IN THE MATTER OF

RONZONI MACARONI CO., INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE CLAYTON ACT, SECTION 2(a)

Docket C-2244. Complaint, July 11, 1972—Decision, July 11, 1972.

Consent order requiring a Long Island City, New York, manufacturer of macaroni, macaroni products, sauces and grated cheeses to cease discriminating in price between competing resellers or distributors of its products.

COMPLAINT

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

PARAGRAPH 1. Respondent Ronzoni Macaroni 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 50–02 Northern Boulevard, Long Island City, New York.

PAR. 2. Respondent has been and is now engaged in the manufacture, sale and distribution of macaroni, macaroni products, sauces and grated cheeses. Respondent sells its said products to a large number of customers located in many parts of the United States purchasing such products for use, consumption or resale therein, including wholesalers, retailers and retail chain stores. Respondent's sales of its products are substantial, exceeding $10,000,000 annually.

PAR. 3. Respondent sells and causes its products to be transported from its principal place of business in the State of New York to purchasers located in other States of the United States. There has been at all times mentioned herein a continuous course of trade in said products in commerce, as "commerce" is defined in the Clayton Act, as amended.

PAR. 4. In the course and conduct of its business in commerce, respondent sells its products of like grade and quality to purchasers who are in substantial competition with each other in the resale and distribution of respondent's like products.

PAR. 5. In the course and conduct of its business in commerce, and particularly since 1968, respondent has discriminated in price between different purchasers of its products of like grade and quality by selling said products to some purchasers at higher and less favorable prices than the prices charged competing purchasers for such products of like grade and quality.

PAR. 6. For example, in Philadelphia, Pennsylvania, respondent deviated from its published price lists, and gave certain retail food chain stores substantial price discounts on its entire line of products, but did not offer or grant such discounts to competing customers purchasing substantially the same quantity of products of like grade and quality from respondent.

PAR. 7. The effect of such discriminations in price made by respondent in the sale of its products, as hereinbefore set forth, may be substantially to lessen competition or tend to create a monopoly in the lines of commerce in which the favored purchasers from respondent are engaged, or to injure, destroy or prevent competition with the favored purchasers from respondent who receive the discriminatory lower prices.

PAR. 8. The discriminations in price made by respondent in the sale of its products, as hereinbefore alleged, are in violation of subsection (a) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act.

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated 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 Ronzoni Macaroni Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its principal office and place of business is located at 50–02 Northern Boulevard, Long Island City, New York.

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

ORDER

It is ordered, That respondent Ronzoni Macaroni Co., Inc., a corporation, and its officers, employees, agents and representatives, directly or through any corporate or other device, in or in connection with the offering for sale, sale or distribution of any of its products in commerce, as "commerce" is defined in the Clayton Act, as amended, do forthwith cease and desist from discriminating, directly or indirectly, in the price of such products of like grade and quality by selling to any purchaser at net prices higher than the net prices charged any other purchaser competing in fact in the resale or distribution of such products. "Net price" as used in this order shall mean the ultimate cost to the purchaser, and, for purposes of determining such cost, there shall be taken into account all rebates, allowances, commissions, discounts, credit arrangements, terms and conditions of sale, and other forms of direct and indirect price reductions, by which ultimate cost to the purchaser is affected.

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

It is further ordered, That respondent Ronzoni Macaroni Co., Inc., 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 respondent Ronzoni Macaroni Co., Inc., 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

LOVE TELEVISION & STEREO RENTAL, INC., ET AL.

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

Docket C-2245. Complaint, July 11, 1972—Decision, July 11, 1972.

Consent order requiring three firms, located in Atlanta, Georgia, Jacksonville, Florida, and Houston, Texas, engaged in the sale and rental of television sets and stereo equipment to cease, among other things, misrepresenting the cost and selling terms and conditions of their merchandise.

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 Love Television & Stereo Rental, Inc., Love Television & Stereo Rental of Jacksonville, Inc., Love Television & Stereo Rental of Houston, Inc., Gates Rental, Inc., and Babcock Management Corporation, corporations, and Melvin D. Babcock and Galen E. Gates, individually and as officers 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 Love Television & Stereo Rental, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kansas, with its principal office and place of business located at 493 Peachtree Street, Atlanta, Georgia.

Respondent Love Television & Stereo Rental of Jacksonville, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 1876 West 45th Street, Jacksonville, Florida.

Respondent Love Television & Stereo Rental of Houston, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 4826 Almeda Road, Houston, Texas.

Respondent Gates Rental, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 9221 Jensen Drive, Houston, Texas.

Respondent Babcock Management Corporation is a corporation organized, existing and doing business under and by virtue of the laws

of the State of Georgia, with its principal office and place of business located at 3355 Lenox Road, Suite 226, Atlanta, Georgia. Respondent Babcock Management Corporation owns and controls all the shares of the other corporate respondents.

