any other obligation, or agreeing to any other act or condition; and offering any product for sale when all of the terms and conditions of the offer are not explained fully and clearly and set forth conspicuously on any order form furnished with the offer to be used to order the product.

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 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 successor corporations, the creation or dissolution of subsidiaries, or any other change in the corporations which may affect compliance with this order.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner in which they have complied with this order: *Provided, however:* That with respect to those portions of Paragraphs I(A)(1) and (I)(B)(4) which cover the disclosure of odds, a second such report shall be filed within sixty (60) days after December 1, 1971, the date on which the portions of the aforesaid paragraphs which cover the disclosure of odds shall take effect.

IN THE MATTER OF

HELIX MARKETING CORPORATION, ET AL.

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

*Docket C-2076. Complaint, Nov. 3, 1971—Decision, Nov. 3, 1971**

Consent order requiring a New York City seller of articles of wearing apparel and nine affiliated firms in other cities who sell their goods to individuals, some 3000 'personal shoppers," who in turn sell to the consuming public to cease misrepresenting the amount of money respondents' customers can earn, failing to disclose the liability of the customer for the goods in his possession, making threats of legal action against delinquent debtors through the use of spurious documents and by phone calls and letters, and failing to maintain adequate records documenting any matter covered in this order.

*Spanish translation of decision and order follows English version of order.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Helix Marketing Corporation, a corporation, Gramont Company, Inc., a corporation, The Helix Company, Inc., a corporation, Royal Crown Hosiery Company of Illinois, Incorporated, a corporation, Royal Crown Hosiery Company, a corporation, Gramont Company Incorporated of Philadelphia, a corporation, Gramont Company Incorporated, a corporation, Gramont Company, Inc. of St. Louis, a corporation, The Helix Co., Inc., a corporation, Royal Crown Company, Inc., a corporation, William T. Comfort, Jr. and Jacob M. Levine, individually and as officers or directors of certain of said corporations, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Helix Marketing Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business at 264 West 35th Street, New York, New York. Said corporate respondent controls and dominates the acts and practices of its wholly-owned subsidiary, corporate respondent Gramont Company, Inc. and the wholly-owned subsidiaries of Gramont Company, Inc.; The Helix Company, Inc., Royal Crown Hosiery Company of Illinois, Incorporated, Royal Crown Hosiery Company, Gramont Company Incorporated of Philadelphia, Gramont Company Incorporated, Gramont Company, Inc. of St. Louis, The Helix Co., Inc., and Royal Crown Company, Inc.

Respondent Gramont Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal place of business at 264 West 35th Street, New York, New York. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Helix Marketing Corporation.

Respondent The Helix Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal place of business at 61 West 23rd Street, New York, New York. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Royal Crown Hosiery Company of Illinois, Incorporated, is a corporation organized, existing and doing business under

and by virtue of the laws of the State of Illinois, with its principal place of business at 210 West Madison, Chicago, Illinois. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Royal Crown Hosiery Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Michigan, with its principal place of business at 19 Clifford Street, Detroit, Michigan. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Gramont Company Incorporated of Philadelphia is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal place of business at 1005 Market Street, Philadelphia, Pennsylvania. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Gramont Company Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal place of business at 630 South Wabash, Chicago, Illinois. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Gramont Company, Inc. of St. Louis is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business at 808 Washington Avenue, St. Louis, Missouri. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent The Helix Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal place of business at 2082 East 4th Street, Cleveland, Ohio. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Royal Crown Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia with its principal place of business at 1319 F Street, N.W., Washington, D.C. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent William T. Comfort, Jr. is an individual and is a member of the board of directors of Helix Marketing Corporation and Gramont Company, Inc. He is an officer of Helix Marketing Corporation. His business address is 264 West 35th Street in the city of New York, State of New York.

Respondent Jacob M. Levine, is an individual and was, until January 31, 1971, an officer of Helix Marketing Corporation. He was until the above date, an officer and member of the board of directors of Gramont Company, Inc., The Helix Company, Inc., Royal Crown Hosiery Company of Illinois, Incorporated, Royal Crown Hosiery Company, Gramont Company Incorporated of Philadelphia, Gramont Company Incorporated, Gramont Company, Inc. of St. Louis, The Helix Co., Inc., and Royal Crown Company, Inc. He is currently a member of the board of directors of Gramont Company, Inc. His business address is 264 West 35th Street in the city of New York, State of New York.

The individual respondents, William T. Comfort, Jr. and Jacob M. Levine formulate, direct and control the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth.

PAR. 2. Respondents are engaged in the sale and distribution, through a number of branches or outlets, of articles of wearing apparel and other products, to some 3000 "personal shoppers" or "customers" who thereafter sell and distribute such products to the consuming public. Respondents recruit said "personal shoppers" from among housewives, including many welfare recipients, to sell such products at retail to relatives, acquaintances and other members of the consuming public. Respondents assist in the sales effort of said "personal shoppers" by extending short term financing in varying amounts, depending upon the individual, by allowing credit on the return of unsold merchandise, and by furnishing them with instructions as to methods of selling said products and collecting payment therefor.

PAR. 3. In the course and conduct of their business, respondents cause said articles of wearing apparel and other products to be shipped and distributed from the places of origin or storage of said products in various states, to places of storage or distribution in other states, for sale and distribution to respondents' customers and to ultimate consumers located in various other States of the United States. Respondents also cause checks, sales memoranda, policy directives, instructions, and other documents and communications to be transmitted by means of the United States mails and other interstate mechanisms, to and from respondents' principal and other offices and places of business located in various States of the United States. Respondents disseminate, or cause to be disseminated advertisements published in various newspapers and other publications of interstate circulation to recruit customers of said products for resale, and to induce the sale of the said products to said customers for resale to ultimate consumers located in various States of the United States. Respondents furnish means, instru-

mentalities, services and facilities to purchasers for resale of their said products located in various states in connection with and to further the resale of said products to, and payment therefor by, ultimate consumers of such products located in various States of the United States.

All of the aforesaid acts and practices have been engaged in, in the course and conduct of respondents' business and all such acts and practices have a close and substantial relationship to the interstate flow of respondents' business. Respondents now have, and at all times mentioned herein have had, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business as aforesaid, respondents induce a substantial number of persons to purchase their products for resale to ultimate consumers, by means of statements published in newspapers and other publications, and by means of oral statements of respondents or their agents and representatives during personal interviews.

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

1. Advertisements appearing in "Help Wanted" sections and under other classifications or headings in various newspapers, stating, *inter alia:*

Our Women Average $68 Weekly
No Canvassing Necessary . . .
FILL OUR CUSTOMERS ORDERS
* * * * * * *
CAN EARN $72 WEEKLY * * *
* * * * * * *
Can Earn $3 Hr. and More Filling Our Customer Orders No Canvassing * * *

2. Statements made by respondents or their agents or representatives during the course of personal interviews with prospective "personal shoppers" responding to said advertisements, such as:

(a) "When you become a Personal Shopper, we sent out announcement cards to people in your neighborhood to let them know that they can give orders to you."

(b) "Give me your address so I can see if we need someone in your neighborhood. What is your zip code? I'm so glad you called, we need someone right there."

PAR. 5. Through the use of the aforesaid statements and others similar thereto; but not included herein, respondents have represented, directly or indirectly that:

1. Persons answering said advertisements are likely to earn the

amounts set forth in said advertisements and that customers are not required to solicit orders in order to make sales.

2a. Announcement cards will be sent by the respondents to neighbors of the prospective customer, and that these cards may produce sales.

b. A prospective customer will be the exclusive merchandiser in that person's neighborhood.

PAR. 6. In truth and in fact:

1. The earnings figures set forth in said advertisements are far in excess of the amounts a substantial portion of prospective customers are likely to earn. Additionally, it is necessary for respondents' customers to canvass in order to obtain sales.

2a. Announcement cards are seldom, if ever, sent out by respondents.

b. Respondents do not grant exclusive sales territories.

Therefore, respondents' statements, representations, acts and practices, as referred to in Paragraphs Four and Five hereof were, and are, false, misleading and deceptive.

PAR. 7. In the course and conduct of their business, respondents require persons recruited as "personal shoppers" to secure the signature of two other persons on an instrument or form which is represented by respondents or their agents and representatives to be used for tracing or locating missing personal shoppers. In truth and in fact, the said instrument or form is used by respondents to hold the signatories thereto as guarantors, who may be personally liable for any monies which may be due or owing to respondents should the "personal shopper" refuse or be unable to pay respondents for credit extended. Respondents' use of said instrument or form, their representations as to its purpose and use, and their failure to disclose material facts as to the actual purpose and use of said instrument or form, as aforesaid, were and are false, misleading, deceptive and unfair acts or practices.

PAR. 8. In the further course and conduct of their business, and in an effort to collect accounts respondents have elected to treat as delinquent, and by means of letters and telephone calls, respondents or their representatives and agents have made certain statements of which the following are typical, but not all inclusive:

(a) HELIX Collection Department

DEAR _____:

Your above listed employee owes the amount stated * * *.

If payment is not made promptly, we shall be compelled to sue your employee and, when judgment has been obtained, to institute GARNISHMENT PROCEEDINGS * * *.

By

_____

Collection Dept.

(b) ROYAL CROWN Collection Department

DEAR _____:

We regret to inform you that your account is being released to the Small Claims Court for collection.

Within the next five days you will be receiving a summons to appear in Court regarding your debt to the Gramont Company of New York, New York.

We hope that within this period of time you will realize the extra cost, embarrassment, garnishment of wages to you or your husband, or both, and also the fact that your name will be sent to the Credit Bureau * * *

By

_____

Collection Manager

(c) FINAL NOTICE BEFORE SUIT

_____ creditor

_____ address

_____ debtor

Amount due $_____

TO THE DEBTOR'S ABOVE NAMED

TAKE NOTICE (1) that the above named creditor has a valid claim against you * * * for the amount mentioned above and affidavit supporting said claim is herein below annexed * * *.

* * * * * * *

(3) That unless remittance is received by the above named creditor * * * within 5 days from date, suit will be brought immediately for the total amount due, with interest, together with cost of said action.

Dated at this day of 19

Signed by _____

(d) Stuart Babitch, Attorney at Law, 396 Broadway, New York, New York 10013.

DEAR _____:

I have been advised by my client Helix Co., Inc., that you have defaulted. * * *

This is to inform you that unless the amount due is paid to my client directly * * *. I shall proceed to prosecute suit against you as scheduled.

Very truly yours,

STUART N. BABITCH.

(e) ROYAL CROWN Collection Department

DEAR _____:

We have been retained by the Helix Co. to recover the unpaid balance due them on your account.

You committed a serious legal offense in opening that account, as the APPLICATION FOR CREDIT you furnished to the Helix Co. supposedly bears the signature of _____ who has advised that the signature was forged.

Forgery is a criminal offense and can result in arrest, prosecution and imprisonment. Before swearing out a Warrant for your arrest on charges of forgery, we are giving you one more opportunity to settle your account.

Unless we hear from you immediately, this matter will be turned over to the police.

By Collection Agent

_____

PAR. 9. By and through the use of the aforesaid statements, and others similar thereto, but not specifically set forth, respondents represent, directly or indirectly, that:

(a) Garnishment of wages will result if payment is not made.

(b) (i) Collection cases are turned over to independent collection agencies such as Royal Crown.

(b) (ii) Steps preliminary to the filing of legal suit are taken.

(c) A letter entitled "FINAL NOTICE BEFORE SUIT" originates not from respondents, but from a court of law.

(d) A delinquent account has been turned over to an attorney for collection.

(e) Unless payment is made on a delinquent account, criminal prosecution will occur.

PAR. 10. In truth and in fact:

(a) Respondents seldom, if ever, garnishee the wages of delinquent debtors and guarantors.

(b) (i) Royal Crown is not an independent collection agency but to the contrary, is a subsidiary of corporate respondent Gramont Company, Inc., and operates under its direction and control.

(b) (ii) Respondents do not take any legal steps preliminary to the filing of suit.

(c) A letter entitled "FINAL NOTICE BEFORE SUIT" originates, not from a court of law, but from the respondents. Since respondents seldom, if ever, bring suit, this letter is not the final notice before suit.

(d) Accounts seldom, if ever, are turned over to an attorney for collection. Letters bearing an attorney's letterhead are supplied in bulk by an attorney, and are signed by respondents' employees. Furthermore, said attorney is not familiar with the specific details as to particular accounts and, in fact, refers any inquiries regarding delinquent accounts over to respondents.

(e) No delinquent customer has ever been criminally prosecuted at the behest of respondents.

Therefore, respondents' statements, representations, acts and practices, as referred to in Paragraphs Nine and Ten hereof, were, and are, false, misleading, deceptive and unfair.

PAR. 11. In the course and conduct of their 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 merchandise of the same general kind and nature as sold by respondents.

PAR. 12. The use by the respondents of the representations, acts 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 dealing with said respondents into the erroneous and mistaken belief that such statements were and are true and complete and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief and unfairly into the assumption of debts and obligations which they might otherwise not have done.

PAR. 13. The aforesaid acts and practices of the respondents were and are to the prejudice and injury of the public and of respondents' competitors and constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5(a)(1) of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

1. Respondent Helix Marketing Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business at 264

West 35th Street, New York, New York. Said corporate respondent controls and dominates the acts and practices of its wholly-owned subsidiary, corporate respondent Gramont Company, Inc., and the wholly-owned subsidiaries of Gramont Company, Inc.; The Helix Company, Inc., Royal Crown Hosiery Company of Illinois, Incorporated, Royal Crown Hosiery Company, Gramont Company Incorporated of Philadelphia, Gramont Company Incorporated, Gramont Company, Inc. of St. Louis, The Helix Co., Inc., and Royal Crown Company, Inc.

Respondent Gramont Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal place of business at 264 West 35th Street, New York, New York.

Respondent The Helix Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal place of business at 61 West 23rd Street, New York, New York.

Respondent Royal Crown Hosiery Company of Illinois, Incorporated is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal place of business at 210 West Madison, Chicago, Illinois.

Respondent Royal Crown Hosiery Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Michigan, with its principal place of business at 19 Clifford Street, Detroit, Michigan.

Respondent Gramont Company Incorporated of Philadelphia is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal place of business at 1005 Market Street, Philadelphia, Pennsylvania.

Respondent Gramont Company Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal place of business at 630 South Wabash, Chicago, Illinois.

