	2

15. The relevant markets and submarkets are marked by a high degree of concentration. In 1970 seven companies were substantial marketers of a full-line of explosives, three companies produced electric detonators, three companies produced detonating fuse, four companies produced over 85 percent of the high explosives (including ammonium nitrate sold for explosives use), and three companies produced over 80 percent of the slurries. In addition, a substantial quantity of the ANFO (including ammonium nitrate sold for explosives use) was sold by producers thereof to powder companies and their distributors, who then resold for use.

16. Entry into the manufacture of high explosives, slurries, and blasting accessories is difficult because the manufacturer must have a substantial investment in plant and equipment, due in part to economies of scale and/or the scarcity and complexity of the equip-

ment, must have extensive manufacturing and handling know-how, and must have a reputation for safety.

(b) Entry into the sale of commercial explosives is difficult because of the prevalence of distribution through exclusive distributors, and because of the substantial competitive advantage enjoyed by the seller able to supply a full-line of commercial explosives and blasting accessories, to supply commercial explosives at manufacturer's prices, and to supply field engineering services.

V EFFECTS OF ACQUISITION

17. The effects of the acquisition of Atlas by ICI may be to substantially lessen competition or to tend to create a monopoly in the manufacture and sale of the relevant products and subproducts in the relevant geographic market and sub-markets in the following ways, among others:

(a) Actual competition between Atlas and ICI in the sale of electric blasting caps has been eliminated.

(b) Substantial potential competition by ICI has been eliminated in each relevant market and submarket.

(c) Barriers to entry will be increased and the effectivenes of competition by smaller firms will be diminished by the substitution of ICI for Atlas.

VI VIOLATION CHARGED

18. The acquisition of Atlas by ICI constitutes a violation of Section 7 of the Clayton Act, as amended (15 U.S.C. Section 18).

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 Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondents with violation of Section 7 of the Clayton Act, as amended;

Respondents, their attorneys and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated

as alleged in said complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that 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 Imperial Chemical Industries, Ltd., a corporation which has its principal place of business in London, England.

2. Respondent ICI America, Inc., is the wholly-owned subsidiary of respondent Imperial Chemical Industries, Ltd., and is a corporation which has principal places of business at Stamford, Connecticut and Wilmington, Delaware.

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

ORDER

I

It is ordered, That respondents Imperial Chemical Industries, Ltd., and ICI-America, Inc., (hereinafter referred to collectively as "ICI"), their successors and assigns, shall as soon as possible divest themselves of the business conducted by the Explosives and Aerospace Components Divisions of Atlas Chemical Industries Inc. ("Atlas"), as hereinafter defined: *Provided*, *however*, That, with the approval of the Federal Trade Commission, the business conducted by the Aerospace Components Division of Atlas need not be divested. Such divestiture shall be accomplished no later than three years (3) from the service of this order and shall be subject to the prior approval of the Federal Trade Commission.

II

It is further ordered, That as used in the order "the business conducted by the Explosives and Aerospace Components Division of Atlas" means a viable and going business engaged in the research, manufacture, distribution and sale of commercial explosives and related products and, unless excluded pursuant to Paragraph I of

this order, of the product sold by the Aerospace Components Division, in the product lines in which said divisions were engaged at the time of Atlas' acquisition by ICI. Said business (hereinafter also referred to as "the business to be divested") includes all plant, equipment, real estate, inventory, customer accounts, lists and receivables, distributor agreements, leases, products, trademarks, technical and scientific know-how, patents, good will, all other assets, all liabilities and obligations (including obligations to the employees of the business at the time of divestiture) and all additions, improvements, replacements and withdrawals of real and personal property made in conformity with the provisions of Paragraph IV of this order until the late of divestiture, which are devoted to or arise in connection with the research, manufacture, distribution and sale of commercial explosives and of the products sold by the Aerospace Components Division of Atlas. In connection with the divestiture provided under Paragraph I of this order, ICI may, subject to the approval of the Federal Trade Commission, lease to the acquirer real estate underlying explosive magazines or distribution facilities, provided that upon termination of any lease ICI will not utilize said real estate in the conduct of any explosives business.

III

It is further ordered, That unless the divestiture required by this order has been accomplished with two (2) years of service of this order then as part of its compliance with Paragraph I of this order, ICI shall within said two (2) years cause to be incorporated a new company, hereinafter referred to as Atlas Powder Co., and shall transfers to that company the business to be divested, as defined in Paragraph II of this order, and ICI shall divest itself of all interests in Atlas Powder Co., pursuant to Paragraph I of this order.

IV

It is further ordered, That pending the divestiture required by this order,

(a) ICI shall cause the business to be divested and Atlas Powder Co., as the case may be to be operated in accordance with sound business practices and maintained at not less than the standards of operational performance in effect on the date of acquisition and in such manner as not to impair or adversely

affect its economic, competitive or financial condition. ICI shall not be required unreasonably to replace assets which are destroyed or seriously damaged or rendered unusable, either accidentally or by acts of God.

(b) ICI shall do everything within its power to assure that the business to be divested and Atlas Powder Co. as the case may be will remain properly staffed and that all reasonable means will be used to assist said business in retaining, rehiring or replacing key management and sales personnel needed for its operation. Subject to the approval of the Federal Trade Commission the acquirer of the divested business shall be required to extend to the employees of said business terms and conditions of employment and fringe benefits which are in the aggregate as favorable to such employees as those applicable at the time of divestiture.

(c) ICI shall not commingle its other assets, products or research with those of the business to be divested but pending divestiture ICI shall continue to provide to said business and to Atlas Powder Co. as the case may be the use of assets and personnel involved in the services such as were furnished on a corporate basis by Atlas to the Explosives and Aerospace Components Divisions at the time of acquisition.

V

It is further ordered, That ICI shall not for a period of three (3) years after the divestiture required by this order solicit the employment of, or without the prior written consent of the acquirer offer employment to or employ, any key personnel directly concerned with the divested business at the time of divestiture.

VI

It is further ordered, That no interest in the business to be divested or Atlas Powder Co. as the case may be, shall be sold or transferred, directly or indirectly, to any person who is, at the time of the divestiture, an officer, director, employee, or agent of, or under the direct or indirect control or direction of, ICI, any of ICI's subsidiary or affiliated companies, anyone who owns or controls, directly or indirectly, more than 1 percent of the outstanding shares of ICI or any of ICI's subsidiary or affiliated companies, or to anyone not approved in advance by the Federal Trade Commission.

VII

It is further ordered, That for a period commencing with the effective date of this order and continuing for ten (10) years thereafter, ICI, its successors and assigns, shall cease and desist from acquiring, directly or indirectly, without the prior approval of the Federal Trade Commission, the whole or any part of the stock, share capital, assets, any interest in, or any interest of, any domestic concern, corporate or non-corporate, engaged in the sale of commercial explosives, to the extent that such acquisition involves the domestic manufacture or sale of commercial explosives, nor shall ICI enter into any arrangement with an such concern by which ICI obtains the market share, in whole or in part, of such concern in the domestic sale of commercial explosives. ICI may acquire stock or assets of any existing distributor of the Explosives Division where such acquisition is necessary to carry out its obligations under Paragraph IV(a) of this order.

VIII

It is further ordered, That within forty-five (45) days from the date of service of this order and every six (6) months from such date until divestiture is accomplished, ICI shall submit, in writing, to the Federal Trade Commission a report setting forth in detail the manner and form in which ICI intends to comply, is complying or has complied with this order. All compliance reports shall include, among other things that are from time to time required, (a) the steps taken to accomplish the required divestiture and (b) copies of all documents, including reports, memoranda, and correspondence referring or relating to the divestiture. One year following the effective date of this order and each year thereafter during which Paragraph VII is in effect, ICI shall notify the Commission in writing whether any acquisition of the type referred to in Paragraph VII has been made by it, and shall furnish such information with respect thereto as may be requested by the Federal Trade Commission.

IX

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

Complaint

IN THE MATTER OF

J. S. HOSIERY CO. INC., ET AL.

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

Docket C-2176. Complaint, March 22, 1972—Decision, March 22, 1972

Consent order requiring a New York City seller 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 J. S. Hosiery Co. Inc., a corporation and Blima Shajnfeld, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and 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 J. S. Hosiery Co. Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. It's address is 30 Orchard Street, New York, New York.

Respondent Blima Shajnfeld is an officer of the corporate respondent. She formulates, directs and controls the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

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

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and 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 New York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and Flammable Fabrics Act; and

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

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

1. Respondent J. S. Hosiery Co. 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 30 Orchard Street, in the county of New York, city and State of New York.

Respondent Blima Shajnfeld is the president of said corporation. She formulates, directs and controls the acts, practices and policies

of said corporation and their principal office and place of business is located at the above stated address.

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

ORDER

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

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the 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 it 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 March 10, 1971, 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 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 respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

NATIONAL TEA COMPANY

MODIFIED ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL COMMISSION ACT AND SEC. 7 OF THE CLAYTON ACT

Docket 7453. Complaint, Mar. 26, 1959—Decision, Mar. 23, 1972.

Order reopening and modifying an earlier order, 69 F.T.C. 226, dated March 4, 1966, which prohibited petitioner from acquiring stock of other food product retailers for a period of 10 years by bringing its provisions more into line with orders involving other food chains issued since 1967.

ORDER REOPENING PROCEEDING AND MODIFYING ORDER TO CEASE AND DESIST

This matter is before the Commission on the petition of respondent National Tea Company, filed December 10, 1971, requesting that this

proceeding be reopened for the purpose of modifying the order to cease and desist issued March 4, 1966, which prohibits the petitioner for a period of ten years, without prior Commission approval, from acquiring the whole or any part of the stock or assets of any firm, partnership or corporation engaged in the retail sale of food products. Petitioner requests that the original order be modified to read as follows:

> *It is ordered*, That, for a period of ten (10) years from March 4, 1966, National Tea Co. shall not (A) merge with or acquire, directly or indirectly, through subsidiaries, or in any other manner, except with the prior approval of the Commission upon written application, the whole or any part of any grocery store (an establishment classified in Industry No. 5411, Standard Industrial Classification Manual, 1967 revision, or a grocery department in a non-food store), where such acquisition or merger involves (1) five or more grocery stores, (2) annual grocery store sales of more than five (5) million dollars, or (3) combined (respondent and the grocery stores to be acquired or merged) grocery store sales of more than five (5) percent of total grocery or food store sales in any city or county in the United States; and (B) without sixty (60) days prior notification to the Commission, merge with or acquire, directly or indirectly, through subsidiaries or in any other manner, any grocery store establishment for which prior approval is not required pursuant to subparagraph A.