Respondent Gramont Company, Inc. of St. Louis is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business at 808 Washington Avenue, St. Louis, Missouri.

Respondent The Helix Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal place of business at 2082 East 4th Street, Cleveland, Ohio.

Respondent Royal Crown Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the

District of Columbia with its principal place of business at 1319 F Street, N.W., Washington, D.C.

Respondent William T. Comfort, Jr. is a member of the board of directors of Helix Marketing Corporation and Gramont Company, Inc., and he is an officer of Helix Marketing Corporation. He formulates, directs and controls the policies, acts and practices of the corporate respondents, and his business address is 264 West 35th Street in the city of New York, State of New York.

Respondent Jacob M. Levine was, until January 31, 1971, an officer of Helix Marketing Corporation, and an officer and member of the board of directors of Gramont Company, Inc., The Helix Company, Inc., Royal Crown Hosiery Company of Illinois, Incorporated, Royal Crown Hosiery Company, Gramont Company Incorporated of Philadelphia, Gramont Company Incorporated, Gramont Company, Inc. of St. Louis, The Helix Co., Inc., and Royal Crown Company, Inc. Until the above date, he formulated, directed and controlled the acts and practices of the corporate respondents. He is currently a member of the board of directors of Gramont Company, Inc. and his business address is 264 West 35th Street in the city of New York, State of New York.

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

ORDER

It is ordered, That respondents Helix Marketing Corporation, a corporation and its officers, Gramont Company, Inc., a corporation and its officers, The Helix Company, Inc., a corporation and its officers, Royal Crown Hosiery Company of Illinois, Incorporated, a corporation and its officers, Royal Crown Hosiery Company, a corporation and its officers, Gramont Company Incorporated of Philadelphia, a corporation and its officers, Gramont Company Incorporated, a corporation and its officers, Gramont Company, Inc. of St. Louis, a corporation and its officers, The Helix Co., Inc., a corporation and its officers, Royal Crown Company, Inc., a corporation and its officers, and William T. Comfort, Jr. and Jacob Levine, individually and as officers or directors of said corporations or any of them, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of articles of wearing apparel or other products, or the collection or attempted collection of delinquent or other accounts, and the general operation of its business, in commerce as

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

1. Representing, directly or by implication, that:

(a) Any customer can earn $3.00 an hour or more, or $68 or $72 a week, or any other amounts in excess of those which are normally or customarily earned by said customers under normal conditions or circumstances in the ordinary course of business.

(b) Persons answering respondents' advertisements may earn money other than by the canvassing and the direct solicitation of orders.

(c) Respondents will contact, by mail or otherwise, persons in the neighborhood of respondents' customers unless said contacts are, in fact, made, and result in substantial retail sales to respondents' customers.

(d) Exclusive sales territories are granted to customers.

2. Failing to clearly and conspicuously, in the language commonly used by the signer, disclose on guarantee or similar forms, that the person signing such form is, or may be liable for any debt, default or obligation of the principal obligor or others.

3. Representing, directly or by implication, that:

(a) A delinquent debtor's wages will be or may be garnisheed unless payment is made.

(b) Helix, Royal Crown, or any other subsidiary, parent or division, are independent collection agencies.

(c) Legal action will be or may be taken against a delinquent debtor unless payment is made on a delinquent account.

(d) Legal action has been taken and suit filed against a delinquent debtor.

(e) Collection costs are or may be increased due to the preparation of credit reports, transfer to a collection agency, or by any other means.

(f) A delinquent debtor's name will be or may be sent to a credit bureau unless payment is made.

(g) Accounts are or may be turned over to collection agencies.

(h) A delinquent debtor is being contacted by an attorney when the call or letter originates from respondents' offices.

(i) Criminal prosecution will or may result if payment is not made on a delinquent account.

4. Using, for the purpose of collecting payment on delinquent accounts, letters purporting to be sent from an independent collection agency.

5. Sending to delinquent debtors notices, summonses, and other like documents, purporting to be legal documents having to do with the collection of said sums but which are in fact fictitious and not legal documents.

6. Using or employing any false or fictitious forms, documents, or threats of suits at law, for the purpose of collecting alleged delinquent accounts.

7. Failing to maintain adequate records which will furnish full particulars as to any action taken in any matter which is covered by a prohibition contained in this order.

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

It is further ordered, That respondents distribute a copy of this order to all operating divisions and subsidiaries of said corporations and also distribute a copy of this order to each and all of respondents' employees concerned with the promotion, sale and distribution of merchandise to respondents' customers.

It is further ordered, That respondents distribute a copy of this order to all current customers who have purchased merchandise from respondents within thirty days preceding the effective date of this order. It is ordered that a copy of this order, attached hereto, prepared in the Spanish language, be distributed to all of respondents' Spanish speaking customers.

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

ORDEN

Se ordena, a los demandados, Helix Marketing Corporation, una corporación y sus oficiales, Gramont Company, Inc., una corporación y sus oficiales, The Helix Company, Inc., una corporación y sus oficiales, Royal Crown Hosiery Company of Illinois, Incorporated, una corporación y sus oficiales, Royal Crown Hosiery Company, una corporación y sus oficiales, Gramont Company, Incorporated of Philadelphia, una corporación y sus oficiales, Gramont Company, Incorporated, una corporación y sus oficiales, Gramont Company, Inc. of St. Louis, una corporación y sus oficiales, The Helix Co., Inc., una

corporación y sus oficiales, Royal Crown Company, Inc., una corporación y sus oficiales, y a William T. Comfort, Jr. y a Jacob M. Levine, como individuos y como oficiales o directores de las mencionadas corporaciones o de cualquiera de ellas, y a los agentes, representantes o empleados de estos demandados, ya sea directamente o a través de alguna corporación u otro medio, que en relación con el anuncio, oferta para la venta, venta, a distribución de ropa u otros artículos, o en el cobro de deudas atrasadas u otras cuentas, en el curso general de su negocio en el comercio, entendido de la mima manera que "comercio" se define en el Federal Trade Commission Act, por la presente, cesen y desistan de:

1. Hacer creer, por medio de representaciones directas o de implicaciones que:

(a) Cualquiera de sus clientes puede ganar $3.00 ó más por hora, o de $68 a $72 semanales, o cualquier otra cantidad en exceso de lo que normal y acostumbradamente ganan estas personas en el curso ordinario del negocio y bajo circunstancias normales.

(b) Las personas que responde a los anuncios de los demandados pueden ganar dinero de otro modo que no sea solicitando ordenes.

(c) Los demandados se pondrán en contacto, por medio del correo o por cualquier otro medio, con personas en el vecindario de sus clientes, a menos que en realidid los demandados se pongan en contacto con estas personas y esto resulte en una fuente de ventas para los clientes de los demandados.

(d) Los demandados conceden territorios de venta exclusivos.

2. Dejar de informar en forma clara y conspícua y en el idioma que comunmente usado por el firmante, en las formas usadas como garantía u otras formas similares, que los firmantes de tal papel, son, o pueden ser responsables por cualquier deuda, incumplimiento u obligación de el deudor principal u otros.

3. Hacer creer por medio de representaciones directas o de implicaciones que:

(a) El salario de un deudor delincuente será o podría ser embargado a menos que se pague la cuenta atrosada.

(b) Helix, Royal Crown, o cualquier otra subsidiaria, corporación principal o división son agencias independientes de cobro de deudas.

(c) Se tomará acción legal en contra de los deudores delincuentes a menos que se pague la cuenta atrasada.

(d) Se ha comenzado acción legal en contra de el deudor delincuente.

(e) Los gastos de cobro de la deuda se hacen mayores o pueden hacerse mayores por la preparación de informes de crédito, trabajos de una agencia de cobro o por cualquier otra razón.

(f) El nombre de un deudor delincuente será o podría ser enviado a un negociado de información de crédito de no pagarse la la cuenta atrasada.

(g) Las cuentas atrasadas son o podrían ser entregadas a una agencia de cobro.

(h) Las llamadas o cartas que está recibiendo un deudor delincuente provienen de un abogado, cuando tales llamadas o cartas provienen de las oficinas de los demandados.

(i) Una acció criminal será comenzada o podría ser comenzada de no pagarse la cuenta atrasada.

4. Usar, con el propósito de obtener el pago de cuentas atrasadas, cartas que parecen provenir de agencias de cobro independientes.

5. Enviar a los deudores delincuentes avisos, citaciones y otros documentos similares que parecen ser documentos legales relacionados con el cobro de las cuentas, pero que, en realidad, son ficticios y no son documentos legales.

6. Usar, con el propósito de obtener el pago de las mencionadas cuentas atrasadas, cualquier forma, documento o amenaza de acción legal que sea falso o ficticio.

7. No mantener récords adecuados que revelen todos los detalles acerca de cualquier acción tomada en cualquier materia cubierta por alguna prohibición incluída en esta orden.

Se ordena además, a los demandados notificar a la Commissión, con por lo menos treinta (30) días de ananticipación, de cualquier cambio en cualquiera o alguno de aquellos demandados que son corporaciones, ya sea por disolución, traspaso o venta que resulte en la formación o disolución de subsidiarias o cualquier otro cambio corporativo que pueda afectar el cumplimiento de las obligaciones que surgen de esta orden.

Se ordena además, a los demandados distribuir una copia de esta orden a cada división activa y a cada subsidiaria de las corporaciones mencionadas en esta orden, además a todos y cado uno de aquellos empleados de los demandados que están envueltos en la promoción, venta o distribución de mercancía a sus clientes.

Se ordena además, a los demandados distribuir una copia de esta orden a todos aquello clientes que hayan comprado mercancía a los demandados durante los treinta (30) días que precedan a la fecha efectiva de esta orden. También se ordena que la copia de esta orden, aquí incluída, en el idioma español sea distribuída a todos los clientes de los demandados que hablen ese idioma.

Se ordena además, a los demandados aquí mencionados archivar dentro de los sesenta (60) días siguientes al diligenciamiento de esta orden, con la Comisión un informe escrito exponiendo, en detalle, la forma y maneras en que se ha cumplido esta orden.

IN THE MATTER OF

MONTGOMERY WARD & CO., INCORPORATED

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

Docket C-2077. Complaint, Nov. 3, 1971—Decision, Nov. 3, 1971

Consent order requiring a major seller and distributor of merchandise by means of catalogs and retail stores with headquarters in Chicago, Ill., to cease violating the Truth in Lending Act by failing to disclose the method of determining the finance charge, the conditions under which the company may retain a security interest in any purchase, in catalogs where credit is involved print "Credit Terms, P. —," and in any consumer credit advertising make disclosures required by Regulation Z of said Act; it is further ordered that respondent provide customers who have incumbered their real estate an opportunity to rescind the transaction, and provide the customer the right to rescind the respondent's security interest if the property is residential and has a mechanic's lien against it; and where the amount of the purchase requires credit terms the respondent's catalog shall contain the words, "For Terms Relating to Deferred Payment, See p. —," and other provisions for the protection of credit customers.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Montgomery Ward & Co., Incorporated, a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Montgomery Ward & Co., Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal place of business and office located at 619 West Chicago Avenue, Chicago, Illinois.

PAR. 2. Montgomery Ward is now, and for some time last past has been, engaged in the offering for sale, sale and distribution of various articles of merchandise to the public by means of catalogs and retail outlets located throughout the United States.

COUNT I

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

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent regularly extends, and for some time last past has regularly extended, consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Respondent, subsequent to July 1, 1969, in the ordinary course and conduct of its business, extends open end credit to its customers in connection with its credit sales, as "open end credit" and "credit sale" are defined in Regulation Z. In connection with its open end credit agreement, and prior to the first transaction made under such agreement, respondent makes disclosures to each customer describing the credit terms of these open end accounts.

PAR. 5. In the open end credit disclosure statements used by respondent, referred to in Paragraph Four hereof, respondent:

1. Failed to disclose the method of determining the balance upon which a finance charge may be imposed, as required by Section 226.7 (a) (2) of Regulation Z.

2. Failed to disclose the lower balance to which the periodic rate applies, when application of the periodic rate did not yield an amount equal to the minimum finance charge, as required by Section 226.7 (a) (4) of Regulation Z.

3. Failed to disclose the conditions under which a mechanic's lien, materialman's lien or similar lien against the customer's real property may be retained or acquired as a security interest to secure the obligation incurred by the customer in any open end credit sale by respondents of home improvements which become part of the customer's real

property under applicable state law, and to include a description of each such security interest or interests, as required by Section 226.7 (a)(7) of Regulation Z.

PAR. 6. By and through use of the agreement referred to in Paragraph Four hereof, respondent sells home improvements which become part of the customer's real property under applicable state law. As a result, a security interest is or will be retained or acquired by respondent in real property which is or is expected to be used as the principal residence of the customer through operation of state law. The customer thereby has a three day right to rescind the transaction, as provided in Section 226.9(a) of Regulation Z. Having consummated a rescindable credit transaction, respondent:

1. Failed to provide each customer who had the right to rescind with any copy of the notice prescribed by Section 226.9(b) of Regulation Z, as required by that Section.

2. Made physical changes in the property of the customer and performed work and services for the customer before the rescission period provided in Section 226.9(a) of Regulation Z had expired, in violation of Section 226.9(c) thereof.

PAR. 7. Respondent, subsequent to July 1, 1969, has published advertisements, as "advertisement" is defined in Regulation Z, in the form of catalogs which are distributed to the public. Such advertisements aid, promote, or assist, directly or indirectly, extensions of open end credit, as "open end credit" is defined in Regulation Z.

PAR. 8. By and through the use of a table of credit terms in the catalog advertisements referred to in Paragraph Seven hereof, respondent sets forth, as prescribed in Section 226.10(c) of Regulation Z, the explanation of the time period within which any credit extended may be paid without incurring a finance charge; the method of determining the amount of the finance charge; certain of the balances to which the periodic rate or rates apply; the periodic rate or rates; the corresponding annual percentage rate or rates; and the minimum periodic payment required; but fails:

1. To state the method of determining the balance upon which a finance charge may be imposed, as required by Section 226.10(c)(2) of Regulation Z.

2. To state the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.10(c)(4) of Regulation Z.

PAR. 9. By and through the catalog advertisements referred to in Paragraph Seven hereof, respondent, when setting forth a required

minimum periodic payment for a particular item in the catalog, fails also to clearly and conspicuously set forth all credit terms required by Section 226.10(c) of Regulation Z, in terminology prescribed under Section 226.7(b) of Regulation Z. Respondent has not obviated the requirement that it disclose these credit terms by employing the alternative method of clearly and conspicuously referring to a table or schedule of credit terms by page number wherever the specified periodic payment appears in the catalogs, as set forth in Section 226.10(b) of Regulation Z.