A request for a similar modification was denied by the Commission on May 20, 1969 [75 F.T.C. 1087].

In support of this request petitioner has alleged that there have been changed conditions of fact and law since the entry of the 1966 order and that the public interest in fair competition requires that restrictions imposed on National Tea Company be no more stringent than those imposed upon other food chains against which Section 7 Clayton Act orders have been issued. Petitioner has also submitted in support of its allegation of changed condition of fact "An Economic Study of Competitive Developments in Retail Food Distribution Since 1966," prepared for petitioner by an economic consultant. Petitioner's claim of a changed condition of law is based principally upon the issuance by the Commission in 1967 of its Enforcement Policy With Respect to Mergers in The Food Industry.

The Director of the Bureau of Competition has filed an answer to the petition advising that he does not oppose the requested modification giving as his principal reason therefor that such modifica-

tion would be consistent with the aforesaid policy statement and with other orders issued by the Commission subsequent to the original proceeding against National Tea Company. The director has expressed some doubt as to the accuracy and correctness of the economic study submitted by petitioner but feels that even though there has been no great change of fact the petition should nevertheless be granted.

Having considered the petition and the answer thereto, the Commission concurs in the views expressed by the Director of the Bureau of Competition and is of the opinion that in the circumstances shown to exist the requested modification of the order should be made.

The Commission has also considered a request by petitioner that certain tables and charts accompanying the aforesaid economic study be accorded confidential treatment and has determined that the type of information contained therein is customarily privileged and not otherwise available to petitioner's competitors.

Accordingly, *It is ordered*, That this proceeding be, and it hereby is, reopened and the Commission's order of March 4, 1966, be, and hereby is, modified to read as follows:

It is ordered, That, for a period of ten (10) years from May 4, 1966, National Tea Co. shall not (A) merge with or acquire, directly or indirectly, through subsidiaries, or in any other manner, except with the prior approval of the Commission upon written application, the whole or any part of any grocery store (an establishment classified in Industry No. 5411, Standard Industrial Classification Manual, 1967 revision, or a grocery department in a non-food store), where such acquisition or merger involves (1) five or more grocery stores, (2) annual grocery store sales of more than five (5) million dollars, or (3) combined (respondent and the grocery stores to be acquired or merged) grocery store sales of more than five (5) percent of total grocery or food store sales in any city or county in the United States; and (B) without sixty (60) days prior notification to the Commission, merge with or acquire, directly or indirectly, through subsidiaries or in any other manner, any grocery store establishment for which prior approval is not required pursuant to subparagraph A.

Within thirty (30) days from the effective date of this order, and annually thereafter until it has fully complied with this order, National Tea Co. shall submit a verified written report to the Federal Trade Commission setting forth in detail the manner and form in which it intends to comply, is complying, or has complied with this order.

It is further ordered, That petitioner's request that confidential treatment be accorded those tables and charts which it has designated "Confidential" be, and it hereby is, granted.

IN THE MATTER OF

UNION MORTGAGE CO.,

DOING BUSINESS AS

UNION HOME LOANS, ET AL.

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

Docket C-2177. Complaint, March 24, 1972—Decision, March 24, 1972.

Consent order requiring three California companies located in Los Angeles and Sacramento engaged in arranging loans secured by real property to cease violating the Truth in Lending Act by failing to disclose in its extension of consumer credit the terms annual percentage rate, finance charge, amount financed, the number of installments, any charge for life or property insurance, and other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Union Mortgage Co., a corporation doing business as Union Home Loans, and Stockton Home Mortgage Co., a corporation doing business as Union Home Loans, and Hacienda Home Loans, a corporation, and Irving Tushner, individually, and Joseph Seedman, individually and as an officer of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Union Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Stockton Home Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 1745 Arden Way, Sacramento, California.

Respondent Hacienda Home Loans is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Hacienda Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Joseph Seedman is the principal corporate officer of Union Mortgage Co., Stockton Home Mortgage Co., and Hacienda Home Loans. Irving Tushner is the principal stockholder of each of said corporate respondents. The individually named respondents formulate, direct and control the acts and practices of all the corporate respondents, including the acts and practices hereinafter set forth. Their addresses are the same as the respective corporate respondents.

PAR. 2. Respondents are now and for some time last past have been engaged in the business of arranging loans secured by real property for a fee under the California Mortgage Loan Broker Act.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents have caused advertisements to be published, broadcast, or delivered, which advertisements aid, promote or assist directly or indirectly the extension of other than open end credit. These advertisements state the amount of installment payments and the period of repayment to be made if the 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 of Regulation Z:

1. The amount of the loan;

2. The number of payments scheduled to repay the indebtedness if the credit is extended;

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

4. The sum of the payments.

PAR. 5. Respondents, in certain of the advertisements referred to in Paragraph Four have advertised installment amounts and periods of repayment which they do not usually or customarily arrange, in violation of Section 226.10(a) of Regulation Z.

PAR. 6. Respondents, in certain of the advertisements referred to in Paragraph Four have incorrectly stated the amount of the loan in violation of Sections 226.10(d)(2)(i) and 226.8(d)(1) of Regulation Z by representing as the amount of credit available to the borrower an amount which includes respondent's commission.

PAR. 7. Respondents, in certain of the advertisements referred to in Paragraph Four, fail to disclose clearly and conspicuously the "annual percentage rate," the "total of payments," the "amount financed," and the number of payments scheduled to repay the indebtedness if the credit is extended, as required by Section 226.6(a) of Regulation Z.

PAR. 8. Subsequent to July 1, 1969, respondents, in connection with their arrangement for the extension of consumer credit, have provided customers with credit cost disclosure statements which:

1. Fail to make the disclosures required by Section 226.8 of Regulation Z clearly, conspicuously and in a meaningful sequence, as required by Section 226.6(a) of Regulation Z:

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

3. Fail to make all the required disclosures in any one of the following three ways, as required by Sections 226.8(a) and 226.801 of Regulation Z;

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

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

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

4. Provide additional information which misleads or confuses the customer or obscures or detracts attention from the information required to be disclosed by Regulation Z, in violation of Section 226.6(c) of Regulation Z;

5. Fail to identify the creditor other than the respondents, when the credit is extended by a creditor other than respondents, as required by Section 226.6(d) of Regulation Z;

6. Fail to disclose the date on which the finance charge begins to accrue, when different from the date of the transaction, as required by Section 226.8(b)(1) of Regulation Z;

7. Fail to disclose the due date of the first payment scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z;

8. Fail, when a specific dated and separately signed affirmative written indication of the customer's desire for credit life and disability insurance is not obtained, to include the amount of the charge for such insurance in the finance charge as required by Section 226.4(a)(5) of Regulation Z, and thereby fail to state the finance charge accurately as required by Section 226.8(d)(3) of Regulation Z;

9. Fail, when a clear, conspicuous and specific statement in writing is not made that the customer may choose the person through whom property insurance is obtained, to include the charges for such insurance in the finance charge as required by Section 226.4(a)(6) of Regulation Z, and thereby fail to state the finance charge accurately as required by Section 226.8(d)(3) of Regulation Z;

10. Fail, where the customer is obligated to pay a fee to respondents' collection agent for servicing the loan and collecting the installment payments, to disclose the amount of that fee or to include that amount in the finance charge as required by Section 226.4(a) of Regulation Z, and thereby fail to disclose the finance charge accurately as required by Section 226.8(d)(3) of Regulation Z;

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

12. In the instances where a balloon payment is scheduled, within the meaning of Section 226.8(b)(3) of Regulation Z, fail to state the conditions under which that payment may be refinanced if not paid when due, as required by that Section;

13. In instances where existing extensions of credit are refinanced, within the meaning of Section 226.8(j) of Regulation Z, fail to make the disclosures required by Section 226.8 thereof as if the refinancing where a new transaction, in violation of Section 226.8(j) of Regulation Z.

PAR. 9. In the ordinary course and conduct of their business as aforesaid, respondents arrange for the extension of credit in transactions in which a security interest is acquired in real property which is used as the principal residence of the customer. The customer thereby has the right to rescind the transaction, as provided by Section 226.9 of Regulation Z. In these transactions, respondents:

1. Fail, in some instances, to provide each customer who has the right to rescind with two copies of the prescribed notice of right to rescind, as required by Section 226.9(b) of Regulation Z;

2. In some instances provide customers who have the right to rescind with copies of the prescribed notice of right to rescind, which notice is not in type no less than 12 point bold-face, as required by Section 226.9(b) of Regulation Z;

3. In some instances provide customers who have the right to rescind with copies of the prescribed notice of right to rescind, which notice fails to identify the transaction to which that right applies, in violation of Section 226.9(b) of Regulation Z;

4. Fail, in some instances, to provide each customer who has the right to rescind with a copy of the disclosures required under Section 226.8 of Regulation Z, in violation of Section 226.6(e) of Regulation Z:

5. In instances where existing extensions of credit are refinanced within the meaning of Section 226.8(j) of Regulation Z and respondents are required thereby to treat the refinancing as a new transaction, fail to provide each customer who has the right to rescind with two copies of the notice of right to rescind, as required by Section 226.9(b) of Regulation Z.

PAR. 10. By and through the acts and practices set forth above, respondents failed to comply with the requirements of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of the Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondents have violated the Federal Trade Commission Act.

DECISION AND ORDER

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

and 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, and comments thereon having been received, considered, and adopted in part by the Commission, and the agreement having been placed on the public record for an additional period of thirty (30) days during which time no comments were received, 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 Union Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Stockton Home Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 1745 Arden Way, Sacramento, California.

Respondent Hacienda Home Loans is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Hacienda Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Joseph Seedman is the principal corporate officer of Union Mortgage Co., Stockton Home Mortgage Co., and Hacienda Home Loans. Irving Tushner is the principal stockholder of each of said corporate respondents. The individually named respondents for-

mulate direct and control the acts and practices of all the corporate respondents, including the acts and practices hereinafter set forth. Their addresses are the same as the respective corporate respondents.

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 Union Mortgage Co., a corporation, doing business as Union Home Loans or any other name, respondent Stockton Home Mortgage Co., a corporation, doing business as Union Home Loans or any other name, respondent Hacienda Home Loans, a corporation doing business as Hacienda Home Loans or any other name, their officers, and respondent Irving Tushner, individually, and respondent Joseph Seedman, individually and as an officer of respondent corporations, and respondents; agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, extension of "consumer credit" or arranging for "consumer credit" as defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. 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:

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

(1) the amount of the loan;

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

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

(4) the sum of the payments.

b. that a specific amount of credit, installment amount, or period of repayment can be arranged unless respondents usually and customarily arrange or will arrange credit amounts or installments for the stated amount and for the

stated period, as required by Section 226.10 (a) of Regulation Z.

c. that loans at a specific annual percentage rate can be arranged unless respondents usually and customarily arrange or will arrange loans at the stated annual percentage rate.

d. any amount represented to be the amount of credit available to borrowers other than the "amount financed" as defined in Sections 226.2(d) and 226.8(d)(1) of Regulation Z.

2. Failing to disclose the annual percentage rate computed in accordance with Section 226.5 of Regulation Z to the nearest quarter of one percent, as required by Sections 226.8 and 226.10 of Regulation Z.

3. 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.

4. Failing to print the terms "finance charge" and "annual percentage rate," where required to be used, more prominently than the other terminology required to be used by Regulation Z, as required by Section 226.6(a) thereof.

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

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

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

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

6. Stating, utilizing or placing any additional information in conjunction with the disclosures required by Regulation Z to be made, which information misleads or detracts attention from the information required by Regulation Z to be disclosed.

7. Failing to identify each creditor in the transaction, as required by Section 226.6(d) of Regulation Z.

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

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

10. Failing to include in the finance charge, for purposes of disclosure of the finance charge and computation of the annual percentage rate, any of the following charges incurred by the customer:

a. any charge for credit life or disability insurance, if a specific dated and separately signed affirmative written indication of the customer's desire for such insurance is not obtained, as provided in Section 226.4(a)(5) of Regulation Z;

b. any charge for property insurance, if a specific statement in writing is not made that the customer may choose the person through whom such insurance is obtained, as provided in Section 226.4(a)(5) of Regulation Z;

c. any charge for servicing extensions of credit or for collecting payments scheduled to repay the customer's indebtedness, as required by Section 226.4(a) of Regulation Z.

11. Failing to disclose the amount of the finance charge accurately, as required by Section 226.8(d)(3) of Regulation Z.

12. Failing to identify any payment which is more than twice the amount of an otherwise regularly scheduled equal payment as a "balloon payment," or failing to state the conditions under which that payment may be refinanced if not paid when due, as required by Section 226.8(b)(3) of Regulation Z.

13. Failing, when any existing extension of credit is refinanced within the meaning of Section 226.8(j) of Regulation Z, to make all disclosures required by Regulation Z to be made as if the refinancing were a new transaction, as required by Section 226.8(j) of Regulation Z.

14. Failing, in any transaction in which a security interest is or will be retained or acquired in real property which is used or is expected to be used as the principal residence of the customer, including any transaction required by Section 226.8(j) of Regulation Z to be treated as a new transaction, to:

a. Provide each customer who has the right provided by Section 226.9 (a) of Regulation Z to rescind the transaction with two copies of the notice of right to rescind in the form required by Section 226.9(b) of Regulation Z, which

notice shall identify the transaction to which the right to rescind related, as required by Section 226.9(b) of Regulation Z.

b. Provide each customer who has the right provided by Section 226.9(a) of Regulation Z to rescind the transaction with a copy of all disclosures required under Section 226.8 thereof, as required by Section 226.6(e) of Regulation Z.

15. 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.

It is further ordered, That respondents cease and desist collecting monthly loan service charges on any loans consummated subsequent to July 1, 1969, in which said loan service charge was not disclosed on the Truth in Lending disclosure statements as part of the finance charge of those transactions.

It is further ordered, That respondents rebate or credit the account of every borrower who obtained a loan through respondents subsequent to July 1, 1969, with the amount of any monthly loan service charge imposed against those borrowers' accounts subsequent to July 1, 1971, in which said loan service charge was not originally disclosed as part of the finance charge of those transactions on the Truth in Lending disclosure statements provided those borrowers at the time the loans were consummated.

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 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 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.

We've made some deliberate business decisions which were mistakes and we would like to acknowledge them. In the past, we've advertised ten year loans at an annual percentage rate of 14.1% and six year loans at 16.19%. We haven't arranged enough of these loans for them to be typical. The Federal Trade Commission has made this clear to us. We have agreed with the government not to advertise such terms unless they are available in substantial numbers or unless the terms and conditions limiting them are prominently explained. The loan terms we advertise now and in the future will be available as described, consistent with the Federal Truth in Lending Act.

Union Home Loans
A state licensed real estate loan brokerage firm. Phone 386-7383.

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Union Home Loans
A state licensed real estate loan brokerage firm. Phone 306-7383.

Our people are human.

We've made some mistakes which we would like to acknowledge. In the past we've advertised ten year loans at an annual percentage rate of 14.1% and six year loans at 16.19%. We find, however, that we haven't written enough of these loans for them to be typical. For the consumer's benefit we have agreed with the Federal Trade Commission not to advertise such terms unless they are available in substantial numbers or unless the terms and conditions limiting them are prominently explained. Please be reassured that the loan terms we advertise now and in the future are available exactly as described. We want you always to do business with Union Home Loans in complete confidence.

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Complaint

IN THE MATTER OF

MARSHALL LEWIS ENTERPRISES, INC., DOING BUSINESS AS RADIO BROADCASTING ASSOCIATES, ET AL.

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

Docket C-2178. Complaint, March 30, 1972—Decision, March 30, 1972

Consent order requiring a Jersey City, N.J., firm engaged in producing and co-producing radio shows and program features for radio stations to cease misrepresenting in its news paper advertising that its courses of instruction will qualify participants as program producers, announcers or disc jockeys, misrepresenting the profits to be made by persons accepting respondents' offers, failing to reveal the costs to applicants prior to their signing a contract for tests, and pilot shows, and failing to reveal all other terms and conditions of respondents' operation.

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 Marshall Lewis Enterprises, Inc., a corporation, doing business as Radio Broadcasting Associates, and Dean Lewis and Stuart Marshall, individually, 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 Marshall Lewis Enterprises, Inc. d/b/a Radio Broadcasting Associates, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 270 Henderson Street, Jersey City, New Jersey. Individual respondents Dean Lewis and Stuart Marshall are officers of said corporation. They formulate, direct and control the policies of the corporate respondent. The address of the individual respondents is the same as that of the corporate respondent.

PAR. 2. The respondents are engaged in the business of producing and co-producing radio shows and program features for radio stations and are now, and for some time last past have been, engaged in the solicitation of members of the general public to produce or co-produce and/or host said radio shows and program features and engage respondents' services, facilities, air time and courses of in-

struction and training in broadcasting. Said solicitations are made through advertisements placed in newspapers and otherwise, which are circulated to members of the public in various States of the United States.

In the course and conduct of their business and by means of statements, representations, acts and practices as hereinafter defined members of the public hereinafter sometimes referred to as "producers" are induced to enter into contractual agreements with respondents to purchase respondents' services, facilities, air time and courses of instruction and training in broadcasting and produce or co-produce and/or host disc jockey shows for respondents' radio programs which are caused to be broadcast by respondents into several states in the New York metropolitan area, and program features which are to be distributed, offered for sale and sold by respondents to radio stations located throughout the United States.

PAR. 3. In the course and conduct of their business respondents have been and are engaged in disseminating and in causing to be disseminated in newspapers of interstate circulation advertisements designed to be read by persons residing outside the State of New Jersey and intended to induce such persons to enter into contractual agreements with respondents to purchase respondents' services, facilities, air time and courses of instruction and training with the resultant effect that members of the public residing outside the State of New Jersey did in fact purchase respondents' services, facilities, air time and courses of instruction and training pursuant to contractual agreements made with respondents thereby placing respondents in business in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in such services and activities in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business and for the purpose of inducing members of the general public to enter into said contractual agreements for the purchase of their services, facilities, air time and courses of instruction and training the respondents have made, published and caused to be published certain statements in various printed matter and newspapers.

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

Wanted beginners to produce and host weekly radio shows on a New York radio station. No experience necessary. We'll train 20 interesting people with good voices and hidden talent. Earnings to 12,000.00. For audition call 736-7595. New Jersey line 201–432–7700.

Wanted now 50 people. Produce and host daily or weekly radio shows for broadcasting network. Experience not required. We want men and women to produce shows on music, sports, current events, hobbies, history, art, homemaking, travel and hundreds of others. Apply your knowledge and experience to a part/full time career.

Part/full time career in broadcasting. Shows will be broadcast from New York to Los Angeles—Coast to Coast. Earnings unlimited. Training at our expense. For more information—Mr. Sullivan, Program Development Dept. (212) 736-7595 Radio Broadcasting Associates.

Broadcasting positions. Produce and host radio shows. Experience not required. Openings available immediately. Part time/full time—Male/Female. For appointment—Program Development Dept. 212-285-9519. R.B. Assoc.

Notice Announcers, Disc Jockeys wanted. To host and produce radio shows for a New York radio station. Full/Part time. All ages considered. Earnings possibilities to $15.00 per hour. For appointment 736-7595.

Presently, there are many openings available for people to produce and host daily/weekly syndicated program features, such features are distributed to radio stations throughout the United States.

To give you some idea what syndicated shows are worth—a local radio station might pay as little as three dollars per day for a five minute program. Now multiply that by only one hundred fifty stations (about two percent of the stations in the U.S.) and it comes out to about two thousands dollars a week. A producer working with R.B.A. on this particular example show would earn around $400 a week.

All of our programs require a producer and host. All applicants who pass the required audition and test will be considered. Final acceptance of an applicant will be based upon voice quality, talent, background, ability and the applicant's willingness to learn. Applicants without broadcast experience, who qualify, will be trained at the company's expense.

Applicants who in R.B.A.'s opinion qualify for the position of program producer and who have very little or no broadcast experience will be trained by R.B.A. The producer would attend those meetings specifically geared to the type of show being produced. The training sessions cover all aspects of broadcasting as well; speech, production, engineering, marketing and merchandising techniques and programming.

Feature shows are exciting to produce—There's almost no limit to creativity —No particular formats to adhere to—and best of all—no limits on earnings. Most shows can be sold over and over again—each time being aired on a different station—in a different city.

PAR. 5. By and through the use of the above-quoted statements and representations and others of similar import and meaning not specifically set out herein, respondents represent, and have represented, directly or by implication:

(a) That the advertisements were offers of employment opportunity for the positions set out therein.