PAR. 10. Respondent, subsequent to July 1, 1969, in the ordinary course and conduct of its business, has prepared and furnished for use in connection with other than open end credit sales, retail installment contracts which have been executed by purchasers. In these contracts, respondent fails to disclose the amount of credit of which the customer will have the actual use and to describe that amount as the "amount financed," as required by Section 226.8(c)(7) of Regulation Z.

PAR. 11. Pursuant to Section 103(k) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

COUNT II

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

PAR. 12. In the course and conduct of its business as aforesaid, respondent has caused, and is causing, its said merchandise, when sold, to be shipped from its place of business located in the State of Illinois and other States of the United States and in the District of Columbia, to purchasers thereof located in various States in the United States, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 13. By and through the use of advertisements in newspapers and in the form of catalogs which are made available to the public, respondent has made representations of which the following is typical, but not all inclusive:

"No monthly payments till June."

By and through the use of such representations, respondent has led its credit customers to believe that no charges will be incurred in

connection with the purchase while the first installment is being deferred.

PAR. 14. In truth and in fact, unless a customer pays the amount of the deferred purchase within thirty days from the beginning date of the billing cycle in which the customer is first billed for the purchase, respondent will impose a finance charge monthly on the amount of the purchase while the first installment is being deferred.

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

PAR. 15. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent has been, and is now, in substantial competition, in commerce, with corporations, firms and individuals in the sale of merchandise of the same general kind and nature as that sold by respondent.

PAR. 16. The use by respondent of the aforesaid false, misleading, and deceptive statements, representations, and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's merchandise because of such erroneous and mistaken belief.

PAR. 17. The aforesaid acts and practices of respondent, as alleged herein, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

1. Respondent Montgomery Ward & Co., Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 619 West Chicago Avenue, in the city of Chicago, State of Illinois.

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

ORDER

It is ordered, That respondent Montgomery Ward & Co., Incorporated, a corporation and its officers, agents, representatives, and employees directly or through any corporate or other device, in connection with any extension of consumer credit, or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), shall:

1. In a statement required by Section 226.7(a) of Regulation Z:

(a) Disclose the method of determining the balance upon which the finance charge may be imposed, as required by Section 226.7(a)(2) of Regulation Z;

(b) Disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.7(a)(4) of Regulation Z; and

(c) Disclose the conditions under which the creditor may retain or acquire any security interest in any property to secure the payment of any credit extended on the account, and provide a description or identification of the type of the interest or interests which may be so retained or acquired, as required by Section 226.7(a)(7) of Regulation Z; *Provided* That in lieu of the foregoing, the creditor may disclose that any such security interest in any such property has been or is waived by the creditor.

2. In a schedule of credit terms in any catalog or other multi-page advertisement:

(a) Disclose the method of determining the balance upon which a finance charge may be imposed, as required by Section 226.10(c) (2) of Regulation Z; and

(b) Disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.10(c) (4) of Regulation Z.

3. In each catalog, when setting forth as to any advertised item one or more of the credit terms set forth in Section 226.10(c) of Regulation Z, state in immediate conjunction with the specific credit term, in print of at least equal prominence to such term, "Credit Terms, P. —."

4. In its retail installment contracts, disclose, the amount of credit of which the customer will have the actual use, and to describe that amount as the "amount financed," as required by Section 226.8(c) (7) of Regulation Z.

5. In any consumer credit advertisement, make all disclosures in the manner, form and amount required by Section 226.10 of Regulation Z.

It is further ordered, That respondent shall, within sixty days after service upon it of this order, either:

(a) Provide notice of opportunity to rescind, in the form set forth in Sections 226.9(b) and (f) of Regulation Z, to each customer in each credit transaction, not otherwise exempted by Section 226.9 of Regulation Z, entered into by respondent on or after July 1, 1969, in which a security interest was retained or acquired in any real property which, at the time of the transaction, was used or was expected to be used as the principal residence of the customer; or

(b) Provide such customer notice of waiver of respondent's right to retain or to acquire such security interest in any real property which, at the time of the transaction, was used or was expected to be used as the principal residence of the customer and, to the extent any mechanic's and/or materialman's lien arises in favor of subcontractors, workmen or others who are not creditors in such transaction, secure from such persons waiver of such security interest.

It is further ordered, That respondent, its officers, agents, representatives and employees, in advertising deferred payment for merchandise or services connected therewith, in commerce, as "commerce" is defined

in the Federal Trade Commission Act, where finance charges are imposed on the amount of the purchase during the period when no payment is required on that particular purchase, shall, where the reference appears in respondent's catalog, refer clearly and conspicuously to a schedule of credit terms as follows: "For Terms Relating to Deferred Payment, See p. —." or words of similar import. In this case, such terms shall disclose that on purchases for which payment is deferred more than 30 days, monthly finance charges will be assessed. Where the reference to deferred payment appears in newspaper advertising, respondent shall state in such advertisement, (1) in conjunction with such reference; (2) using type of the same style as such reference; and (3) in type size which bears a ratio to the type size of such reference of not less than one to three or in type size of not less than twelve points, whichever is larger: "Finance Charges are Applicable During the Deferred Period." In this case, terms provided at purchase shall disclose that on purchases for which payment is deferred more than 30 days, monthly finance charges will be assessed.

It is further ordered, That respondent shall deliver a copy of this order to all personnel employed in the credit, advertising, and merchandising departments at its general offices in Chicago, Illinois, who are engaged in the extension of consumer credit or in the preparation, creation or placing of advertising, and secure receipts for same.

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

It is further ordered, That, should the Commission issue a trade regulation rule covering any of the matters for which provision is made in this order, respondent can petition the Commission for an appropriate modification in this order.

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

IN THE MATTER OF

THE GEORGE L. BING FURNITURE COMPANY, ET AL.

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

Docket C-2078. Complaint, Nov. 3, 1971—Decision, Nov. 3, 1971

Consent order requiring a Euclid, Ohio, seller of furniture, television sets and stereos to cease violating the Truth in Lending Act by failing to make consumer cost disclosures, failing to accurately disclose the annual percentage rate, and failing to make all other credit disclosures required by Regulation Z of said Act; if credit is involved the contract should contain a "NOTICE" that the debit may have to be paid before the contract is fulfilled.

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 The George L. Bing Furniture Company, a corporation and George L. Bing, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent The George L. Bing Furniture Company, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 22300 Lakeshore Boulevard, Euclid, Ohio. The George L. Bing Furniture Company owns and operates two retail furniture stores known as Bing's Suburbia, located at 22300 Lakeshore Boulevard, Euclid, Ohio, and 6339 York Road, Parma Heights, Ohio. Respondent George L. Bing is the president-treasurer of the corporate respondent. He formulates, directs and controls the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the sale of furniture, television sets, and stereos to the public.

PAR. 3. In the ordinary course and conduct of their business, as aforesaid, respondents regularly extend and arrange for the extension of consumer credit, as "consumer credit" is defined in Regula-

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

PAR. 4. Respondents, many times, in the ordinary course of their business negotiates to third parties installment sales contracts or other instruments of indebtedness executed in connection with credit purchases.

PAR. 5. Subsequent to July 1, 1969, respondents, in the ordinary course of their business, as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are causing customers to execute retail installment contracts, hereinafter referred to as "the contract." By and through the use of the contract respondents:

1. Failed to make the consumer credit cost disclosures and furnish the customer a duplicate copy of those disclosures prior to consummation of the transaction, in accordance with Section 226.8(a) of Regulation Z;

2. Failed in some instances to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5(b)(1) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth In Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

1. Respondent The George L. Bing Furniture Company, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 22300 Lakeshore Boulevard, Euclid, Ohio.

The George L. Bing Furniture Company owns and operates two retail furniture stores known as Bing's Suburbia located at 22300 Lakeshore Boulevard, Euclid, Ohio, and 6339 York Road, Parma Heights, Ohio.

Respondent George L. Bing is the president-treasurer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his address is the same as that of said corporation.

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

ORDER

It is ordered, That respondents The George L. Bing Furniture Company, a corporation, and George L. Bing, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to make consumer credit cost disclosures required by Regulation Z and furnish the customer a duplicate copy of those disclosures prior to consummation of the transactions, in accordance with Section 226.8(a) of the regulation.

2. Failing to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5(b)(1) of Regulation Z.

3. Failing, in any consumer credit transaction or advertisement, to make all disclosures required by Sections 226.4, 226.5, 226.6, 226.7, 226.8, and 226.10 of Regulation Z, in the manner, form and amount prescribed therein.

It is further ordered, That respondent cease and desist from: Failing to incorporate the following statement on the face of all sales contracts, all notes or other instruments of indebtedness executed by or on behalf of respondent's customers with such conspicuousness and clarity as is likely to be read and understood by the purchaser:

NOTICE

If you are obtaining credit in connection with this purchase, you will be required to sign a promissory note, a sales contract or other instrument of indebtedness which may be purchased from the seller by a bank, finance company or any other third party. If such is the case, you will be required to make your payments to someone other than the seller. You should be aware that if this happens you may have to pay the note, contract or other instrument of indebtedness in full to its new owner even if your purchase contract is not fulfilled.

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

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

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

IN THE MATTER OF

TENNESSEE VALLEY ENTERPRISES, INC., DOING BUSINESS AS BAR-KNIT HOSIERY MILLS, ETC., ET AL.

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

Docket C-2079. Complaint, Nov. 11, 1971—Decision, Nov. 11, 1971

Consent order requiring a Philadelphia, Tenn., hosiery manufacturer to cease misbranding and falsely guaranteeing its textile fiber products, and implying that its hosiery will aid in controlling athlete's foot.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Tennessee Valley Enterprises, Inc., a corporation, doing business as Bar-Knight Hosiery Mills, and Bar-Knit Hosiery, Inc., and J. Earl Barger, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Textile Fiber Products Identification Act, and it now appearing to the Commission that a proceeding by it in respect thereto would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Tennessee Valley Enterprises, Inc., doing business as Bar-Knit Hosiery Mills and Bar-Knit Hosiery, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee. The respondent corporation maintains its main offices and principal place of business in Philadelphia, Tennessee.

Respondent J. Earl Barger is an officer of said corporation. He formulates, directs and controls the practices of the corporate respondent.

Respondents are engaged in the business of manufacturing textile fiber products, namely men's, boys' and girls' hosiery.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile

fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported, and caused to be transported after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

COUNT I

PAR. 3. Certain of said textile fiber products were misbranded by respondents within the intent and meaning of Section 4(a) of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, invoiced, advertised or otherwise identified as to the name or amount of the constituent fibers contained therein.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products, namely hosiery, which contained substantially different amounts and types of fibers than as represented.

PAR. 4. Certain of said textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the rules and regulations promulgated under said Act.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products with labels which failed:

1. To disclose the true generic names of the fibers present.
2. To disclose the percentages of such fibers by weight.
3. To disclose the name, or other identification issued and registered by the Commission, of the manufacturer of the products or one or more persons subject to Section 3 with respect to such products.

PAR. 5. Respondents have failed to maintain and preserve proper records showing the fiber content of the textile fiber products manufactured by them, in violation of Section 6(a) of the Textile Fiber Products Identification Act, and Rule 39 of the rules and regulations promulgated thereunder.

PAR. 6. Respondents have furnished false guaranties that certain of their textile fiber products were not misbranded or falsely invoiced, in violation of Section 10(b) of the Textile Fiber Products Identification Act.

PAR. 7. The acts and practices of respondents as set forth above were, and are, in violation of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce, under the Federal Trade Commission Act.

COUNT II

PAR. 8. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said products, namely hosiery, when sold, to be shipped from their place of business in the State of Tennessee to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 9. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of products of the same general kind as that sold by respondents.

PAR. 10. In the course and conduct of their business, the aforesaid respondents, on certain style hosiery, placed paper bands thereon disclosing "Aids in controlling athletes foot," thus stating or implying that consumers purchasing such products will receive therapeutic benefit through wearing such style hosiery. In truth and in fact, consumers will not receive any therapeutic benefit through wearing such hosiery. Thus the aforesaid representation is false, misleading and deceptive.

PAR. 11. In the course and conduct of their business, the aforesaid respondents, on certain style hosiery, placed paper bands thereon disclosing "One year absolute guarantee," thus stating or implying that consumers purchasing such products will receive a one year unconditional guaranty. In truth and in fact, the aforesaid respondents fail to disclose; (1) what, if anything, any one claiming under the guarantee must do before the guarantor will fulfill his obligation under the guarantee; (2) the manner in which the guarantor will perform, and (3) the identity of the guarantor. Thus the aforesaid representation is false, misleading and deceptive.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead distributors and the consuming public into the erroneous and mistaken belief that such

statements and representations were, and are, true, and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief.

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

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in 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 Tennessee Valley Enterprises, Inc., doing business as Bar-Knit Hosiery Mills and Bar-Knit Hosiery, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee. Its offices and principal place of business is located in Philadelphia, Tennessee.

Respondent J. Earl Barger is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of the corporate respondent including those hereinafter referred to. The address of J. Earl Barger is the same as that of the corporate respondent.

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

ORDER

It is ordered, That respondents Tennessee Valley Enterprises, Inc., a corporation doing business as Bar-Knit Hosiery Mills, and Bar-Knit Hosiery, Inc., or any other name, and its officers, and J. Earl Barger, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising or offering for sale, in commerce, or in the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

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

2. Failing to affix a stamp, tag, label or other means of identification to each such product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

B. Failing to maintain and preserve records of fiber content of textile fiber products manufactured by them, as required by Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the rules and regulations promulgated thereunder.

It is further ordered, That respondents Tennessee Valley Enterprises, Inc., a corporation, doing business as Bar-Knit Hosiery Mills,

and Bar-Knit Hosiery, Inc., or any other name and its officers, and J. Earl Barger, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any textile fiber product is not misbranded or falsely invoiced or advertised under the provisions of the Textile Fiber Products Identification Act.