(b) That the earnings projections made are the average earnings consistently made by individuals who are accepted by respondents and produce or co-produce and/or host radio shows and receive

respondents' courses of instruction and training in broadcasting pursuant to contractual agreements with respondents.

(c) That the advertisements which respondents placed in newspapers were placed by a radio station.

(d) That radio shows produced by members of the public pursuant to contractual agreements with respondents are regularly broadcast from New York to Los Angeles—coast to coast and that said persons will be producing radio shows for a broadcasting network which will be broadcast over a broadcasting network.

(e) That feature radio shows of respondents' "producers" are distributed by respondents to radio stations located throughout the United States for sale or syndication; that the method of distribution is successful in terms of selling or syndicating said radio shows and that such "producers" may expect substantial earnings from the distribution and sale of their shows.

(f) That the program offered by respondents to individuals who enter into contractual agreements with respondents to produce or co-produce and/or host radio shows and otherwise engage respondents' services, facilities, air time, or course of instruction and training in broadcasting constitutes a course of instruction and training sufficient to qualify said individuals as program producers, radio program hosts, announcers or disc jockeys.

PAR. 6. In truth and in fact:

(a) Said advertisements are not offers of employment opportunity for the positions set out therein. Rather, the advertisements are designed to attract members of the general public for the purpose of obtaining leads to prospective purchasers of respondents' services, facilities, air time and courses of instruction and training.

(b) Respondents' claimed earnings both as to spare time or full time work are far in excess of the average earnings of individuals who are accepted by respondents and produce or co-produce and/or host radio shows and receive respondents' courses of instruction and training pursuant to contractual agreements with respondents.

(c) Respondents do not operate a licensed radio station but merely purchase broadcasting time from radio stations which it resells to individuals who are accepted by respondents and produce or co-produce and/or host radio shows pursuant to contractual agreements with respondents.

(d) Respondents do not broadcast their radio programs or those of individuals who produce or co-produce and/or host radio shows pursuant to contractual agreements with respondents from New York to Los Angeles or from coast to coast nor are said shows pro-

duced for a broadcasting network or broadcast over a broadcasting network.

(e) Respondents do not distribute the feature radio shows of all of its "producers" to radio stations located throughout the United States for sale or syndication; the distributions of those feature shows which are made are not successful in terms of selling or syndicating said radio shows and only a small percentage, if any, of said "producers" have derived any income therefrom.

(f) Respondents course of instruction and training does not constitute a course of instruction and training sufficient to qualify participants to become program producers, radio program hosts, announcers or disc jockeys.

PAR. 7. In the further course and conduct of their business and in furtherance of their purpose of inducing the purchase of and payment for their services, facilities, air time, or courses of instruction and training, respondents have engaged in certain other acts and practices.

Typical and illustrative, but not all inclusive of such practices are the following:

(a) In a substantial number of instances respondents have failed to fully and adequately disclose at the outset to applicants that the purpose of such contact is to induce said persons to enter into contractual agreements with respondents to purchase respondents' products, services or facilities and that said applicants will be charged substantial fees for tests and pilot shows and that applicants who subsequently enter into certain contracts with respondents will be required to make substantial payments of money to respondents each week for the duration of the contract period and in other instances respondents also failed to fully and adequately disclose at the outset the amount of said weekly payments, the down payment required on the signing of a contract, and the total cost of the products, services or facilities covered by any agreement which may be offered to any applicant.

(b) In a substantial number of instances respondents have failed to fully and adequately disclose at the outset, to applicants, the manner and method by which said applicants can derive income pursuant to any contractual agreement made with respondents.

(c) In a substantial number of instances respondents have failed to fully and adequately disclose at the outset all the terms and conditions of their staff production contract; percentage production contract and co-production contract as well as the circumstances under which each type of contract is offered to potential "producers."

(d) In a substantial number of instances respondents have represented or implied that they would obtain paying sponsors for radio shows of respondents "producers" and in other instances respondents have represented or implied that they would lend substantial assistance in recruiting and obtaining paying sponsors for radio shows of respondents "producers" when in truth and in fact respondents do not obtain paying sponsors for said radio shows or lend substantial assistance in recruiting and obtaining paying sponsors for said radio shows.

(e) In a substantial number of instances respondents have falsely represented or implied that persons who enter into contractual agreements with respondents to produce or co-produce and/or host radio shows will have no difficulty obtaining their own paying sponsors for their radio shows or that paying sponsors are readily obtainable by said persons when respondents knew or should have known based on the past experience of its "producers" that most "producers" will be unable to obtain paying sponsors for their radio shows.

PAR. 8. Respondents fail to disclose in their radio show production contracts the full cost to "producers" for each such radio show in the event of cancellation of such contracts by "producers" prior to completion of a minimum number of radio programs; and, furthermore, fail to disclose in such contracts the minimum number of programs which must be completed in order to avoid retroactive increases in cost upon such cancellation.

PAR. 9. The use by respondents of the aforesaid unfair and false, misleading and deceptive statements, representations and practices, and their failure to disclose material facts, as aforesaid, has had, and now has, the capacity and tendency to mislead members of the public into the erroneous and mistaken belief that said statements and representations were and are true and complete, and into the purchase of substantial quantities of respondents' services, and products by reason of said erroneous and mistaken belief and unfairly into the assumption of debts and obligations and the payments of monies which they might otherwise not have incurred.

PAR. 10. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and constituted, and now constitute, 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 company and the individual respondents named in the caption hereof, and the individual respondents having been furnished thereafter with a copy of the draft of complaint which the New York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and,

The individual respondents Dean Lewis and Stuart Marshall and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the said individual 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 said individual 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 said individual respondents Dean Lewis and Stuart Marshall have violated 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. Marshall Lewis Enterprises, Inc., is a corporation organized, existing and formerly doing business as Radio Broadcasting Associates, under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 270 Henderson Street, Jersey City, New Jersey. On June 25, 1971, Marshall Lewis Enterprises, Inc., made an assignment for the benefit of creditors pursuant to Section 2A:19-1 N.J.S.A. The corporation ceased doing business as of June 25, 1971. All of the assets of the corporation are in the hands of the assignee and said assets are being marshalled and sold for the benefit of the creditors of the corporation by the assignee.

Respondent Dean Lewis is president and respondent Stuart Marshall is secretary-treasurer of Marshall Lewis Enterprises, Inc. They formerly formulated, directed and controlled the policies, acts and practices of said corporation. The address of Dean Lewis is 270 Henderson Street, Jersey City, New Jersey. The address of Stuart Marshall is 380 Lake Avenue, Greenwich, Connecticut.

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 Dean Lewis and Stuart Marshall individually and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the solicitation of members of the general public to enter into contractual agreements to produce or co-produce and/or host radio shows or otherwise solicit contracts for the purchase of respondents' services, facilities, air time, or courses of instruction and training in broadcasting in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Misrepresenting directly or by implication:

(a) That employment is being offered when in fact the purpose is to obtain purchasers of respondents' services, facilities, air time or course of instruction and training.

(b) That the radio shows of respondents' "producers" are to be broadcast over a broadcasting network or networks or otherwise misrepresenting the range of radio transmission of said radio shows.

(c) That the radio shows of respondents' "producers" will be distributed by respondents to radio stations for sale or syndication; that such distributions are successful in terms of selling or syndicating said radio shows and that the "producers" of said radio shows may realize earnings therefrom.

(d) That the course of instruction and training offered by respondents is adequate to qualify participants as program producers, radio program hosts, announcers or disc jockeys.

2. Placing advertisements in newspapers, publications or any other media without a clear disclosure in said advertisements of the full name and address of the advertiser and the business in which the advertiser is engaged.

3. Misrepresenting in any manner the earnings, profits or gains derived or which may reasonably be derived by persons who are accepted by respondents to produce or co-produce and/or host radio shows or otherwise engage respondents' services, facilities, air time or courses of instruction and training in broadcasting.

4. Failing clearly and unqualifiedly to reveal, at the outset of the initial contact with members of the general public, that the purpose of such contact is to induce said members of the public to enter into contractual agreements with respondents to purchase respondents' products, services or facilities as the case may be which shall be identified and described with particularity, including: the amounts or costs that may be incurred by applicants prior to the signing of a contract for tests, pilot shows or any other service or facility; the total cost of the products, services or facilities covered by any agreement which may be offered to any applicant; the downpayment required on the signing of a contract and the number, frequency and amount of all payments to be made pursuant to the terms of any contract which may be offered to any applicant.

5. Failing clearly and unqualifiedly to reveal, at the outset of the initial contact with members of the general public who may enter into contractual agreements with respondents, all the terms and conditions of each and every type of contract which respondents may ultimately offer to said persons; the circumstances and requirements pursuant to which each type of contract may be offered to any individual and complete details as to the manner and method by which said persons can derive income pursuant to each such contract.

6. Failing clearly and unqualifiedly to disclose orally or by written communication at the outset of the initial contact with members of the general public and prior to their entry into contractual agreements with respondents to produce or co-produce and/or host radio shows or engage respondents' services, facilities, air time or courses of instruction and training in broadcasting:

(a) That respondents do not undertake to obtain sponsors or lend any assistance in obtaining sponsors for radio shows of said members of the public.

(b) The percentage of persons who have entered into such contractual agreements with respondents who have

obtained sponsors for their radio shows and the average income derived from sponsors for all such persons during the year preceding.

7. Failing to clearly and unqualifiedly set forth in writing in all contracts for the production of radio programs which must be completed in order to avoid a retroactive increase in each program's production costs and the dollar amount to be paid for each program's production costs or any other costs, retroactively, in the event the contract is cancelled prior to the completion of the minimum number of radio programs.

It is further ordered, That respondents deliver a copy of this order to all present and future employees, instructors or other persons engaged in the offering for sale or sale of respondents services, facilities, air time or courses of instruction and training.

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

ECOLOGY CORPORATION OF AMERICA, ET AL.

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

Docket C-2179. Complaint, March 30, 1972—Decision, March 30, 1972.

Consent order requiring two Paterson, N.J., corporations selling and distributing Ecolo-G detergent and their New York City advertising agency to cease misrepresenting that their detergent is safe and not hazardous, that no special precautions need be taken when using the detergent, and misrepresenting that any municipal, state or federal agency has approved the label or any feature of their product.

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 Ecology Corporation of America, a corporation, North American Chemical Corporation, a corporation, and Venet Advertising 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 Ecology Corporation of America 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 178 Keen Street, in the city of Paterson, State of New Jersey.

Respondent North American Chemical Corporation 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 178 Keen Street, in the city of Paterson, State of New Jersey.

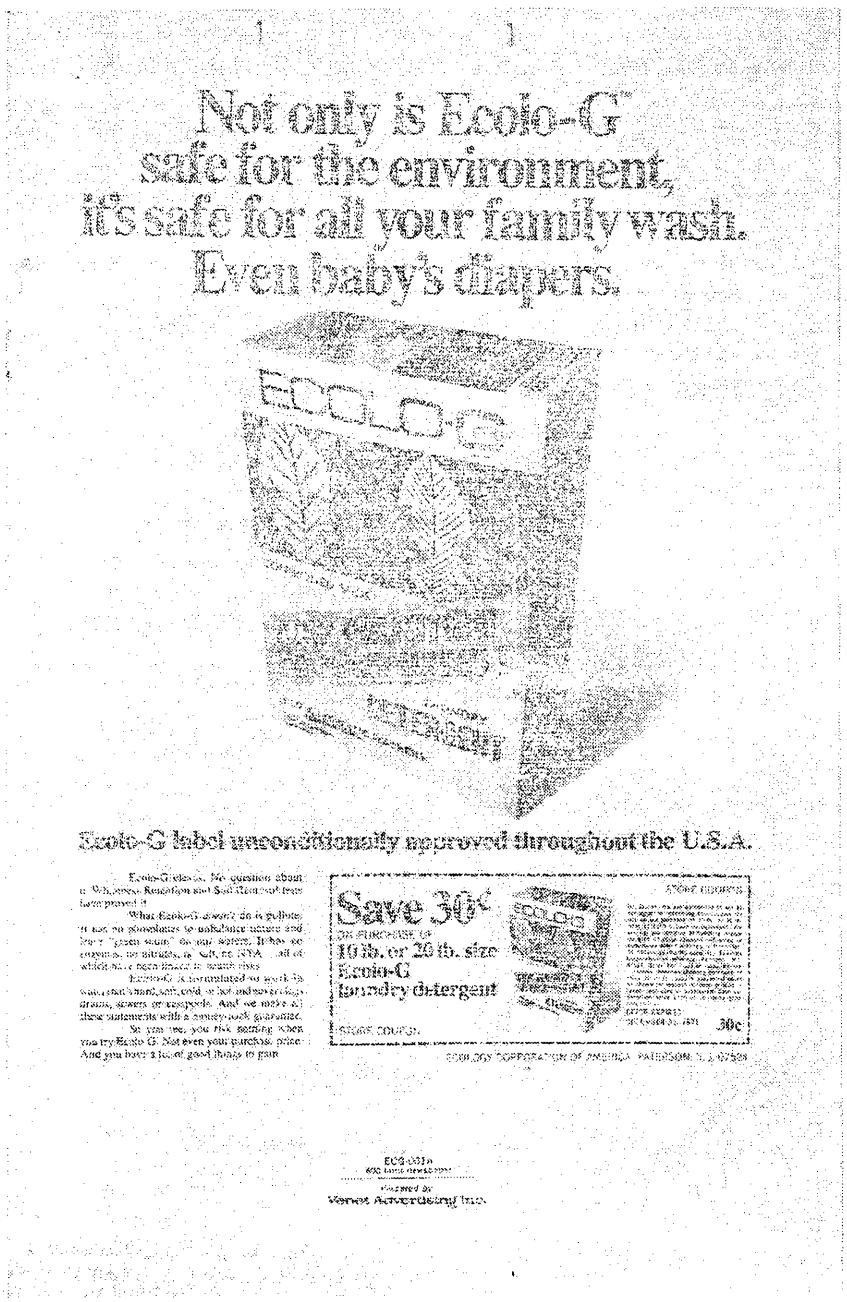
Respondent Venet Advertising Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey with its principal office and place of business located at 820 Second Avenue, in the city of New York, State of New York.

PAR. 2. Respondents Ecology Corporation and North American, now and for some time last past, have been engaged in the manufacture, sale and distribution of Ecolo-G detergent, which when sold is shipped to purchasers located in various states of the United States. Thus respondents Ecology Corporation and North American maintain, and at all times mentioned herein have maintained, a substantial course of trade in said detergent in commerce, as "commerce" is defined in the Federal Trade Commission Act.

Respondent Venet Advertising Inc., now and for some time last past, has been the advertising agency for Ecology Corporation and North American, and now and for some time last past, has prepared and placed for publication advertising material, including but not limited to the advertising referred to herein, to promote the sale of Ecology Corporation's and North American's Ecolo-G detergent.

PAR. 3. Respondents Ecology Corporation and North American at all times mentioned herein have been, and now are, in substantial competition in commerce, as "commerce" is defined in the Federal Trade Commission Act, with individuals, firms and corporations engaged in the sale and distribution of detergents of the same general kind and nature as that sold by respondents Ecology Corporation and North American.

PAR. 4. In the course and conduct of their business and for the purpose of inducing the sale of the said Ecolo-G detergent, respondents caused an advertisement to be published in 48 newspapers in various states of the United States. A copy of the aforesaid advertisement follows:


Not only is Ecolo-G
safe for the environment,
it's safe for all your family wash.
Even baby's diapers.
ECOLO-G
Ecolo-G label unconditionally approved throughout the U.S.A.
Save 30¢
10 lb. or 20 lb. size
Ecolo-G
laundry detergent
30¢

PAR. 5. Through the use of the aforesaid advertisement, respondents represent directly or by implication that:

1. Ecolo-G is safe and in no way hazardous,

2. No special precautions to avoid harm need be taken when using Ecolo-G,

3. The Ecolo-G label has been approved by an agency of the United States Government which has the authority to approve or disapprove detergent labels,

4. The Ecolo-G label as depicted in said advertisement is an accurate reproduction of the Ecolo-G label which has been approved, and

5. The Ecolo-G label, including the phrase "Stop Pollution," has been approved by an agency of the Uuited States Government which has found that Ecolo-G is helpful in stopping water pollution.

PAR. 6. In truth and in fact:

1. Ecolo-G is a hazardous substance, within the meaning of that term as used in the Federal Hazardous Substances Act,

2. To avoid harm when using Ecolo-G, the user should take special precautions to avoid swallowing the product and to prevent its coming in contact with the eyes and skin,

3. The Ecolo-G label has not been approved by an agency of the United States Government which has the authority to approve or disapprove detergent labels, but Ecolo-G is required by the Food and Drug Administration under the Federal Hazardous Substances Act to prominently display on its packages cautionary labeling which sets forth the hazards involved in the use of the product,

4. The Ecolo-G label in said advertisement as depicted does not show clearly and conspicuously the cautionary labeling which is required by the Food and Drug Administration under the Federal Hazardous Substances Act and which sets forth the hazards involved in the use of the product, and

5. The Ecolo-G label, including the phrase "Stop Pollution," has not been approved by any agency of the United States Government which has found that Ecolo-G is helpful in stopping water pollution.

Therefore, the aforesaid advertisement referred to in Paragraphs Four and Five above is false, misleading and deceptive.

PAR. 7. The use by the respondents of the aforesaid false, misleading and deceptive advertising and representations used in connection therewith has had, and now has, the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that said advertising and repre-

sentations were and are true, and into the purchase of a substantial quantity of respondents Ecology Corporation's and North American's detergent because of such erroneous and mistaken beliefs.

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption 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 Ecology Corporation of America, 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 178 Keen Street, Paterson, New Jersey.

Respondent North American Chemical Corporation, 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 820 Second Avenue, New York, New York.

Respondent Venet Advertising 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 820 Second 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 Ecology Corporation of America, a corporation, its officers, representatives, agents, employees, successors and assigns and respondent North American Chemical Corporation, a corporation, its officers, representatives, agents, employees, successors and assigns directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of Ecolo-G detergent or any other consumer product in commerce, as "commerce" is defined in the Federal Trade Commission Act, forthwith cease and desist from:

1. Representing, directly or by implication, that Ecolo-G, or any other such product which is a hazardous substance within the meaning of that term as used in the Federal Hazardous Substances Act, is safe and not hazardous,

2. Representing, directly or by implication, that no special precautions to avoid harm need be taken when using Ecolo-G, or any other product which is a hazardous substance within the meaning of that term as used in the Federal Hazardous Substances Act, and

3. Representing in any manner that the United States Government, or any agency thereof, or any state, municipal or local government, or any agency thereof, has approved the label of such product, or any part thereof, or has approved any feature of such product.

II

It is ordered, That respondent Venet Advertising Inc., a corporation, its officers, representatives, agents, employees, successors and

assigns, directly or through any corporate or other device, in connection with the advertising, created and prepared by respondent, for Ecolo-G detergent or any other home laundry products used in the cleaning of clothing in commerce, as "commerce" is defined in the Federal Trade Commission Act, forthwith cease and desist from:

1. Representing, directly or by implication, that Ecolo-G, or any other such product which is a hazardous substance within the meaning of that term as used in the Federal Hazardous Substances Act, is safe and not hazardous,

2. Representing, directly or by implication, that no special precautions to avoid harm need be taken when using Ecolo-G, or any other product which is a hazardous substance within the meaning of that term as used in the Federal Hazardous Substances Act, and

3. Representing in any manner that the United States Government, or any agency thereof, or any state, municipal or local government, or any agency thereof, has approved the label of such product, or any part thereof, or has approved any feature of such product.

III

It is further ordered, That respondents Ecology Corporation of America and North American Chemical Corporation forthwith cease and desist from disseminating any advertisement for Ecolo-G detergent unless the cautionary statements required by the Food and Drug Administration under the Federal Hazardous Substances Act are clearly and conspicuously disclosed in such advertisement.

IV

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

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

It is further ordered, That each respondent, within sixty (60) days after service upon it of this order, file with the Commission a written report setting forth in detail the manner and form of its compliance with the order.

Complaint

IN THE MATTER OF

LORILLARD, DOCKET NO. C–2180
PHILIP MORRIS INC., DOCKET NO. C–2181
AMERICAN BRANDS, INC., DOCKET NO. C–2182
BROWN AND WILLIAMSON TOBACCO CORPORATION, DOCKET NO. C–2183
R. J. REYNOLDS TOBACCO COMPANY, DOCKET NO. C–2184
LIGGETT & MYERS INCORPORATED, DOCKET NO. C–2185

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

Complaints, Mar. 30, 1972—Decisions, Mar. 30, 1972

Consent orders requiring six major cigarette manufacturers and distributors to include in all their cigarette advertisements a clear and conspicuous disclosure of the statement: "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous To Your Health." The orders further provide the manner in which the statement shall be presented in newspapers, magazines, and other periodical advertising, on billboards, on all point-of-sale promotional materials, and on all point-of-sale materials. The orders are not applicable to signs on factories, plants and warehouses, in financial reports, and in trade publications not circulating to consumers.