It is further ordered, That respondents Tennessee Valley Enterprises, Inc., a corporation, doing business as Bar-Knit Hosiery Mills, and Bar-Knit Hosiery, Inc., or any other name, and J. Earl Barger, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of hosiery or any other articles of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing or implying, in any manner, that respondents' hosiery or other products aids in controlling athlete's foot, or have any therapeutic benefit, unless such is the fact.

It is further ordered, That respondents Tennessee Valley Enterprises, Inc., a corporation, doing business as Bar-Knit Hosiery Mills, and Bar-Knit Hosiery, Inc., or any other name, and J. Earl Barger, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of hosiery or any other articles of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the expression "One year absolute guarantee" or similar representations unless respondents disclose what, if anything, any one claiming under the guarantee must do before the guarantor will fulfill his obligation under the guarantee; the manner in which the guarantor will perform, and the identity of the guarantor are clearly and conspicuously disclosed.

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

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

other change in the corporation which may affect compliance obligations arising out of the order.

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

It is further ordered, That respondents herein shall, within 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

BROOKLYN ART PUBLISHING CO., INC., ET AL.,
Docket C–2080

DOEHLA GREETING CARDS, INC., Docket C–2081

ARTIS PUBLISHERS, INC., ET AL., Docket C–2082

METROPOLITAN GREETINGS, INC., ET AL., Docket C–2083

PLASTICHROME GREETINGS, INC., Docket C–2084

PAPERCRAFT CORP., Docket C–2085

HAWTHORNE–SOMMERFIELD, INC., ET AL., Docket C–2086

GEORGE S. CARRINGTON COMPANY, ET AL., Docket C–2087

WHITE CARD CORPORATION, Docket C–2088

CHARMCRAFT PUBLISHERS, INC., ET AL., Docket C–2089*

H. S. CROCKER CO., INC., ETC., Docket C–2090

CAMEO GREETING CARDS, INC., ET AL., Docket C–2091

MANHATTAN GREETING CARD CO., INC., ET AL.,
Docket C–2092

ARTISTIC GREETINGS, INC., ET AL., Docket C–2093

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

Complaints, Nov. 12, 1971—Decisions, Nov. 12, 1971

Consent orders requiring 14 producers of greeting cards to cease preticketing their merchandise with fictitious prices or furnishing others the means to mislead the purchasing public as to the retail prices of respondents' products.

*By order of March 15, 1972, 80 F.T.C. 1022, the Commission denied respondents' petition requesting that the order to cease and desist be set aside as to Ira Rubin in his individual capacity.

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 Brooklyn Art Publishing Company, Inc., a corporation, and Milton Goldman, individually and as an officer of said corporation; Doehla Greeting Cards, Inc., a corporation; Artis Publishers, Inc., a corporation, and Alfred Ochs, individually and as an officer of said corporation; Metropolitan Greetings, Inc., a corporation, and Jorn Sann, individually and as an officer of said corporation; Plastichrome Greetings, Inc., a corporation; Papercraft Corporation, a corporation; Hawthorne-Sommerfield, Inc., a corporation, and Francis Sommerfield, individually and as an officer of said corporation; George S. Carrington Company, a corporation, and Walter E. Bennett, individually and as an officer of said corporation; White Card Co., Inc., a corporation; Charmcraft Publishers, Inc., a corporation, and Ira F. Rubin, individually and as an officer of said corporation; H. S. Crocker Co., Inc., a corporation, trading as California Artists and Creative Artists; Cameo Greeting Cards, Inc., a corporation, and George Kampe, individually and as an officer of said corporation; Manhattan Greeting Card Co., Inc., a corporation, and Gilbert Cohen, individually and as an officer of said corporation; and Artistic Greetings, Inc., a corporation, and Stuart Komer, 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 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 Brooklyn Art Publishing Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 43–47 West 23rd Street, New York, New York. Respondent Milton Goldman is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent Doehla Greeting Cards, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal office and place of business located at One Myrtle Street, Nashua, New Hampshire.

Respondent Artis Publishers, 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 42 Greene Street, New York, New York. Respondent Alfred Ochs is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent Metropolitan Greetings, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts with its principal office and place of business located at 167 Bow Street, Everett, Massachusetts. Respondent Jorn Sann is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent Plastichrome Greetings, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts with its principal office and place of business located at 76 Atherton Street, Boston, Massachusetts. Respondent also trades and does business as Newbury Guild and Grand Award.

Respondent Papercraft Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania with its principal office and place of business located at Papercraft Park, Pittsburgh, Pennsylvania.

Respondent Hawthorne-Sommerfield, 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 Jackson & Center Streets, Freehold, New Jersey. Respondent Francis Sommerfield is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent George S. Carrington Company, is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts with its principal office and place of business located on Industrial Road, Leominster, Massachusetts. Respondent Walter E. Bennett is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent White Card Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts with its principal office and place of business located at 369 Congress Street, Boston, Massachusetts.

Respondent Charmcraft Publishers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 33 Thirty-fifth Street, Brooklyn, New York. Respondent Ira F. Rubin is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent H. S. Crocker Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California with its principal office and place of business located at 1000 San Mateo, San Bruno, California. Respondent trades as California Artists and Creative Artists.

Respondent Cameo Greeting Cards, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal office and place of business located at 3431 West Irving Park Road, Chicago, Illinois. Respondent George Kampe is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent Manhattan Greeting Card 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 principal office and place of business located at 657 Broadway, New York, New York. Respondent Gilbert Cohen is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent Artistic Greetings, 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 1575 Lake, Elmira, New York. Respondent Stuart Komer is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

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

engaged in the offering for sale, sale and distribution to wholesalers and retailers of greeting cards for resale to the purchasing public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their products, when sold, to be shipped from their respective places of business in the States of California, Illinois, Massachusetts, New Hampshire, New Jersey, New York and Pennsylvania to purchasers thereof located in various other States of the United States and in the District of Columbia. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid businesses, and at all times mentioned herein respondents have been, and now are, in substantial competition in commerce with corporations, firms and individuals engaged in the sale of products of the same general kind and nature as those sold by respondents.

PAR. 5. Respondents, for the purpose of inducing the purchase of their products, have engaged in the practice of using fictitious prices in connection therewith by the following method and means:

By distributing, or causing to be distributed, to retailers, certain of respondents' Christmas cards in consumer packages upon which are clearly and conspicuously printed prices.

In the manner aforesaid, respondents thereby represent, directly or indirectly, that the amounts shown are respondents' bona fide estimates of the actual retail prices of said products in respondents' trade areas and that they do not appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade areas.

In truth and in fact said amounts shown are not respondents' bona fide estimates of the actual retail prices of said products in respondents' trade areas and they appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade areas.

Therefore, the statements and representations set forth above are false, misleading and deceptive.

PAR. 6. By the aforesaid acts and practices, respondents place in the hands of retailers the means and instrumentalities by and through which they may mislead the public as to the usual and regular retail prices of said products.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts and practices has had, and now has, the capacity and tendency to mislead and deceive the

purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

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' 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 investigations of certain acts and practices of each of the respondents named in the caption hereof, and the respondents having been furnished thereafter with copies of drafts of complaints 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 agreements containing consent orders, admissions by the respondents of all the jurisdictional facts set forth in the aforesaid drafts of complaints, statements that the signing of said agreements is for settlement purposes only and does not constitute admissions 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 thereafter considered the matters and having determined that it had reason to believe that the respondents have violated the said Act, and that complaints should issue stating its charges in that respect, and having thereupon accepted the executed consent agreements and placed such agreements 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 complaints, makes the following jurisdictional findings, and enters the following order:

1. Respondent Brooklyn Art Publishing Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 43–47 West 23rd Street, New York, New York. Respondent Milton Goldman is an officer of said corporation and his address is the same as that of said corporation.

Respondent Doehla Greeting Cards, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at One Myrtle Street, Nashua, New Hampshire.

Respondent Artis Publishers, 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 42 Greene Street, New York, New York. Respondent Alfred Ochs is an officer of said corporation and his address is the same as that of said corporation.

Respondent Metropolitan Greetings, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts, with its office and principal place of business located at 167 Bow Street, Everett, Massachusetts. Respondent Jorn Sann is an officer of said corporation and his address is the same as that of said corporation.

Respondent Plastichrome Greetings, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts, with its office and principal place of business located at 76 Atherton Street, Boston, Massachusetts.

Respondent Papercraft Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at Papercraft Park, Pittsburgh, Pennsylvania.

Respondent Hawthorne-Sommerfield, Inc., 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 Jackson & Center Streets, Freehold, New Jersey. Respondent Francis Sommerfield is an officer of said corporation and his address is the same as that of said corporation.

Respondent George S. Carrington Company, is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts, with its office and principal place of business located at Industrial Road, Leominster, Massachusetts. Respondent Walter E. Bennett is an officer of said corporation and his address is the same as that of said corporation.

Respondent White Card Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 369 Congress Street, Boston, Massachusetts.

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

State of Delaware, with its office and principal place of business located at 33 Thirty-fifth Street, Brooklyn, New York. Respondent Ira F. Rubin is an officer of said corporation and his address is the same as that of said corporation.

Respondent H. S. Crocker Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 1000 San Mateo, San Bruno, California. Said corporation trades as California Artists and Creative Artists.

Respondent Cameo Greeting Cards, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 3431 West Irving Park Road, Chicago, Illinois. Respondent George Kampe is an officer of said corporation and his address is the same as that of said corporation.

Respondent Manhattan Greeting Card 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 657 Broadway, New York, New York. Respondent Gilbert Cohen is an officer of said corporation and his address is the same as that of said corporation.

Respondent Artistic Greetings, 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 1575 Lake, Elmira, New York. Respondent Stuart Komer is an officer of said corporation and his address is the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of these proceedings and of the respondents, and the proceedings are in the public interest.

ORDER

It is ordered, That each of the respondents named hereinabove and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of greeting cards or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Disseminating or distributing any purported retail price or preticketing merchandise with any stated price amount unless (a) it is respondents' bona fide estimate of the actual retail price of the product in the area where respondents do business and

(b) it does not appreciably exceed the highest price at which substantial sales of said product are made in said trade area.

2. Misrepresenting, in any manner, the prices at which respondents' merchandise is sold at retail.

3. Furnishing to others any means or instrumentalities whereby the purchasing public may be misled or deceived as to the retail prices of respondents' products.

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

It is further ordered, That 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

GEORGE W. PRINDLE DOING BUSINESS AS ALLAPATTAH MOTORS

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

Docket C-2094. Complaint, Nov. 12, 1971—Decision, Nov. 12, 1971

Consent order requiring a Miami, Fla., seller and distributor of used automobiles to cease violating the Truth in Lending Act by failing to use the following terms in credit transactions, "cash price," "cash downpayment," "total downpayment," "unpaid balance of cash price," "deferred payment price," "annual percentage rate," "total of payments" and all other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that George W. Prindle, individually and doing business as Allapattah Motors, hereinafter referred to as respondent, has violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charge in that respect as follows:

PARAGRAPH 1. Respondent George W. Prindle is an individual doing business as Allapattah Motors with his principal office and place of business located at 2025 Northwest 36th Street, Miami, Florida.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of his business as aforesaid, respondent regularly extends consumer credit, as "consumer credit" is defined in Regulation Z, the implementing Regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondent in the ordinary course of business as aforesaid, and in connection with his credit sales, as "credit sale" is defined in Regulation Z, respondent has caused and is causing certain customers to execute a Security Agreement—Retain Title Contract, hereinafter referred to as "contract." Respondent does not provide these customers with any other consumer credit disclosures.

By and through the use of the contract, in certain instances, respondent:

1. Fails to use the term "cash price" to describe the price at which respondent offers, in the regular course of business, to sell for cash the property or services which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.

2. Fails to disclose the sum of the cash downpayment and the trade-in and to describe that sum as the "total downpayment," as required by Section 226.8(c)(2) of Regulation Z.

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

4. Fails to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.

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

6. Fails to use the term "annual percentage rate" to describe the rate of the finance charge, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

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

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

9. Fails to identify the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and fails to state whether the "acquisition fee" which respondent will deduct before rebating the unearned portion of the finance charge will be deducted from the finance charge before or after computing the unearned portion thereof, as required by Section 226.8(b)(7) of Regulation Z.

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

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said 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 George W. Prindle is an individual doing business as Allapattah Motors with his principal office and place of business located at 2025 North West 36th Street, Miami, Florida.

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

ORDER

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

1. Failing to use the term "cash price" to describe the price at which respondent, in the regular course of business, offers to sell for cash the property or services which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.

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

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

4. Failing to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.

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

6. Failing to use the term "annual percentage rate" to describe the rate of the finance charge, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

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

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

9. Failing to identify the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation and failing to state whether the acquisition fee which respondent

will deduct before rebating the unearned portion of the finance charge will be deducted from the finance charge before or after computing the unearned portion thereof, as required by Section 226.8(b)(7) of Regulation Z.

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

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

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

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

IN THE MATTER OF

SLACK MANUFACTURING CO., ET AL.

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

Docket C-2095. Complaint, Nov. 15, 1971—Decision, Nov. 15, 1971

Consent order requiring an importer of Chicago, Ill., to cease marketing dangerously flammable products in violation of the Flammable Fabrics 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 Slack Manufacturing Co., a corporation, and Alvin K. Fish, individually and as an officer of said corporation,

hereinafter referred to as respondents, have violated the provisions of said Acts, and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Slack Manufacturing Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois. Respondent Alvin K. Fish is an officer of said corporate respondent. He formulates, directs and controls the acts, practices and policies of said corporation.

The respondents are engaged in the importation, sale and distribution of party products including, but not limited to, paper hula skirts, with their principal place of business located at 116 West Illinois Street, Chicago, Illinois.

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

Among such products mentioned hereinabove were paper hula skirts.

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

DECISION AND ORDER

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

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

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

1. Respondent Slack Manufacturing Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois. Respondent Alvin K. Fish is an officer of said corporate respondent. He formulates, directs and controls the acts, practices and policies of said corporation.

The respondents are engaged in the importation, sale and distribution of party products including, but not limited to, paper hula skirts, with their principal place of business located at 116 West Illinois Street, Chicago, Illinois.

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 Slack Manufacturing Co., a corporation, and its officers, and Alvin K. Fish, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any 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 continued in effect, issued or amended under the provisions of the aforesaid Act.

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

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

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since January 16, 1970, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

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

It is further ordered, That the respondent corporation shall forth-

with distribute a copy of this order to each of its operating divisions.