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 Lorillard, a Division of Loew's Theatres, Inc., Philip Morris Inc., a corporation, American Brands, Inc., a corporation, Brown and Williamson Tobacco Corporation, a corporation, R. J. Reynolds Tobacco Company, a corporation, and Liggett & Myers Incorporated, a corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that proceedings by it in respect thereof would be in the public interest, hereby issues its complaints stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Lorillard, a Division of Loew's Theatres, Inc., a corporation, 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 200 East 42nd Street, in the city of New York, State of New York.

Respondent Philip Morris Inc., a corporation, is a corporation organized, existing and doing business under and by virtue of the

laws of the State of Virginia, with its principal office and place of business located at 100 Park Avenue, in the city of New York, State of New York.

Respondent American Brands, Inc., a corporation, 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 245 Park Avenue, in the city of New York, State of New York.

Respondent Brown and Williamson Tobacco Corporation, a 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 1600 West Hill, in the city of Louisville, State of Kentucky.

Respondent R.J. Reynolds Tobacco Company, a corporation, 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 401 North Main Street, in the city of Winston-Salem, State of North Carolina.

Respondent Liggett & Myers Incorporated, a 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 630 Fifth Avenue, in the city of New York, State of New York.

PAR. 2. Respondents now, and for some time last past have been engaged in the manufacturing, advertising, sale and distribution of cigarettes.

PAR. 3. In the course and conduct of their business as aforesaid, respondents Brown and Williamson Tobacco Corporation, Lorillard, R.J. Reynolds Tobacco Company, Liggett & Myers Incorporated, Philip Morris Inc. and American Brands, Inc., now transport and cause their said cigarettes, when sold, to be transported, and for some time last past have transported and have caused said cigarettes to be transported, from their places of business in the States of Kentucky, North Carolina and Virginia, and elsewhere, to purchasers in various other States of the United States and in the District of Columbia.

Respondents maintain, and at all times herein have maintained, a substantial course of trade in said cigarettes in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the further course and conduct of business as aforesaid, respondents at all times mentioned herein have been and are now in substantial competition in commerce with other corporations in

the sale of cigarettes of the same general kind and nature as those sold by respondents.

PAR. 5. In the further course and conduct of the business as aforesaid, and for the purpose of inducing the sale of their said cigarettes, respondents have employed and now employ extensive advertising in many and various national and regional media.

PAR. 6. In the further course and conduct of their business as aforesaid, respondents have represented and are now representing in advertisements, directly and by implication, that smoking of cigarettes is a desirable practice. In respondents' said advertisements for their cigarettes, respondents have failed to make clear and conspicuous disclosures that cigarette smoking is dangerous to health.

PAR. 7. In the further course and conduct of their business as aforesaid, respondents have received information from various sources by which they knew or had reason to believe that the smoking of cigarettes is dangerous to health. Notwithstanding their possession of such knowledge or reason to believe, respondents continued and are now continuing to advertise said cigarettes without making clear and conspicuous disclosures to the public in their advertisements that cigarette smoking is dangerous to health.

PAR. 8. By advertising cigarettes to the public without making clear and conspicuous disclosures in said cigarette advertisements that cigarette smoking is dangerous to health, respondents represent, directly or by implication, that their cigarettes are not dangerous to health.

Therefore, the advertisements referred to in Paragraphs 6, 7 and 8 above are false and misleading and the acts and practices referred to in said paragraphs are deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

PAR. 9. The advertising of cigarettes without making clear and conspicuous disclosures in said advertisements that cigarette smoking is dangerous to health is in itself an unfair practice.

Therefore, the advertisements referred to in Paragraphs 6, 7, 8, and 9 above are unfair acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

PAR. 10. The use by respondents of the said false and misleading advertisements and unfair and deceptive acts have had and now have the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that the smoking of the said cigarettes manufactured by respondents are not dangerous to health, and into the purchase

of substantial quantities of cigarettes manufactured by respondents by reason of said erroneous and mistaken belief.

PAR. 11. The Congress of the United States, having determined to establish a comprehensive program to deal with cigarette labeling and advertising with respect to any relationship between smoking and health, has enacted the Public Health Cigarette Smoking Act of 1969. Section 4 of that Act provides:

> It shall be unlawful for any person to manufacture, import, or package for sale or distribution within the United States any cigarettes the package of which fails to bear the following statement: "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health."

The use by respondents of the said deceptive acts and practices as set forth in Paragraph Eight, and the said unfair acts and practices as set forth in Paragraph Nine, negates and overcomes any tendency or capacity which a warning on the cigarette package itself may have to impress on the public the dangers to health which accompany the smoking of respondents' said cigarettes.

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

DISSENTING STATEMENT OF COMMISSIONER JONES

I dissent to the Commission's acceptance of these consent agreements because of their provisions respecting the clear and conspicuous disclosure requirements of the Warning. The Commission had no proper empirical or clinical basis on which to support the instant order provisions and hence had no reason to believe that the required disclosures would in fact be clear and conspicuous to the casual readers of the magazines in which these advertisements are intended to appear.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaints charging each of the respondents named in the captions hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notices of said determination and copies of the complaints the Commission intended to issue, together with proposed forms of orders; and

The respondents and counsel for the Commission having thereafter executed agreements containing consent orders, an admission by respondents of all the jurisdictional facts that the signing of said agreements are for settlement purposes only and do not constitute an admission by respondents that the law has been violated as alleged in such complaints, and waivers and other provisions as required by the Commission's rules; and

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

1. Respondent Lorillard, a division of Loew's Theatres, 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 200 East 42nd Street, in the city of New York, State of New York.

Respondent Philip Morris Inc., a corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Virginia, with its principal office and place of business located at 100 Park Avenue, in the city of New York, State of New York.

Respondent American Brands, Inc., a corporation, 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 245 Park Avenue, in the city of New York, State of New York.

Respondent Brown and Williamson Tobacco Corporation, a 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 1600 West Hill, in the city of Louisville, State of Kentucky.

Respondent R.J. Reynolds Tobacco Company, a corporation, 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 401 North Main Street, in the city of Winston-Salem, State of North Carolina.

Respondent Liggett & Myers Incorporated, a 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 630 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 respondent, and the proceeding is in the public interest.

ORDER

I

It is ordered, That each respondent named in the caption herein, its successors and assigns and respondents' officers, agents, representatives and employees directly or through any corporation, subsidiary, division or other device, in connection with the offering for sale, sale or distribution of cigarettes in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from advertising any such cigarettes unless respondents make in all advertisements of such cigarettes a clear and conspicuous disclosure of the statement prescribed in Section 4 of the Public Health Cigarette Smoking Act of 1969 (Public Law 91–222) which reads:

Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.

A. For the purpose of these orders, the term "cigarette" shall mean (A) any roll of tobacco wrapped in paper or in any substance not containing tobacco, and (B) any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in subparagraph (A).

B. For the purpose of these orders, the term "advertisement" shall mean all advertising in newspapers, magazines, and other periodicals published and distributed in the United States and other periodicals distributed primarily to members or units of the Armed Forces of the United States located abroad, and advertisements appearing on billboards placed or located within the United States and in other materials as specified in Sections D, E, and F.

C. For the purpose of these orders, the term "clear and conspicuous disclosure" shall mean that:

1. The language of the warning statement shall be precisely as prescribed by Congress in Section 4 of the Public Health Cigarette Smoking Act of 1969.

2. The warning statement shall be set in two horizontal lines parallel with the base of the advertisement, separated by leading equivalent to the lower case "x-height," excluding the ascending and descending letters, of the particular type size. In any case where the width of an advertisement in any printed medium is too narrow because of the columnar format, the warning statement may appear in three lines provided there is full compliance with all other requirements in this definition.

3. The warning statement in newspaper, magazine, and other periodical advertisements shall appear in Univers 47 (Fdy) type style. The type size to be employed shall be the following:

10-point type	In newspaper, magazine, and other periodical advertisements of a trim size not larger than 65 square inches.
12-point type	In newspaper, magazine, and other periodical advertisements of a trim size larger than 65 square inches but not larger than 110 square inches.
14-point type	In newspaper, magazine, and other periodical advertisements of a trim size larger than 110 square inches but not larger than 180 square inches.
16-point type	In newspaper, magazine, and other periodical advertisements of a trim size larger than 180 square inches.

A double full-page or a multiple full-page advertisement in any non-tabloid newspaper shall contain a separate warning statement in 16-point type on each page. A double full-page or multiple full-page advertisement in any tabloid newspaper, magazine or other periodical shall not be required to contain more than one warning statement but the type size requirement shall be determined by the total aggregated size of the entire advertisement.

An advertisement which occupies one full page and part of another page in any newspaper, magazine or other periodical shall not be required to contain more than one warning statement, but the type size requirement shall be determined by the total aggregated size of the entire advertisement, and the warning statement shall appear on the full page on which the advertisement appears. An advertisement which occupies part of each of two or more pages in any newspaper, magazine or other periodical shall not be

required to contain more than one warning statement, but the type size requirement shall be determined by the total aggregated size of the entire advertisement, and the warning statement shall appear on that page which contains the greater (or greatest) part of the advertisement.

4. Every warning statement shall be set in a ruled rectangle. The size of the rectangle shall be determined by providing at both ends and at both top and bottom a space between the type block and the enclosing rule not less than the following spaces: where 10-point type is used in the warning statement, the rule shall be 8-points away from the type block; where 12-point type is used in the warning statement, the rule shall be 10-points away from the type block; where 14-point type is used in the warning statement, the rule shall be 12-points away from the type block; and where 16-point type is used in the warning statement, the rule shall be 14-points away from the type block. The width of the rule enclosing the rectangle shall be ¼-point where 10-point type is used in the warning statement; ½-point where 12-point type is used in the warning statement; ¾-point where 14-point type is used in the warning statement; and 1-point where 16-point type is used in the warning statement.

5. The warning statement shall be printed in black against a solid white background within the rectangle, and the enclosing rule shall be printed in black.

6. The warning statement in its rectangle in any newspaper, magazine, or other periodical advertisement shall be a separate element in each advertisement and shall not contain or include any part of any picture, design, illustration or text within the advertisement. The warning statement in its rectangle shall not be contained or included as an integral part of any specific pictorial design or illustration; in particular, it shall not be made a constituent part of a reproduction of the package of cigarettes. The warning statement in its rectangle may be printed or superimposed upon any pictorial background portion of any advertisement.

7. The warning statement in its rectangle in any newspaper, magazine, or other periodical advertisement may be positioned anywhere within the trim area of the advertise-

ment, but shall not be positioned in the margin of any advertisement. The rectangle shall not be positioned immediately next to, or immediately contiguous to, any rectangular designs, elements, or similar geometric forms (other than a picture of the cigarette package) or immediately contiguous to any textual matter appearing in the advertisement.

8. Blurring or illegibility of the warning statement in its rectangle occurring for reasons beyond the control of the respondent shall not be in violation of this order.

D. On billboards of a size 24-sheets and larger, the type size of the warning statement shall be not less than 2 inches in height, and the rectangle and the enclosing rule shall be of a size, shape, contrast, and placement, proportionately corresponding to those specified in Subsections C–1, –2, –4, –5, –6, and –7 for newspaper, magazine, and other periodical advertisements of a trim size larger than 180 square inches. On billboards of a size 6-, 7-, and 8-sheets the type size shall be not less than ¾ inches, on those of a size 2- through 5-sheets the type size shall be not less than ½ inch, and the rectangle and the enclosing rule shall be of a size, shape, contrast and placement, proportionately corresponding to those specified in Subsections C–1, –2, –4, –5, –6, and –7 for newspaper, magazine, and other periodical advertisements of a trim size larger than 180 square inches. On 1-sheet billboards the type size shall be not less than 24-points, and the rectangle and the enclosing rule shall be of a size, shape, contrast and placement, proportionately corresponding to those specified in Subsections C–1, –2, –4, –5, –6 and –7 for newspaper, magazine, and other periodical advertisements of a trim size larger than 180 square inches. On all public transit side cards of any shape the type size shall be not less than 18-points, and the rectangle and the enclosing rule shall be of a size, shape, contrast and placement, proportionately corresponding to those specified in Subsections C–1, –2, –4, –5, –6, and –7 for newspaper, magazine, and other periodical advertisements of a trim size larger than 180 square inches. All public transit end cards shall comply with the minimum requirements for 1-sheet billboards. The type style on any billboard or transit card shall be Univers 47 (Fdy) or a similar font.

E. On all point-of-sale promotional materials exhibited to cigarette purchasers, which have a surface containing an ad-

vertising display area of more than 36 square inches, the warning statement within its rectangle shall be included in a type size proportional to the type size specified in the nearest page size category for newspaper, magazine, and other periodical advertisements, as specified in Subsections C–1, –2, –3, –4, –5, –6, –7. In determining the size of the advertising display area in point-of-sale promotional materials consisting of two or more pages, the total advertising display area of each page on which any printed or graphic material appears shall be aggregated, and where the aggregate of the advertising display area, on which any printed or graphic material appears, exceeds 36 square inches, the warning statement within its rectangle shall be placed on one of those pages and proportionalized to the size of that page in accordance with Section C. The warning statement shall not be required on any non-media advertising and promotional materials offered or given to consumers; nor shall the warning statement be required on any promotional materials which are not for public display or public consumer exposure, and are distributed to cigarette wholesalers, dealers, and merchants.

F. All advertising contained in non-point-of-sale leaflets, direct-mail circulars, paperback book inserts, and programs shall contain the warning statement within its rectangle in a type size proportional to the type size specified in the nearest page size category for newspaper, magazine, and other periodical advertisements, as specified in Subsections C–1, –2, –3, –4, –5, –6, and –7.

G. Sections C, D, E, and F of these order shall become effective sixty (60) days after they are finally issued, but to meet the general and ordinary deadlines for submission of advertising copy established by the medium by or in which the advertisement is to appear, the requirements of Sections C, D, E, and F shall not be applicable (a) to newspaper, magazine, or other periodical advertising for which the closing date on which an advertiser must, according to the regular schedule of that newspaper, magazine, or other periodical, deliver the advertising material in final form to the printer, to the publisher, or as to spectacolor-type, to the production house, is less than forty-five (45) days after the date on which these orders shall become effective; (b) to advertising appearing on billboards for which copy must, according to the earliest practical date for replacement, be de-

livered in final form to the printer or painted or assembled on such billboards less than forty-five (45) days after the date on which these orders shall become effective, but in any event, as to advertising appearing on billboards Sections C, D, E, and F shall become applicable one hundred eighty (180) days from the date these orders shall become effective; (c) to advertising printed on non-point-of-sale leaflets, direct-mail circulars, paperback book inserts, and programs which are delivered in final form to the printer less than forty-five (45) days after the date on which these orders, shall become effective, but in any event, as to advertising printed on non-point-of-sale leaflets, direct-mail circulars, paperback book inserts, and programs, Sections C, D, E, and F shall become applicable one hundred forty (140) days from the date these orders shall become effective; or (d) to point-of-sale promotional materials exhibited to cigarette purchasers, which have a surface containing an advertising display area of more than 36 square inches, delivered in final form to the printer less than forty-five (45) days from the date these orders shall become effective.

H. These orders shall not be applicable to signs on factories, plants, warehouses, and other facilities related to the manufacture or factory storage of cigarettes, to corporate or financial reports, or to employment advertising, or to advertising in tobacco trade publications not circulated to consumers.

II

It is further ordered, That the respondent corporations shall forthwith distribute copies of these orders to each of their operating divisions or departments.

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 successor corporations, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of these orders.

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

Commissioner Jones' statement is attached.

IN THE MATTER OF

H & R ENTERPRISES, INC., ET AL.

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

Docket. C-2186. Complaint, March 31, 1972—Decision, March 31, 1972.

Consent order requiring a Seattle, Wash., school offering courses in computer card key punch training to cease misrepresenting that its inquiries are for the purpose of offering employment to qualified applicants, that the salaries of its graduates will be above average, that respondents have been retained by companies to train key punch operators, and minimizing the time required to obtain a certificate.

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 H & R Enterprises, Inc., a corporation and Walter B. Harrison, 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 H & R Enterprises, 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 located at 902 Lloyd Building, Seattle, Washington.

Respondent Walter B. Harrison is an individual and an officer of said corporation. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents have been engaging in the advertising, offering for sale and sale of courses of instruction in computer card key punch training. Said courses have been given at schools owned and operated by respondents under the name Key-Punch Academy in the city of Seattle, Washington and under the name Career Training Center in Portland, Oregon, and Spokane and Tacoma, Washington.

PAR. 3. In the course and conduct of their business, as aforesaid, respondents have caused the interstate movement of advertising scripts and radio and television continuity and films among and

between the above-designated locations, and have caused employees of respondents to travel across state lines in supervision of the advertising and promotion of respondents' schools. Respondents have also sent numerous papers, materials, and instructions across state lines in furtherance of the sales and promotion activities of the several schools and have caused extensive advertising to be placed with radio, television and newspapers which have substantial interstate circulation and dissemination intended to induce sales of its courses of instruction and to induce persons to travel across state lines for the purpose of taking such courses, and have engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, as stated above, and for the purpose of inducing the purchase of their courses, respondents have published or caused to be published, in the help wanted columns of the classified sections of newspapers distributed through the United States mails, by radio, by television, and by other means, advertisements respecting job offers, salaries and training.

Among and typical, but not all inclusive, of such advertisements are the following:

NEEDED NOW

No age limit. High school not required. IBM Keypunch operators are earning up to $550 per mo. after training, & we will train. Personal interview is required. Call MU 2-4006, KPA, Suite 307, 1424-4th Ave.

NEED NOW—NO AGE LIMIT! !

High School no required. IBM Keypunch operators are earning $550 a mo. after training.

WE WILL TRAIN
Personal interview required
CALL—MU 2-4006-KPA
Suite 307, 1424 4th Ave.
NO EXPERIENCE REQ.

11 WOMEN needed to train on 026, 029, 056, 059 Data processing machines. No age limit. Typing not req. Earn to $550 & UP. State approved training. For appt. call MU 2-4006, KPA, 1424 4th AVE. SUITE 307.

* * * KPA has recently been selected to train fifteen men and women for job openings in this area * * *

* * * and trained within the next few weeks * * *

PAR. 5. By and through the use of the statements and representations appearing in the advertisements set forth in Paragraph Four

hereof and various other statements and representations of similar import and meaning but not set forth herein, respondents represent, and have represented, directly or by implication, that:

1. Inquiries are being solicited for the purpose of offering employment to qualified applicants who will be trained to operate key punch machines.

2. By virtue of having received such training, persons will receive starting salaries of at least $500 per month.

3. The respondents have been retained by companies to train key punch operators for them.

4. Key punch operators will normally complete their training in a few short weeks, eight to twelve weeks, after a short training period or other short period of time.

PAR. 6. In truth and in fact:

1. Inquiries are solicited not for the purpose of offering employment, but for the purpose of obtaining leads to persons interested in purchasing respondents' courses.

2. Persons who complete courses offered by respondents do not by virtue of such training receive starting salaries of at least $500 per month.

3. The respondents have not been retained by companies to train key punch operators for them.

4. Key punch operators will not normally complete their training in a few short weeks, or other short period of time, but will normally require from three to three and one-half months.

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

PAR. 7. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of courses of instruction covering the same or similar subjects.

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

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

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

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed 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 H & R Enterprises, 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 located at 902 Lloyd Building, Seattle, Washington.

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

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 H & R Enterprises, Inc., a corporation, and its officers, and Walter B. Harrison, individually and as an officer of said corporation, and their successors and assigns and respondents' officers, agents, representatives and employees directly, or through any corporation, subsidiary, division or other device in connection with the advertising, offering for sale, sale or distribution of courses of study, training or instruction in the field of key punch training or any other subject, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, orally or in writing, directly or by implication, that:

1. Inquiries are solicited for the purpose of offering employment to qualified applicants.

2. Upon completion of respondents' course and by virtue thereof, graduates will obtain employment with a starting salary in excess of those obtained by the average graduate of respondents' courses of instruction.