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

IN THE MATTER OF

BERNIE BEE, INC., ET AL.

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

Docket C-2097. Complaint, Nov. 15, 1971—Decision, Nov. 15, 1971

Consent order requiring a marketer of New York, N.Y., to cease marketing dangerously flammable products in violation of the Flammable Fabrics 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 Bernie Bee, Inc., a corporation and Barry Bernowitz and Richard Bernowitz, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Bernie Bee, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Respondents Barry Bernowitz and Richard Bernowitz are officers of said corporate respondent. They formulate, direct and control the acts, practices and policies of said corporation.

The respondents are engaged in the business of the manufacture, sale and distribution of wearing apparel, including but not limited to women's chavacette jump suits with long sleeves designated as style #501, with their office and principal place of business located at 1400 Broadway, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the manufacture for sale, the sale or offering for sale, in commerce, and have introduced, delivered for introduction, trans-

ported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products as the term "commerce" and "product," are defined in the Flammable Fabrics Act, as amended, which products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were women's chavacette jump suits with long sleeves designated as style #501.

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

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and 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 Bernie Bee, Inc., is a corporation organized, existing

and doing business under and by virtue of the laws of the State of New York.

Respondents Barry Bernowitz and Richard Bernowitz are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of said corporate respondent.

Respondents are engaged in the business of manufacture, sale and distribution of wearing apparel, including but not limited to women's chavacette jump suits with long sleeves designated as style #501, with their office and principal place of business located at 1400 Broadway, New York, New York.

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

ORDER

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

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

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

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise

the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since February 16, 1971, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

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

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

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

IN THE MATTER OF

L & K GENERAL MERCHANDISE, INC., ET AL.

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

Docket C-2098. Complaint, Nov. 15, 1971—Decision, Nov. 15, 1971

Consent order requiring a marketer of Miami, Fla., to cease marketing dangerously flammable products in violation of the Flammable Fabrics 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 L & K General Merchandise, Inc., a corporation, and Jacob Lifschitz, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent L & K General Merchandise, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida. Respondent Jacob Lifschitz is an officer of said corporate respondent. He formulates, directs, and controls the acts, practices and policies of said corporation.

The respondents are engaged in the business of the sale and distribution of textile products, including, but not limited to scarves with their office and principal place of business located at 12 N.E. 3rd Street, Miami, Florida.

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

Among such products mentioned hereinabove were scarves.

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a

copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended; and

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

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

1. Respondent L & K General Merchandise, Inc., is a corporation. The said corporation is organized, exists and does business in the State of Florida with its office and principal place of business located at 12 N.E. 3rd Street, Miami, Florida.

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

Respondents are engaged in the sale and distribution of textile products.

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 L & K General Merchandise, Inc., a corporation, and its officers, and Jacob Lifschitz, 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 or offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported, in com-

merce, 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 continued in effect, issued or amended under the provisions of the aforesaid Act.

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

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

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

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

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

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

It is further ordered, That 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

KARLA CREATIONS, LTD., ET AL.

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

Docket C-2099. Complaint, Nov. 15, 1971—Decision, Nov. 15, 1971

Consent order requiring a marketer of Skokie, Ill., to cease marketing dangerously flammable products in violation of the Flammable Fabrics 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 Karla Creations, Ltd., a corporation, and Helen Cohen and Thelma Bud, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Karla Creations, Ltd., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois. Its address is 4111 Greenwood Street, Skokie, Illinois.

Respondents Helen Cohen and Thelma Bud 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 engaged in the sale of ladies' wearing apparel, 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 as such constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed 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 Karla Creations, Ltd., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois.

Respondents Helen Cohen and Thelma Bud are officers of said corporation. They formulate, direct and control the acts, practices and policies of said corporate respondent.

Respondents are engaged in the sale of ladies' wearing apparel, including, but not limited to, ladies' scarves. Their office and principal place of business is located at 4111 Greenwood Street, Skokie, Illinois.

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

ORDER

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

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

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

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Com-

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

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

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

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

IN THE MATTER OF

MIAMI SPORTSWEAR CO., INC., ET AL.

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

Docket C-2100. Complaint, Nov. 15, 1971—Decision, Nov. 15, 1971

Consent order requiring marketer of Opa-Locka, Fla., to cease marketing dangerously flammable products in violation of the Flammable Fabrics 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 Miami Sportswear Co., Inc., a corporation, and Jack L. Brasington and Clayton B. Brasington, Jr., individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Miami Sportswear Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida. Respondent corporation maintains its office and principal place of business at 2600 Ali Baba Avenue, Opa-Locka, Florida.

Respondents Jack L. Brasington and Clayton B. Brasington, Jr., are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of said corporate respondent including those hereinafter set forth.

Respondents are engaged in the manufacture and sale of ladies' sportswear including swim suits and beach coat-scarf ensembles.

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 as part of a beach coat ensemble.

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 Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended; and

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

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

1. Respondent Miami Sportswear Co., Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Florida with their office and principal place of business located at 2600 Ali Baba Avenue, Opa-Locka, Florida.

Respondents Jack L. Brasington and Clayton B. Brasington, Jr. are officers of said corporation. They formulate, direct, and control the policies, acts and practices of the corporate respondent and their address is the same as that of said corporate respondent.

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

ORDER

It is ordered, That respondents Miami Sportswear Co., Inc., a corporation, and its officers, and Jack L. Brasington and Clayton B. Brasington, Jr., individually and as officers of said corporation, and

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

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

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

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the product which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since March 17, 1971, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any 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's business organization, 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 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 shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

INTERNATIONAL TRANSISTOR CORP., ET AL.

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

Docket C-2101. Complaint, Nov. 17, 1971—Decision, Nov. 17, 1971

Consent order requiring an importer of transistor radios of Los Angeles, Calif., to cease misrepresenting the number of transistors or other components in its products or the functions of any such component.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by that Act, the Federal Trade Commission, having reason to believe that International Transistor Corp., a corporation and Gene Gillis, individually and as an officer of said corporation, hereinafter referred to as respondents, have engaged in acts and practices contrary to the Commission's Trade Regulation Rule Relating to Deception as to Transistor Count of Radio Receiving Sets, Including Transceivers (16 CFR 414), and by this and other means have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent International Transistor Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 1206 South Maple Avenue, Los Angeles, California.

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

PAR. 2. Respondents are now, and for some time last past have been, engaged in importing transistor radios from foreign manufacturers and distributing these radios to wholesale and retail purchasers for resale to the purchasing public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their products to be imported into the United States and, when sold, to be shipped from their place of business in the State of California to purchasers thereof in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, respondents make representations in advertisements and other promotional materials and on labels attached to the radios concerning the number of transistors contained in the radios imported and distributed by them in the United States in the manner above described.

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

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

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

Represent, directly or by implication, that any radio set contains a specified number of transistors when one or more such transistors: (1) are dummy

transistors; (2) do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals; or (3) are used in parallel or cascade applications which do not improve the performance capabilities of such sets in the reception, detection and amplification of radio signals.

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

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

APPENDIX A

FEDERAL TRADE COMMISSION

Washington

TRADE REGULATION RULE AND STATEMENT OF ITS BASIS AND PURPOSE

Deception as to Transistor Count of Radio Receiving Sets, Including Transceivers

The Federal Trade Commission, pursuant to the Federal Trade Commission Act, as amended, 15 U.S.C. 41, et seq., and the provisions of Subpart F, Part 1 of the Commission's Procedures and Rules of Practice, 16 CFR 1.61, et seq. (amended June 13, 1967 as Subpart B, Part 1, 32 F.R. 8444), has conducted a proceeding for the promulgation of a Trade Regulation Rule regarding deception as to transistor

count of radio receiving sets, including transceivers or so-called walkie-talkies. Notice of this proceeding, including a proposed rule, was published in the Federal Register on July 21, 1967 (32 F.R. 10753). Interested parties were thereafter afforded opportunity to participate in the proceeding through the submission of written data, views and arguments and to appear and orally express their views as to the proposed rule and to suggest amendments, revisions and additions thereto.

The Commission has now considered all matters of fact, law, policy and discretion; including the data, views and arguments presented by interested parties in response to the Notice and has determined that the adoption of the Trade Regulation Rule and statement of its basis and purpose set forth herein is in the public interest.

STATEMENT OF BASIS AND PURPOSE

Basis of the Proceeding

This proceeding was initiated by the Commission after consideration of complaints by industry members and articles on the subject appearing in trade journals and national publications to the effect that many marketers of the lower priced radio receiving sets were including in the claimed transistor count for their sets dummy transistors and transistors wired as diodes.

Purpose of the Rule

The purpose of this rule is to inform all members of the industry and other interested or affected parties of the Commission's position with respect to the practices in question and to aid the Commission in the prevention of practices violative of Section 5 of the Federal Trade Commission Act on an equitable and industrywide basis.

The Practice Involved

Marketers of radio receiving sets, especially the less expensive imported sets, have represented that their products contain a specified number or count of transistors when in fact one or more of such transistors are either dummy transistors (non-functioning), or perform some function other than the detection, amplification and reception of radio signals. Often included in the computation of transistor count are transistors which are utilized as diodes or which perform auxiliary or other functions none of which serve to detect, amplify and receive radio signals. Also included in the transistor count computation may be transistors used in parallel or cascade applications which do not improve the performance capabilities of a radio in the detection, amplification and reception of radio signals.

Deceptive Character of the Practice

With the advent of the radio receiving set, the purchasing public acquired a belief that the greater the number of functioning tubes in a radio the better it performs. Great emphasis in advertising and otherwise was placed on tube count. As early as 1942 the Commission found in a litigated case[1] that a substantial portion of the purchasing public believes that the greater the number of tubes in a receiving set, the greater will be its power of detecting, amplifying and receiving signals. The record of this proceeding shows that transistors are now used in

[1] In re Zenith Radio Corporation, Docket 4174, 35 FTC 579. Petition to review denied 143 F. (2nd) 29.

place of vacuum tubes in many radio receiving sets. Great emphasis has now been placed on transistor count. The Commission is of the view that the purchasing public's belief that the greater the number of tubes in a radio the better and more powerful the radio has shifted to a similar belief with respect to the number of transistors.

On the basis of its accumulated knowledge and experience and the record in this proceeding the Commission concludes that the practice of including in the transistor count computation of a radio, transistors which are dummies or which perform a function other than the detection, amplification and reception of radio signals or which are used in parallel or cascade applications which do not improve the performance capabilities of the radio in the reception, detection and amplification of radio signals, is deceptive and tends to divert business from competitors who do not misrepresent the transistor count of their products. The Commission further concludes that such practice is violative of Section 5 of the Federal Trade Commission Act, and that the public interest in preventing this practice is specific and substantial.

Data, Views and Arguments Concerning the Rule

Some interested parties argue that the adoption of a rule prohibiting the inclusion in the transistor count of transistors which are not used for detection, amplification and reception of radio signals is too restrictive; that it excludes from such count transistors which perform a multiplicity of other functions not directly related to detection, amplification and reception of signals but which are nevertheless necessary to the performance of the set; and that this will discourage development of additional functions in transistor electronic equipment. Transistors are versatile devices, capable of performing various functions in a radio. Their functions include, but are not limited to, use as diodes and rectifiers, and in audio amplification, automatic frequency control, power supply, voltage regulation and switching from monophonic to stereophonic operations. None of the transistors so utilized, however, perform the functions of detection, amplification and reception of radio signals.

The Commission would not regard it as deceptive for an advertisement stating the actual number of transistors in a radio set (computed without the inclusion of transistors which function as diodes or which perform functions not directly related to detection, amplification and reception of radio signals) to contain a further statement to the effect that the set, in addition, contains a stated number of transistors acting as diodes or performing such other functions. The Commission however regards it as deceptive (and thus improper) to include in the transistor count computation, transistors which are paralleled or cascaded and which perform no function in the detection, amplification and reception of radio signals or dummy transistors which serve no useful purpose.

THE RULE

The Commission hereby promulgates, as a Trade Regulation Rule, its conclusions and determination that in connection with the sale or offering for sale of radio receiving sets (including transceivers), in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair method of competition and an unfair and deceptive act or practice to represent directly or by implication, that any such radio sets contain a specified number of transistors when one or more of such transistors: (1) are dummy transistors, (2) do not perform the recognized and customary functions of radio set transistors

in the detection, amplification and reception of radio signals, or (3) are used in parallel or cascade applications which do not improve the performance capabilities of such sets in the reception, detection and amplification of radio signals. *Provided, however*, that nothing in this rule should be construed to prohibit, in connection with a statement as to the actual transistor count (computed without inclusion of transistors which do not perform the functions of detection, amplification and reception of radio signals), a further statement to the effect that the sets in addition contain one or more transistors acting as diodes or performing auxiliary or other functions when such is the fact (e.g., "6 transistors plus one diode").

Effective Date of the Rule

This rule becomes effective on December 10, 1968.

Adopted: May 14, 1968.

By the Commission.

Decision and Order

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in their 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 International Transistor Corp., is a corporation organized, existing and doing business under and by virtue of the

laws of the State of California, with its office and principal place of business located at 1206 South Maple Avenue, Los Angeles, California.

Respondent Gene Gillis is president of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his address is the same as that of said corporation.

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

ORDER

It is ordered, That respondents International Transistor Corp., a corporation, and Gene Gillis, individually and as an officer of said corporation, and respondents' agents representatives and employees, directly or through any corporate or other device, in connection with the manufacturing, advertising, offering for sale, sale or distribution of radio receiving sets, including transceivers, or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

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

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

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

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

subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

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

IN THE MATTER OF

QUINN R. BARTON COMPANY

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

Docket C-2102. Complaint, Nov. 17, 1971—Decision, Nov. 17, 1971

Consent order requiring a truck and farm equipment dealer of Jacksonville, Fla., to cease using non-complying contract forms, in connection with its credit sales, which fail to contain all of the required credit cost disclosures in the prescribed form and terminology of Regulation Z of the Truth in Lending 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 Quinn R. Barton Company, a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts, and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Quinn R. Barton Company 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 1205 West Forsyth Street, Jacksonville, Florida.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and retail sale of new and used trucks and farm equipment to the public.

PAR. 3. In the ordinary course of its business as aforesaid, respondent regularly extends consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of its business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, respondent has caused and is causing its customers to execute installment contracts, hereinafter referred to as the "Contract," which do not contain all required credit cost disclosures in the prescribed form and terminology. Respondent does not furnish its customers with any other consumer credit disclosures.

Respondent failed to take bona fide steps prior to July 1, 1969, to obtain printed forms necessary for compliance with the requirements of Regulation Z and continued, prior to December 31, 1969, to use non-complying forms without altering or supplementing them to assure that all items of information required to be disclosed were set forth clearly and conspicuously. Respondent has continued in certain instances to use these non-complying forms subsequent to December 31, 1969.

By and through the use of the contract, respondent in certain instances:

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

2. Fails to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.

3. Fails to include the amount of premiums for credit life insurance in the finance charge, as required by Section 226.8(c)(8)(1) of Regulation Z, since respondent fails to disclose that credit life insurance is not required and fails to obtain separately signed and specifically dated signatures requesting the insurance, in accordance with Section 226.4(a)(5) of Regulation Z.

4. Fails to print "finance charge" and "annual percentage rate" more conspicuously than other terminology, in accordance with Section 226.6(a) of Regulation Z, as required by Section 226.8(b)(2) and (c)(8)(i) of Regulation Z.

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

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

7. Fails to describe the sum of payments scheduled to repay the indebtedness as "total of payments," as required by Section 226.8(b)(3), of Regulation Z.

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

DECISION AND ORDER

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

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

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

1. Respondent is a corporation, with its office and principal place of business located at 1205 West Forsyth Street, Jacksonville, Florida.

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

ORDER

It is ordered, That respondent Quinn R. Barton Company, a corporation, its officers, and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with any credit sale or advertisement to aid, promote or assist

directly or indirectly any extension of consumer credit, as "consumer credit," "credit sale" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing in any credit sale to describe the difference between the "cash price" and the "total downpayment" as the "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

2. Failing to describe the amount of credit extended as the "amount financed," as required by Section 226.8(c)(7) of Regulation Z.

3. Failing in any credit sale to include the amount of premiums for credit life insurance in the finance charge as required by Section 226.8(c)(8)(i) of Regulation Z unless the respondent discloses that credit life insurance is not required and obtains a separately signed and specifically dated signature requesting the insurance in accordance with Section 226.4(a)(5) of Regulation Z.

4. Failing to print "finance charge" and "annual percentage rate" more conspicuously than other terminology in accordance with Section 226.6(a) of Regulation Z, as required by Section 226.8(b)(2) and (c)(8)(i) of Regulation Z.

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

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

7. Failing in any credit sale to describe the sum of the payments scheduled to repay the indebtedness as "total of payments," as required by Section 226.8(b)(3) of Regulation Z.

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

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

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

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

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

IN THE MATTER OF

SIRLES AND SON REALTY CO., INC., DOING BUSINESS AS SIRLES AND SON REALTY, ET AL.

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

Docket C-2103. Complaint, Nov. 18, 1971—Decision, Nov. 18, 1971

Consent order requiring a real estate broker of Oak Lawn, Ill., to cease advertising the amount of downpayment required on properties without stating other credit term disclosures and failing to notify its customers of their right to rescind such transactions in violation of Regulation Z of the Truth in Lending 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 Sirles and Son Realty Co., Inc., a corporation, doing business as Sirles and Son Realty, and Edgar Sirles and Richard Sirles, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Sirles and Son Realty Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of

the State of Illinois, under the name Sirles and Son Realty, with its office and principal place of business located at 5265 W. 95th Street, Oak Lawn, Illinois.

Edgar Sirles and Richard Sirles are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, including the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time in the past have been, engaged as brokers and agents selling real estate to the public.

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

PAR. 4. In connection with the consumer credit transactions set forth in Paragraph Three hereof, respondents have caused and are causing customers to execute Retail Installment Contracts, hereinafter referred to as "contracts," either for their own account or as an arranger of credit as defined in Section 226.2(f) of Regulation Z. By and through the use of the contracts, respondents entered into transactions in which there was acquired or retained a security interest in real property which is used or expected to be used as the principal residence of the customer. Respondents failed to notify customers of their right to rescind such transactions under Section 226.9(a) of Regulation Z, as required by Section 226.9(b) of Regulation Z.

PAR. 5. In the ordinary course of their aforesaid business, respondents cause advertisements to be published, as "advertisement" is defined in Regulation Z. These advertisements aid, promote, or assist directly or indirectly extensions of consumer credit in connection with the sale of real estate. By and through use in said advertisements of such statements as, "$2,500 down * * * $7,000 down * * * Call Sirles," respondents have stated the amount of the downpayment required in connection with an extension of consumer credit, without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

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

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

(iii) the amount of the finance charge expressed as an annual percentage rate.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regu-

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

Decision and Order

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

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

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

1. Respondent, Sirles and Sons Realty is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 5265 W. 95th Street, Oak Lawn, Illinois.

Respondents Edgar Sirles and Richard Sirles are officers of said corporation. They formulate, direct and control the policies, acts and practices hereinafter set forth. Their address is the same as that of the corporation.

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

ORDER

It is ordered, That respondents Sirles and Son Realty Co., Inc., a corporation, and Edgar Sirles and Richard Sirles, individually and as officers of said corporation, doing business as Sirles and Son Realty or under any other name, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any advertisement or consumer credit sale of real estate or any other merchandise or service, as "advertisement" and "credit sale" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

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

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

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

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

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

(v) except in the case of the sale of a dwelling or a loan secured by a first lien on a dwelling to purchase that dwelling, the deferred payment price or the sum of the payments, as applicable.

2. Failing to give the customer the notice of opportunity to rescind, as set forth in Section 226.9(b) of Regulation Z, when a security interest is or will be attained or acquired in any real property which is used or is expected to be used as principal residence of the customer, as required by Section 226.9(a) of Regulation Z, except a first lien or security interest to finance an acquisition or initial construction of a dwelling in which the customer resides or expects to reside.

3. Failing in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Section

226.4 and Section 226.5 of Regulation Z, in the manner, form and amount required by Section 226.6, Section 226.8, Section 226.9 and Section 226.10 of Regulation Z.

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

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

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

In the Matter of

ABBEY DOMESTIC CORPORATION doing business as ABBEY SEWING CENTER, INC., ET AL.

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

Docket C-2104. Complaint, Nov. 18, 1971—Decision, Nov. 18, 1971

Consent order requiring a retailer of sewing machines of Miami, Fla., to cease using false pricing, contest and guarantee claims, and other deceptive selling practices.

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 Abbey Domestic Corporation, a corporation, doing business as Abbey Domestic Sewing Center, Inc., and Erwin Dearman and Albert Behar, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in

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

PARAGRAPH 1. Respondent Abbey Domestic Corporation, doing business as Abbey Domestic Sewing Center, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 12173 N.W. 7th Avenue, in the city of North Miami, State of Florida.

Respondents Erwin Dearman and Albert Behar are individuals and officers of the corporate respondent. They formulate, direct and control the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

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

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of Florida to purchasers thereof located in various other States of the United States and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Basically, respondents' sales plan has been, and currently is, to have puzzles published in magazines and newspapers and to request that such puzzles to be solved and returned to them for entry in a drawing, awarding as prizes a free sewing machine, several other free prizes of less monetary value than the free sewing machine or a discount certificate. After the said free prizes have been awarded on the basis of a drawing of puzzle entries, respondents mail to persons, who failed to win one of the same, a letter notifying them that their puzzle entry has been selected for an award of an enclosed discount certificate, stating a specified monetary amount that may be used in reducing the represented price of one of respondents' sewing machines, as pictured and otherwise described in a likewise enclosed advertisement.

PAR. 5. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their products, the respondents have made and are now making numerous statements and representations in newspapers, magazines, promotional material and by other means with respect to the prices, contests, promotional programs, prizes, characteristics and guarantees of their merchandise.

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

WIN a new $229.95 zig zag sewing machine. All told, we're giving away over $5,000 in prizes, free.

* * * * * * *

SELECTED FOR AWARD

Congratulations,

We have issued a coupon in your name for entering our recent win a Dressmaker sewing machine contest.

Your enclosed personal coupon gives you the right to purchase the $229.95 Comparable Value De Luxe Dressmaker Zig Zag sewing machine for the low, low price of $79.95.

FOR EXAMPLE:

Deluxe zig zag machine that makes zig zag and fancy stitches

Model 290 Comparable value	$229.95
Less Discount Certificate	150.00
Your Total Cost Only	79.95

The Dressmaker sewing machine comes complete with a 25 year guarantee bond.

These are the very same machines advertised in leading magazines and national newspapers.

Our Dressmaker Zig Zag sewing machines are used by students in the Home Economics departments of High Schools throughout the country.

I understand I have a satisfaction or refund of money guarantee, and if not completely satisfied I may return merchandise for full refund.

* * * * * * *

After this coupon expires, price of the #290 at our retail store or by mail order will be $229.95.

PAR. 6. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, the respondents have represented, and are now representing, directly or by implication, that:

1. Through the use of the words "compare at," "comparable value" and "value" the price of $229.95 is the price at which a product of like grade and quality is usually and regularly sold at retail in the trade area where the representation is made, and that purchasers of respondents' product would realize a savings of the difference between that price and their selling price of $79.95.

2. They have made a bona fide offer to sell, or have regularly sold, the Dressmaker Model 290 sewing machine for the price of $229.95 on a regular basis for a reasonably substantial period of time in the recent, regular course of their business, and that after the expiration date of their coupon offer, the Model 290 sewing machine will be sold at retail for the price of $229.95.

3. With respect to award winners of their discount certificate, they have conducted a bona fide contest.

4. Recipients of their discount certificate have been awarded a valuable prize, entitling them to a discount in the amount of $150 as a reduction from the price at which the Model 290 Dressmaker Sewing Machine is usually and customarily sold by respondents, or as a reduction from the price at which sewing machines of like grade and quality are usually sold at retail in respondents' trade area or areas.

5. They have conducted a bona fide contest whereby $5,000 in prizes was awarded to entrants therein.

6. The Dressmaker Model 290 Sewing Machine is guaranteed for 25 years without condition or limitation.

7. They have posted a bond or have established a reserve fund, the benefits of which are available to the recipients of their guarantee.

8. The Dressmaker Model 290 Sewing Machine is advertised in leading magazines and national newspapers.

9. The Dressmaker Model 290 Sewing Machines are used by students in the Home Economics departments of high schools throughout the country.

10. That winners of sewing machines in respondents' contests receive them without incurring any expenses related thereto.

PAR. 7. In truth and in fact:

1. A product of like grade and quality is not usually and customarily sold at retail in the trade area or areas where the representation is made at a price of $229.95, and purchasers of respondents' product would not realize a saving of the difference between the said higher and lower price amounts.

2. Respondents have not made a bona fide offer to sell, nor have they sold, the Dressmaker Model 290 Sewing Machine at a price of $229.95 either before or after the expiration of their discount certificate.

3. Respondents have not conducted a bona fide contest with respect to persons awarded their discount certificate. Such discount certificates are awarded to all contest participants who did not win one of their limited number of merchandise prizes.

4. Recipients of respondents' discount certificates have not been awarded a valuable prize, since the $150 amount of said discount certificate is deducted not from respondents' usual and customary price, for the Dressmaker Model 290 Sewing Machine, or from the price at which sewing machines of like grade and quality are usually sold at retail in respondents' trade area or areas, but from a fictitious higher price, as herein alleged, and therefore the value of the discount certificate is illusory.

5. Respondents did not conduct a contest whereby $5,000 in prizes were given away to participants.

6. The twenty-five (25) year guarantee of the Dressmaker Model 290 Sewing Machine is subject to numerous conditions and limitations, which are not disclosed in respondents' advertising.

7. Respondents have not posted a bond nor have they established a reserve fund, the benefits of which are available to recipients of their guarantees.

8. The Dressmaker Model 290 Sewing Machine is not advertised in leading magazines and national newspapers.

9. The Dressmaker Model 290 Sewing Machines are not used by students in the Home Economics departments of high schools throughout the country.

10. Winners of sewing machines in respondents' contests do not receive them without incurring expenses related thereto, since winners are required to pay shipping charges.

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

PAR. 8. In the further course and conduct of their business, and in furtherance of their purpose of inducing the purchase of and payment for sewing machines by the general public, respondents and their representatives directly or indirectly have engaged in the following acts and practices:

1. Shipped sewing machines collect on delivery to purchasers thereof without disclosing in the advertisements or other promotional materials that purchasers are required to pay all shipping costs.

2. Advertised and offered for sale a Dressmaker Model 290 Sewing Machine and upon receipt of orders for these machines shipped C.O.D. other and different machines in lieu of the Dressmaker Model 290 without notice to the customer, thereby causing customers to pay the cost and shipping charges on machines other than the machines ordered.

Therefore, respondents' statements, representations, acts and practices, and their failure to reveal material facts, as set forth herein were, and are unfair, false, misleading and deceptive acts and practices.

PAR. 9. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of sewing machines and other products of the same general kind and nature as those sold by respondents.

PAR. 10. The use by respondents of the aforesaid unfair, 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 purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and complete, and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief.

PAR. 11. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, 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 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, Abbey Domestic Corporation is a corporation doing business as Abbey Domestic Sewing Center, Inc., organized, existing and doing business under and by virtue of the laws of the State of

Florida with its principal offices and place of business located at 12173 Northwest 7th Avenue, in the city of North Miami, State of Florida.

Respondents Erwin Dearman and Albert Behar are officers of said corporation and their principal offices and place of business are located at the above address.

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

ORDER

It is ordered, That respondents Abbey Domestic Corporation, a corporation, doing business as Abbey Domestic Sewing Center, Inc., and its officers, and Erwin Dearman and Albert Behar, individually and as officers of said corporation, and respondents' agents, representatives, and employees directly or through any corporate or other device in connection with the advertising, offering for sale, sale or distribution of sewing machines or other products in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing that respondents' product is of a value comparable to any other product retailing at a higher price unless the merchandise to which their product is compared is at least of like grade and quality in all material respects and is generally available for purchase at the comparative price in the same trade area or areas where the claim is made.

2. Representing, directly or by implication, that any amount is respondents' usual and customary retail price for an article of merchandise or service when such amount is in excess of the price or prices at which such article of merchandise or service has been sold or offered for sale in good faith by respondents at retail for a reasonably substantial period of time in the recent, regular course of their business.