3. The respondents have been retained by companies to train key punch operators for them.

4. Key punch operators will normally complete their training in a few short weeks, eight to 12 weeks, after a short training period, or other period of time that is less than the average or mean time required by respondents' graduates to obtain the proficiency required to obtain a certificate from respondents.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to any operating divisions organized and operated after the date hereof.

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

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

It is further ordered, That 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

FLORIDA CHILDREN'S WEAR MANUFACTURERS' GUILD, INC.

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

Docket C-2187. Complaint, April 3, 1972—Decision, April 3, 1972.

Consent order requiring a Miami, Fla., trade association of 22 manufacturers of children's apparel in the State of Florida to cease refusing to permit participation in its annual trade shows of any producer of such goods in Florida and requiring as a condition of membership to refrain from any legal action against respondent; it is further ordered that all manufacturers previously denied participation be notified that they are no longer barred from respondent's trade shows.

COMPLAINT

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

PARAGRAPH 1. Respondent Florida Children's Wear Manufacturers' Guild, Inc., is a not-for-profit corporation organized on or about November 22, 1963, and is existing and doing business under and by virtue of the laws of the State of Florida. Respondent maintains its office and principal place of business at 1090 Northeast 79th Street, Miami, Florida.

Respondent Florida Children's Wear Manufacturers' Guild, Inc., a trade association composed of approximately twenty-two manufacturers of children's apparel located within the State of Florida, was organized for the general purpose of improving and expanding

the children's wear and accessories industry and allied products in the State of Florida by the cooperative efforts of its members. To this end it has developed a trade show, through which a substantial portion of its members' merchandise is sold.

PAR. 2. The trade show sponsored and conducted by respondent trade association is a market place at which the merchandise of its member manufacturers is exhibited, offered for sale and sold to children's wear retailers. Respondents' trade show is the only trade show in the Florida area devoted exclusively to children's apparel and accessories produced in the State of Florida, and prospective customers from throughout the United States attend the market place. The importance of this trade show to the children's wear industry is attributable, in part, to the demand in other parts of the country for Florida manufactured and labeled goods. It is therefore of substantial competitive importance to a Florida children's apparel manufacturer to display his products at said trade show.

PAR. 3. In the course and conduct of the operation of the trade show, orders are solicited from buyers and persons representing retailers of children's apparel and accessories, and thereafter the manufacturer members of respondent trade association ship said merchandise or cause said merchandise to be shipped from the State of Florida across state lines to the purchasers thereof, located in the various States of the United States. Said purchasers in turn resell this merchandise to members of the general public.

Therefore, the respondent trade association and the members thereof, have carried on and are now carrying on a constant course of trade in commerce in children's apparel and accessories between and among the various States of the United States. Respondent, and the members thereof, are engaged in a constant and substantial flow of such merchandise in "commerce" as that term is defined in the Federal Trade Commission Act.

PAR. 4. Except to the extent that actual and potential competition has been hindered, frustrated, lessened and restrained by reason of the practices hereinafter alleged, respondent trade association through its trade show is in substantial competition with other methods of offering for sale and distributing children's apparel and accessories, including organized trade shows in Florida and elsewhere, and members of respondent trade association are in substantial competition with one another and with other firms engaged in the manufacture and distribution of children's apparel and accessories, both at the trade show and otherwise.

PAR. 5. Beginning about 1968, respondent trade association, and the members thereof, have by means of agreements and understandings, combined, conspired and pursued a planned common course of action to adopt, place into effect, and carry out, and have adopted and placed into effect by various means and methods, a plan, scheme or policy to hinder, frustrate, restrain, suppress and eliminate competition in the offering for sale and sale of children's apparel and accessories in commerce.

Pursuant to, and in furtherance and effectuation of the aforesaid course of action of respondent and the agreements of respondent trade association's members or others not parties hereto, respondent has:

(1) Prohibited members from displaying their wares or merchandise for purposes of sale to customers or to potential customers, directly or indirectly, whether by regularly employed salesmen or by independent salesmen, commisssion merchants, agents or otherwise, in any organized market week or showing in the State of Florida during their trade show period, and during the seven (7) days immediately prior to the show and the seven (7) days immediately subsequent to the show.

(2) Prohibited members from combining with any other member or nonmember to participate in any trade show as a Florida group outside the State of Florida, during the period thirty (30) days prior to, during, and thirty (30) days subsequent to their trade show.

(3) Prohibited members from advertising or publicizing their participation in any trade show to be conducted in the State of Florida during the period thirty (30) days prior to, during, and thirty (30) days subsequent to their trade show.

(4) Prohibited members from advertising or permitting their firm names or labels to be advertised or used in any publicity release or in any literature in any other trade show or display group during the period of thirty (30) days prior to and during their trade show.

(5) Conditioned the participation of manufacturers of children's apparel and accessories in the respondent's trade show upon an agreement of renunciation of any claims for loss, damage, or expenses incurred as a result of prior exclusion, or of any future claims for any future action by respondent guild.

(6) Prohibited manufacturers of children's apparel and accessories from participating in their trade show if they are a subsidiary of a corporation not organized under the laws of the State

of Florida, and not principally based in southern Florida, without regard to the place of manufacture of the goods desired to be shown, or the type of business of the parent company.

(7) Refused to permit manufacturers of children's apparel located in the State of Florida to exhibit their merchandise at respondent's trade shows.

(8) Combined and conspired with third parties to prohibit or attempt to prohibit manufacturers or salesmen of children's apparel from showing or advertising their merchandise in the time, place or manner of their own choosing.

PAR. 6. The acts, practices and methods of competition engaged in, followed, pursued or adopted by respondent, and the combination, conspiracy, agreement or common understanding entered into or reached between and among the members of respondent trade association or others not parties hereto, and the acts and practices, as hereinabove alleged, are unfair and to the prejudice of the public because they tend to and do restrain competition between and among Florida and out-of-state manufacturers, restrain competition between nonmembers and members of respondent trade association, raise barriers to entry of new competition in the sale of children's apparel and accessories, limit and restrict sales opportunities of salesmen representing Florida manufacturers of said merchandise, and otherwise restrain trade and commerce.

Said acts, practices and methods of competition, and the adverse competitive effects resulting therefrom, constitute unreasonable restraints of trade and unfair methods of competition in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act, as amended.

DECISION AND ORDER

This matter having come on to be heard by the Commission upon a record consisting of the Commission's proposed complaint charging the respondent named in the caption hereof with violation of Section 5 of the Federal Trade Commission Act and an agreement by and between respondent and counsel supporting the complaint, which agreement contains an order to cease and desist, an admission by the respondent of all the jurisdictional facts alleged in the complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that it has violated the law as alleged in the proposed complaint, and waivers and 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 as providing an adequate basis for appropriate disposition of the proceeding 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 Florida Children's Wear Manufacturers' Guild, 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 20 SE 14th Street, in the city of Miami, State of Florida.

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

ORDER

I

It is ordered, That respondent and its officers, agents, representatives, employees, successors and assigns, directly or indirectly, or through any corporate or other device, in connection with the offering for sale, sale or distribution of children's apparel and accessories in commerce, as "commerce" is defined in the Federal Trade Commission Act, shall forthwith cease and desist from:

1. Refusing or threatening to refuse to permit participation in any trade show of children's apparel or accessories, to any manufacturer who in fact causes said merchandise to be produced within the borders of the State of Florida.

2. Prohibiting or forbidding any manufacturer of children's apparel or accessories from having his merchandise displayed, exhibited, sold, advertised, promoted or offered for sale, either alone or in conjunction with others, at any time or at any place said manufacturer may choose to do so.

3. Requiring of any manufacturer of children's apparel or accessories, as a condition to membership or trade show participation, to agree to refrain from instituting any legal action against respondent.

4. Refusing, or threatening to refuse participation at any trade shows of children's apparel or accessories to any manufacturer whose merchandise is manufactured within the borders of the State of Florida, who did not give consideration to or

did not comply with any demand that respondent made, suggested, or urged upon said manufacturer.

5. Combining or conspiring with any person or firm to prohibit any manufacturer or salesman of children's apparel from showing or advertising his merchandise in any manner, method or place of his choosing.

6. Nothing contained herein shall prevent respondent from retaining, adopting, and enforcing reasonable regulations for the registration and conduct of members and buyers at trade shows, including the assignment of specifically designated show areas, so long as such regulations are not misused as devices to unreasonably restrain trade.

II

It is further ordered, That respondent shall cease and desist from operating any trade show unless and until:

1. All manufacturers who have been denied membership or trade show participation in the past by virtue of any reason which contravenes, in whole or in part, any of the provisions of this order, are notified that their merchandise is no longer prohibited from being shown at respondent's trade shows.

2. All provisions or restrictions appearing in any contract, agreement or understanding between respondent and any third party which contravenes, in whole or in part, the letter or spirit of any of the provisions of this order, are withdrawn and cancelled.

3. All manufacturers of children's apparel known to respondent, any of whose children's apparel is manufactured within the State of Florida, are advised in writing that they are eligible to participate in respondent's trade shows.

III

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

1. Mail a conformed copy of this order to each manufacturer of children's apparel or accessories known to respondent who produces said merchandise within the State of Florida.

2. File with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

It is further ordered, That respondent trade association 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 with obligations arising out of the order.

IN THE MATTER OF

STERLING DRUG INC.

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

Docket 8797. Complaint, Aug. 7, 1969—Decision, April 7, 1972.

Order modifying and adopting hearing examiner's decision dismissing complaint that a New York City drug firm selling a broad range of health and beauty aid products violated Section 7 of the Clayton Act in acquiring another New York City company manufacturing and selling health and beauty aids, household deodorizer and other non-food consumer products.

COMPLAINT

The Federal Trade Commission has reason to believe that Sterling Drug Inc., a corporation and the respondent herein, has merged with Lehn & Fink Products Corporation, a corporation, in violation of Section 7 of the Clayton Act, as amended (15 U.S.C. 18); therefore, pursuant to Section 11 of the Clayton Act, as amended (15 U.S.C. 21), it issues this Complaint, stating its charges in that respect as follows:

I Definitions

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

(a) Proprietary Drugs—pharmaceutical preparations advertised to the public;

(b) Personal Care Products—perfumes, cosmetics, and other toilet preparations advertised to the public;

(c) Health and Beauty Aids—All products which are either proprietary drugs or personal care products, as defined above;

(d) Household Aerosol Deodorizers—products in aerosol form which are designed to purify air in the household by removing odors or destroying germs; and

(e) Nonfood Household Consumer Products—chemically-based products which are advertised to the public and used in the house-