3. Representing, directly or by implication, that any savings is afforded in the purchase of respondents' product as compared to the purchase of another product unless the merchandise to which respondents' product is compared is at least of like grade and quality in all material respects and is generally available for purchase at the comparative price in the same trade area or areas in which the claim is made.

4. Representing, directly or by implication, that any savings, discount, credit or allowance is given to purchasers as a reduction from respondents' selling price for a specified product unless such

selling price is the amount at which said product has been sold or offered for sale in good faith by respondents at retail for a reasonably substantial period of time in the recent, regular course of their business.

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

6. Represent, directly or by implication, that names of winners are obtained through drawings, contests or by chance, when all of the names selected are not chosen by lot; or misrepresenting, in any manner, the nature or purpose of a contest.

7. Using any advertising, promotional program or procedure involving the use of false, deceptive or misleading statements to obtain leads or prospects for the sale of their products.

8. Representing, directly or by implication, that awards or prizes are of a certain value or worth when recipients thereof are not in fact benefitted by or do not save the amount of the represented value of such awards or prizes.

9. Representing, directly or by implication, that any of respondents' products are guaranteed unless the nature and extent of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

10. Representing, directly or by implication, that respondents have posted a bond or have established a reserve fund, the benefits of which are available to recipients of their guarantees, unless respondents do in fact have such a bond or fund available and unless the said bond or fund is available to all recipients of their guarantee.

11. Representing, directly or by implication, that winners of their contests, or drawings, will receive any product or service free, as a gift, without cost, or charge, when the winners are required to pay shipping cost, or other cost related thereto for the free product, service or gift.

12. Representing, directly or by implication, that any of respondents' products have been used, exhibited, featured, or advertised to any extent, or in any manner, unless such is the fact.

13. Failing to disclose in all advertisements, promotional ma-

terials, order forms, or any other document utilized to solicit orders for respondents' product, that the product will be shipped C.O.D. and that the purchaser thereof will be required to pay all shipping costs.

14. Substituting at any time a product other than the advertised, promoted, and ordered product of respondents without first providing the purchaser in writing with an option to cancel his order for the product for which substitution is sought to be made.

It is further ordered, That a copy of this order to cease and desist be delivered to all present and future personnel of respondents engaged in the sale of sewing machines or other products or in any aspect of preparation, creation or placing of advertising, and that respondents' secure a signed statement acknowledging receipt of said order from each such person.

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

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

IN THE MATTER OF

PENASQUITOS, INC., ET AL.

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

Docket C-2105. Complaint, Nov. 18, 1971—Decision, Nov. 18, 1971

Consent order requiring a real estate builder-developer and its advertising agency of San Diego, Calif., to cease violating the Truth in Lending Act in consumer credit transactions and advertisements by failing to make all disclosures in the manner, form, and amount as required by Regulation Z of the 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 Penasquitos, Inc., a corporation, Irvin J. Kahn, individually and as an officer of said corporation, and Reed, Miller & Associates, a corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Penasquitos, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 3010 Cowley Way, San Diego, California.

Respondent Irvin J. Kahn is president of Penasquitos, Inc. He formulates, directs and controls the policies, acts and practices of said corporation, including the acts and practices hereinafter set forth. His address is the same as Penasquitos, Inc.

Respondent Reed, Miller & Associates is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 3719 Fourth Avenue, San Diego, California.

PAR. 2. Respondents Penasquitos, Inc., and its president, Irvin J. Kahn are now and for some time last past have been engaged in the construction, development, and sale of residential real property to the public.

PAR. 3. In the ordinary course and conduct of their business respondents Penasquitos, Inc. and Irvin J. Kahn, regularly extend, and for some time last past have regularly extended, consumer credit as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Respondent Reed, Miller & Associates is and for some time last past has been an advertising agency engaged in the business of creating, producing, preparing and placing advertising for its clients, one of which has been respondent Penasquitos, Inc.

PAR. 5. In order to promote the sale of residential real estate, respondents Penasquitos, Inc. and Irvin J. Kahn have caused advertisements to be placed in various media. Certain of these advertisements to promote, aid, or assist directly or indirectly consumer credit sales were created, prepared, produced and placed for respondents by respondent Reed, Miller & Associates. Certain of said advertisements which were published, broadcast, or delivered subsequent to July 1, 1969:

1. Failed to disclose credit information required by Section 226.10 (d) (2) of Regulation Z clearly and conspicuously as required by Section 226.6(a) of Regulation Z. Specifically, in certain television commercials, the cash price, downpayment, number and amount of monthly payments, and annual percentage rate for the credit transaction described were disclosed by means of lettering superimposed over the television picture for three seconds in small print simultaneously with a distracting audio sales presentation.

2. Stated such specific credit information as the amount of the downpayment required, or that no downpayment was required, 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:

a. the cash price;

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

c. the number and amount of payments scheduled to repay the indebtedness if the credit is extended; and

d. the annual percentage rate.

3. Disclosed the interest rate of the credit in extremely large, bold face type while disclosing the higher annual percentage rate in much less conspicuous small print in violation of Section 226.10(d)(1) which permits only the annual percentage rate disclosure and Section 226.6(c) which prohibits additional disclosures that tend to mislead, contradict, obscure, or detract attention from disclosures required by Regulation Z.

4. Disclosed examples of typical extensions of credit, the terms of which provided for payments of three years at a stated annual percentage rate and then payments for the remaining 27 years of the extension of credit at a much higher annual percentage rate, thereby failing to disclose a single annual percentage rate for the transaction accurate to the nearest quarter of one percent computed in accordance with Section 226.5(b) of Regulation Z, as required by Sections 226.10 (d) (1) and 226.10(d) (2) of Regulation Z.

PAR. 6. Subsequent to July 1, 1969, in the ordinary course and conduct of their business as aforesaid, respondents Penasquitos, Inc. and Irvin J. Kahn have offered to grant and have granted a $500 allowance towards the purchase of home furnishings to those customers making at least a 20 percent downpayment on the purchase of respondents' homes. In connection with the "credit sale" of homes where buyers did not make the necessary downpayment to qualify for the special

allowance, respondents have provided those customers with credit cost disclosure statements which:

1. Fail to accurately disclose the "cash price" of the property as defined in Section 226.8(c)(1) and determined as set forth in Section 226.8(o)(7) of Regulation Z, by failing to exclude from the cash price of the property the value of allowance given to those making the specified 20 percent downpayment.

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

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

4. Fail to include in the amount of the "finance charge" as required by Sections 226.4, 226.8(o)(7) and 226.8(c)(8)(i) of Regulation Z, the amount of the allowance given to those customers making the specified 20 percent downpayment.

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

PAR. 7. Subsequent to July 1, 1969, in connection with the credit sale of residential real estate, respondents Penasquitos, Inc. and Irvin J. Kahn have caused customers to execute separate notes and deeds of trust to secure the purchase of said property. A note and first deed of trust were taken for the major amount of the cash price, and another note and second trust deed were taken for the balance less any downpayment received. In connection with such transactions respondents furnished customers with a credit cost disclosure statement for each note and trust deed. By virtue of said practice respondents have failed to comply with Section 226.8(a) of Regulation Z which, in such instances, requires that credit disclosures be made on one side of a single document. Furthermore, because each of the credit disclosure statements disclosed only the terms with respect to each of the notes and trust deeds, the disclosures of the downpayment, unpaid balance of cash price, unpaid balance, amount financed, and amount of monthly payments were all rendered inaccurate in violation of Sections 226.8(c)(2), (3), (5), (7) and 226.8(b)(3) of Regulation Z.

PAR. 8. Subsequent to July 1, 1969, in connection with the credit sale of residential real property, respondents Penasquitos, Inc., and Irvin J. Kahn have caused customers to enter into binding contracts for the purchase of such property prior to receiving the credit cost disclosures required by Regulation Z. By virtue of said practice respondents failed to comply with Section 226.8(a) of Regulation Z

which requires disclosures to be made to the credit purchaser before the transaction is consummated.

PAR. 9. Subsequent to July 1, 1969, respondents Penasquitos, Inc., and Irvin J. Kahn, in connection with the extension of consumer credit have also provided customers with credit cost disclosure statements which:

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

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

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

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

5. Fail to disclose the amount of any payment more than twice the amount of any regularly scheduled equal payment as a "balloon payment" as required by Section 226.8(b)(3) of Regulation Z.

6. Disclose additional information in conjunction with the disclosures required to be made by Regulation Z, which information misleads, contradicts, obscures or detracts attention from disclosure of information required to be disclosed by 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 Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Los Angeles Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Truth in Lending Act and the regulation promulgated thereunder; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated 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 procedures prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Penasquitos, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 3010 Cowley Way, San Diego, California.

Respondent Irvin J. Kahn is president of Penasquitos, Inc. He formulates, directs and controls the policies, acts and practices of said corporation, including the acts and practices hereinafter set forth. His address is the same as Penasquitos, Inc.

Respondent Reed, Miller & Associates is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 3719 Fourth Avenue, San Diego, California.

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

ORDER

It is ordered, That respondents Penasquitos, Inc. and Irvin J. Kahn, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the arrangement or extension of consumer credit, or any advertisement to aid, promote, or assist directly or indirectly any arrangement or extension of consumer credit, as "consumer credit" is defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

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

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

(1) the cash price;

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

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

(4) the amount of the finance charge expressed as an annual percentage rate.

(b) the rate of any finance charge other than the annual percentage rate.

3. 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.

4. Failing in any consumer credit transaction in which the evidence of the transaction comprises more than one document to make all the disclosures required by Regulation Z together on one side of a separate statement which identifies the transaction as required by Section 226.8(a) of Regulation Z.

5. Failing in any consumer credit transaction to make the disclosures required by Regulation Z before the transaction is consummated as required by Section 226.8(a) of Regulation Z.

6. Failing in any credit sale to accurately disclose the amount of the "cash price," using that term, as required by Sections 226.8 (c)(1) and 226.8(o)(7) of Regulation Z.

7. Failing in any credit sale to accurately disclose the amount of the downpayment as required by Section 226.8(c)(2) of Regulation Z.

8. Failing in any credit sale to accurately disclose the amount

of the "unpaid balance of cash price" as required by Section 226.8 (c) (3) of Regulation Z.

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

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

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

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

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

14. Failing to accurately disclose the amount of monthly payments scheduled to repay the indebtedness as required by Section 226.8(b)(3) of Regulation Z.

15. Failing to disclose the amount of any payment more than twice the amount of any regularly scheduled equal payment as a "balloon payment" as required by Section 226.8(b)(3) of Regulation Z.

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

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

18. Failing to 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 credit or in any aspect of preparation, creation, and placement of advertising, all persons engaged in reviewing the legal sufficiency of advertising, and all present and future agencies engaged in preparation, creation and placement of advertising on behalf of respondents, and failing

to secure from each such person or agency a signed statement acknowledging receipt of said order.

It is further ordered, That respondent Reed, Miller & Associates, and its officers, agents, representatives and employees, directly or through any corporate device, in connection with any advertisement to aid, promote, or assist, directly or indirectly any extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Creating or causing to be published, broadcast, or delivered any consumer credit advertisement which fails to make all the disclosures required by Section 226.10 in the manner, form and amount required by Sections 226.4, 226.5, 226.6, 226.7, 226.8, and 226.10 of Regulation Z.

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

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

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

In the Matter of

EZ PAINTR CORPORATION

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

Docket C–2106. Complaint, Nov. 19, 1971—Decision, Nov. 19, 1971

Consent order requiring the Nation's largest manufacturer of paint and varnish brushes, rollers and other accessories of Milwaukee, Wis., to divest within one year the corporate name and certain trade accounts of American Brush

Corporation, acquired in 1969, and two paint roller companies, acquired in 1970, and prohibits any acquisition, without prior FTC approval for the next ten years of any domestic concern engaged in the manufacture or sale of manually powered paint applicators or any concern supplying those industries.

COMPLAINT

The Federal Trade Commission, having reason to believe that respondent EZ Paintr Corporation, a corporation, has violated and is now violating the provisions of Section 7 of the Clayton Act, as amended (U.S.C. Title 15, Section 18) through the acquisition of the stock and assets of various corporations, as hereinafter more particularly designated and described, and it appearing to the Commisson that a proceeding by it with reference thereto would be in the public interest, hereby issues its complaint pursuant to the provisions of Section 11 of the aforesaid Clayton Act (U.S.C. Title 15, Section 21) stating its charges as follows:

I. DEFINITIONS

1. For the purpose of this complaint, the following definitions shall apply:

(a) *Manually powered paint applicators:* Paint and varnish brushes, paint rollers, including pans, covers, handles, and other accessories sold separately, or as part of a paint roller kit; and miscellaneous paint applicators other than spray equipment and aerosol cans.

(b) *Manually powered paint application industry:* Persons, partnerships, joint ventures, and corporations engaging in the manufacture and sale of manually powered paint applicators, as defined in (a), immediately above.

(c) *Paint rollers:* As used separately, includes, in addition to the complete paint roller, pans, covers, handles, and other accessories sold separately, or as part of a paint roller kit.

II. RESPONDENT

2. Respondent, EZ Paintr Corporation, sometimes hereinafter referred to as "EZ," is, and has been, at all times relevant herein, a corporation organized, existing, and doing business under the laws of the State of Delaware, with its present office and principal place of business located at 4051 South Iowa Avenue, Milwaukee, Wisconsin.

3. EZ is presently engaged in the manufacture, sale, and distribution of manually powered paint applicators and related paint application accessories. It also is engaged in the manufacture, sale, and distribu-

tion of knitted pile fabric, some of which is sold in the form of yard goods, principally to paint roller manufacturers and to the apparel trades, and some of which is further processed by EZ and sold in the form of end products such as floor coverings, decorative bath accessories, and hospital pads.

4. In the course and conduct of its business, EZ is, and has been, at all times relevant herein, engaged in selling its products to purchasers located in various States of the United States, and caused such products, when sold, to be transported from its facilities in various States of the United States to such purchasers located in various States of the United States. In so doing, EZ is engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended, and has been continuously so engaged at all times relevant herein.

5. EZ's development has been characterized through the past decade by continuous growth. For calendar year 1959, EZ had net sales of approximately $3,711,000, and total assets approximated $2,218,000. For fiscal year ended July 31, 1970, net sales were approximately $28,346,000 and total assets approximated $19,013,000. Acquisitions accounted for a significant portion of this growth.

III. ACQUISITIONS

American Brush Corporation

6. Prior to and until March 19, 1969, American Brush Corporation, sometimes hereinafter referred to as "ABC," was a corporation organized, existing, and doing business under the laws of the State of Illinois, with its office and principal place of business located at 1111–1119 North Franklin Street, Chicago, Illinois.

7. ABC was engaged in the manufacture, sale, and distribution of manually powered paint applicators. In 1968, the year preceding its acquisition by EZ, it had net sales of approximately $2,091,000, and as of June 30, 1968, it had total assets approximating $1,098,200.

8. In the course and conduct of its business prior to March 19, 1969, as aforesaid, ABC sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from its facilities in Illinois to such purchasers located in various other States of the United States. In so doing, ABC was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

9. Pursuant to an agreement adopted February 27, 1969, EZ, on March 19, 1969, acquired all of the issued and outstanding capital stock of ABC for $550,000, cash.

Masterset Brushes, Inc. and King Paint Roller, Inc.

10. Prior to and until April 28, 1970, Masterset Brushes, Inc., sometimes hereinafter referred to as "Masterset," and King Paint Roller, Inc., sometimes hereinafter referred to as "King," were corporations organized, existing, and doing business under the laws of the States of New York and Michigan, respectively, with their offices and principal places of business located at 131 Walnut Avenue, Bronx, New York, and 12345 Schaefer Highway, Detroit, Michigan, respectively.

11. Masterset and King were closely held corporations administered by the same executive officers, and operated so as to mutually benefit each other.

12. Masterset and King were both engaged in the manufacture, sale, and distribution of manually powered paint applicators. In 1969, the year preceding their acquisition by EZ, Masterset and King had combined net sales of approximately $4,000,000, and as of February 28, 1970, the companies had combined total assets of $1,893,000.

13. In the course and conduct of their businesses prior to April 28, 1970, as aforesaid, both Masterset and King sold their products to purchasers located in various States of the United States and caused such products, when sold, to be transported from their facilities in New York and Michigan, respectively, to such purchasers located in various other States of the United States. In so doing, both Masterset and King were engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

14. Pursuant to an agreement and plan of reorganization adopted February 28, 1970, EZ, on April 28, 1970, acquired all of the issued and outstanding capital stock of both Masterset and King in exchange for 15,000 shares of EZ's Cumulative Convertible Preferred Series B stock, plus an earn-out payable in the same class of stock, based upon increases in the acquired corporations' earnings.

IV. NATURE OF TRADE AND COMMERCE

15. Manually powered paint applicators are a separate and distinct product which is distinguished from all other paint applicators and all other products in a number of ways, including, but not restricted to, method of use, cost of production, marketing, and consumer acceptance.

16. In the United States prior to World War II, paint was principally applied by brush. During World War II the paint roller was developed, offering a new method by which to apply paint. Initially paint rollers were produced principally by firms not engaged in the

manufacture of paint brushes. During the past decade, however, substantial market pressure has resulted in a significant number of companies originally engaged in the manufacture of either paint brushes or paint rollers entering into the manufacture and sale of both. Currently, of the top twelve concerns in the manually powered paint application industry, ten manufacture and sell both paint brushes and paint rollers. Of the remaining companies within this industry, most if not all, manufacture and/or distribute both paint brushes and paint rollers.

17. Approximately three years ago miscellaneous flat paint applicators other than brushes and rollers were introduced. In 1969, such miscellaneous flat paint applicators constituted an insignificant portion of the total sales of manually powered paint applicators.

18. The manufacture and sale of manually powered paint applicators is a significant industry in the United States. In 1969, value of shipments was approximately $99.3 million, up from 1967 value of shipments of $88.6 million. There has been a significant increase in the level of concentration in the manually powered paint application industry. In 1967, the top four and top eight manufacturers had approximately 34.6 percent and 51.3 percent of domestic plant shipments, respectively. By 1969, these shares had increased to approximately 39.4 percent and 57.6 percent, respectively. By attributing to the acquiring company the 1969 plant shipments of those companies acquired in 1970, the market shares of the top four and top eight in 1969 increased to 45.8 percent and 65.2 percent, respectively.

19. The aforesaid increase in concentration has been paralleled by a number of independent manually powered paint applicator concerns leaving the industry, either by virtue of merger or by voluntarily ceasing operations. Additionally, there has not been a significant new entrant into this industry within the past two decades.

20. In 1968, prior to the aforesaid acquisitions, EZ was the second largest manufacturer of manually powered paint applicators, accounting for approximately 9.2 percent of the plant shipments in the United States. In that year, ABC ranked fourteenth, with approximately 2.3 percent of domestic plant shipments, while Masterset and King combined were ninth, accounting for approximately 3.9 percent. Subsequent to the acquisitions, as aforesaid, EZ became the largest domestic manufacturer of manually powered paint applicators.

21. Paint rollers constitute a significant segment of manually powered paint applicator sales, representing approximately $26.5 million in 1967, and increasing to approximately $31.2 million in 1969. Concentration in this segment is high. In 1969, the top four and top eight

manufacturers had in excess of 59.2 percent and 76.7 percent of domestic plant shipments of paint rollers, respectively.

22. In 1969, EZ was the largest manufacturer of paint rollers, accounting for approximately 29.7 percent of the plant shipments of that product in the United States. In that year, ABC and King had approximately 0.5 percent and 1.2 percent of domestic shipments, respectively.

23. The largest segment of manually powered paint applicator sales is in paint and varnish brushes, representing approximately $62.1 million in 1967, and increasing to approximately $68.1 million in 1969. Concentration in this segment is significant. In 1969, the top four and top eight manufacturers accounted for approximately 38.7 percent and 60.3 percent of domestic plant shipments.

24. Prior to the aforesaid acquisitions, EZ was not engaged in the manufacture of paint and varnish brushes. However, in 1969, ABC was the thirteenth largest manufacturer of that product with approximately 2.8 percent of domestic plant shipments, and Masterset was the sixth largest such producer with approximately 5.5 percent of domestic plant shipments. The combined sales of these acquired companies would have made EZ the third largest manufacturer of paint and varnish brushes in the United States in 1969.

V. EFFECTS OF THE ACQUISITIONS

25. The effect, cumulatively and individually, of the aforesaid acquisition by EZ of the stock and assets of ABC; Masterset; and King may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of manually powered paint applicators in the United States as a whole in the following ways, among others:

(a) Actual competition between EZ and the aforesaid corporations acquired by it has been eliminated;

(b) Actual competition between and among the aforesaid corporations acquired by EZ has been eliminated;

(c) The dominant position of EZ has been enhanced and may be further enhanced;

(d) An industry trend toward concentration has been accelerated and further acquisitions may be induced;

(e) The degree of concentration has been increased and may be further increased; and

(f) The entry of new competitive entities has been and may continue to be made more difficult.

26. The effect, cumulatively and individually, of the aforesaid acquisition by EZ of the stock and assets of ABC; Masterset; and King

may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of paint rollers in the United States as a whole in the following ways, among others:

(a) Actual competition between EZ and the aforesaid corporations acquired by it has been eliminated;

(b) Actual competition between and among the aforesaid corporations acquired by EZ has been eliminated;

(c) The dominant position of EZ has been enhanced and may be further enhanced;

(d) An industry trend toward concentration has been accelerated and further acquisitions may be induced;

(e) The degree of concentration has been increased and may be further increased; and

(f) The entry of new competitive entities has been and may continue to be made more difficult.

27. The effect, cumulatively and individually, of the aforesaid acquisition by EZ of the stock and assets of ABC; Masterset; and King may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of paint and varnish brushes in the United States as a whole in the following ways, among others:

(a) Potential competition between EZ and the aforesaid corporations acquired by it and between EZ and all others has been eliminated;

(b) Actual competition between and among the aforesaid corporations acquired by EZ has been eliminated;

(c) The competitive position of EZ has been enhanced and may be further enhanced;

(d) An industry trend toward concentration has been accelerated and further acquisitions may be induced;

(e) The degree of concentration has been increased and may be further increased; and

(f) The entry of new competitive entities has been and may continue to be made more difficult.

VI. NATURE OF THE VIOLATION

28. The acquisition by EZ of the stock and assets of the aforesaid corporations, individually, and/or together with the cumulative effect thereof, constitutes a violation of Section 7 of the Clayton Act (U.S.C. Title 15, Section 18), as amended.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with viola-

tion of Section 7 of the Clayton Act, as amended, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as set forth in such 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 has 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 provisionally accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, and having received and duly considered comments from interested members of the public, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 4051 South Iowa Avenue, Milwaukee, Wisconsin.

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 subject to the prior approval of the Federal Trade Commission, respondent EZ Paintr Corporation, a corporation (hereinafter referred to as EZ), through its officers, directors, agents, representatives, employees, subsidiaries, affiliates, successors and assigns, shall within one year from the date this order becomes final, divest absolutely and in good faith all assets, rights, property and privileges, tangible and intangible, including all plants, equipment, machinery, raw material reserves, inventory, customer lists, trade names, good will and other property of whatever description acquired by EZ as a result of its acquisition of Frank Gill Co. (hereinafter referred to as Gill), including all additions and improvements made

thereto, which are necessary to establish Gill as a separate independent and viable going concern in the lines of commerce in which it was engaged prior to said acquisition.

II

It is further ordered, That subject to the prior approval of the Federal Trade Commission, respondent EZ, through its officers, directors, agents, representatives, employees, subsidiaries, affiliates, successors and assigns, shall within one year from the date this order becomes final, divest absolutely and in good faith all assets, rights, property and privileges, tangible and intangible, including, all plants, equipment, machinery, raw material reserves, inventory, customer lists, trade names, good will and other property of whatever description acquired by EZ as a result of its acquisition of King Paint Roller, Inc. (hereinafter referred to as King), including all additions and improvements made thereto, which are necessary to establish King as a separate, independent, and viable going concern in the lines of commerce in which it was engaged prior to said acquisition.

III

It is further ordered, That subject to the prior approval of the Federal Trade Commission, respondent EZ, through its officers, directors, agents, representatives, employees, subsidiaries, affiliates, successors and assigns, shall within one year from the date this order becomes final, divest absolutely and in good faith, the name American Brush Corporation (hereinafter referred to as ABC), and all paint and varnish brush accounts of ABC to whom ABC sold $1,000 or more of paint and varnish brushes during the last full fiscal year of ABC preceding its acquisition by EZ, or the most recent full fiscal year of ABC, and which are still paint and varnish brush accounts of ABC as of the date of this order. Such divestiture shall be accomplished by sale of (a) the name American Brush Corporation; (b) all paint and varnish brush trademarks owned by ABC as of the time of its acquisition by EZ; (c) a list of all such paint and varnish brush customers; (d) all product specifications and specialized dies used by ABC in the production of paint and varnish brushes for the accounts to be sold pursuant to this order; (e) any finished goods, work-in-process, packaging materials, or specialized raw materials in ABC's inventory at the time of divestiture which are applicable exclusively to such accounts together with a list of the sources of such specialized raw materials; and (f) a transfer of all unfilled paint and varnish brush orders and contracts with such accounts, to the extent that such orders and contracts are assignable.

IV

It is further ordered, That following the divestiture contemplated by the preceding paragraph of this order, EZ, its officers, directors, agents, representatives, employees and subsidiaries will (a) refrain for a period of one year from the date of such divestiture from the sale of any paint or varnish brushes to any account sold pursuant to the preceding paragraph of this order; and (b) permanently refrain from the sale of any paint or varnish brushes under the ABC corporate name or any trademark divested under the preceding paragraph of this order. *Provided, however*, nothing contained in subparagraph (a) above shall prevent EZ from selling paint or varnish brushes to any other company which purchased $1,000 or more of paint and varnish brushes from a nondivested component of EZ during its last full fiscal year prior to its acquisition by EZ (i.e., Masterset Brushes, Inc.). A list of such firms to which the foregoing provision applies is contained in a letter of representation from EZ to the Federal Trade Commission.

V

It is further ordered, That pursuant to the requirements of Paragraphs I, II, and III above, none of the stock, assets, rights or privileges, tangible or intangible, to be divested by EZ shall be divested directly or indirectly to anyone who is, at the time of the divestiture, an officer, director, employee, or agent of, or under the control, direction, or influence of EZ or any of EZ's subsidiaries or affiliated corporations or who owns or controls more than one (1) percent of the outstanding shares of the capital stock of EZ.

VI

It is further ordered, That pending divestiture, respondent EZ shall not make or permit any deterioration in the value of any of the plants, machinery, parts, equipment, or any other property or assets of the corporations to be divested which may impair their present capacity or market value unless such capacity or value be restored prior to divestiture.

VII

It is further ordered, That respondent EZ shall cease and desist for ten (10) years from the date this order becomes final from acquiring directly or indirectly, through subsidiaries or otherwise, without prior approval of the Federal Trade Commission, any part of the assets, stock, share capital, or other actual or potential equity interest or

right of participation in the earnings of any domestic concern, corporate or non-corporate, which is engaged in the manufacture or sale of manually powered paint applicators or engaged in the manufacture or sale of raw materials to companies engaging in the manufacture or sale of manually powered paint applicators, or from entering into any arrangements or understanding with such a concern through which respondent EZ becomes possessed of that concern's market share.

For the purposes of this order, manually powered paint applicators are defined as: paint and varnish brushes; paint rollers including pans, covers, handles, and other accessories sold separately, or as part of a paint roller kit; and miscellaneous paint applicators other than spray equipment and aerosol cans.

VIII

It is further ordered, That respondent EZ shall within sixty (60) days after date of service of this order, and every sixty (60) days thereafter until respondent EZ has fully complied with the provisions of this order, submit in writing to the Federal Trade Commission a verified report setting forth in detail the manner and form in which respondent EZ intends to comply or has complied with this order. All compliance reports shall include, among other things that are from time to time required, a summary of contracts or negotiations with anyone for the specified stock, assets and plant, the identity of all such persons, and copies of all written communications to and from such persons.

IX

It is further ordered, That respondent EZ 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 change in the corporation which may affect compliance obligations arising out of the order.

IN THE MATTER OF

H-S ENTERPRISES, INCORPORATED, ET AL.

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

Docket C-2107. Complaint, Nov. 26, 1971—Decision, Nov. 26, 1971

Consent order requiring a Lincoln, Rhode Island, marketer of "Stripper SX" or "Safety Strip," a paint and resin disintegrator, to cease misrepresenting