Respondents Melvin D. Babcock and Galen E. Gates are officers of said corporations. They formulate, direct and control the policies, acts and practices of said corporations and their address is 3355 Lenox Road, Suite 226, Atlanta, Georgia.

PAR. 2. Respondents are now, and for some time in the past have been, engaged in the advertising for sale and rental, sale and rental of televisions and stereophonic equipment to the public in the states of Georgia, Florida and Texas.

COUNT I

Alleging a violation of the Federal Trade Commission Act, the allegations of Paragraphs One and Two above are incorporated by reference as if fully set forth herein verbatim.

PAR. 3. In the ordinary course and conduct of their business, as aforesaid, respondents now cause and for some time in the past have caused their merchandise to be advertised, rented, sold and distributed from their home office in Atlanta, Georgia to consumers in several other States of the United States, and maintain, and at all times mentioned herein, have maintained, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the ordinary course and conduct of their aforesaid business and for the purpose of promoting the sale or rental of their merchandise, respondents have made and are now making statements and representations in oral sales presentations to prospective customers, and in advertisements transmitted by radio, newspaper and other media with respect to the cost and terms of sale of their merchandise.

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

* * * * * * *

We guarantee to you—our customer—the best Christmas present at the lowest price in town. Everything we have in stock is going for ⅓ to ½ off the original price. Yes, now you can open your account with Love T.V. for less than what you would pay for a child's toy. * * * We do not check your credit. We have no down-payment. All the rent goes toward the purchase * * *

* * * * * * *

Yes, it's really true now you can have a wooden cabinet console color TV with 23 inch square picture tube delivered to your home just by calling Love 876–1561.

*** * * You can't beat their low, low rates. You can have a TV and Stereo for only $9. per week. That's LOVE TV AND STEREO where there are no credit checks, no credit delays or red tape. * * ***

* * * * * * *

*** * * Are you worried about your credit? Don't be * * * Love rentals doesn't check your credit. * * * And Love has free delivery within the Hour. If your T.V. or Stereo should ever break down Love will fix it free * * * never a service charge. * * * You can still open your account with us for just one dollar and remember all the rent you pay goes toward the purchase.**

* * * * * * *

That's right. * * * For only $2, you get delivered right to your home a brand new 1972 Model color Television. * * * Ask the man from Love just how easy it is. * * * No red tape, no credit check, free delivery, and never. * * * I said never a repair bill to pay at Love TV and Stereo Rental. * * * Brand new merchandise delivered to your home for only $2. down.

* * * * * * *

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning not expressly set out herein, both separately and in conjunction with the oral statements and representations of their employees made to prospective purchasers, respondents have represented, and are now representing, directly or by implication, that:

1. Respondents' "rent-to-buy plan" is an easy, inexpensive way to purchase a television or stereo.

2. Respondents will deliver a brand new television or stereo to a customer's home without obligating the customer to pay more than an initial $2.

3. Respondents will deliver and repair all merchandise free of charge.

PAR. 6. In truth and in fact:

1. The purchase price of a television or stereo under respondents' plan is in virtually all instances far in excess of the generally prevailing trade area price of the merchandise.

2. Customers are obligated for the downpayment plus the charge for the first rental period at the time the merchandise is delivered to their home.

3. Customers pay a highly inflated rental charge which includes the charge for delivery and repairs.

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

PAR. 7. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and

individuals, engaged in the sale and rental of merchandise of the same general kind and nature as that sold by the respondents.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase and rental of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

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

COUNT II

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

PAR. 10. In the ordinary course and conduct of their aforesaid business respondents cause and for some time in the past have caused their customers to execute a document designated as a rental agreement, hereinafter referred to as the contract. In addition to the terms of the contract set forth in writing, respondents make oral representations to their customers which they incorporate by reference into the contract. Illustrative but not inclusive of these oral terms is respondents' promise to relinquish all their rights to the leased merchandise after the customer has made a specified number of rental payments.

PAR. 11. By and through the practice of disclosing some terms of the contract in writing and others orally respondents deprive their customers of full knowledge of their rights and obligations under the contract and deny them the means of enforcing those terms of the contract most favorable to the purchaser. Therefore, the aforesaid method of contracting constitutes an unfair act or practice in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the

complaint the Commission intended to issue, together with a proposed form of order; and

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

The Commission having considered the agreement and having provisionally 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 Love Television & Stereo Rental, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kansas, with its office and principal place of business located at 605 Ashby Street, in the city of Atlanta, State of Georgia.

Respondent Love Television & Stereo Rental of Jacksonville, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its office and principal place of business located at 5412 Norwood Avenue, in the city of Jacksonville, State of Florida.

Respondent Love Television & Stereo Rental of Houston, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its office and principal place of business located at 4826 Almeda Road, in the city of Houston, State of Texas.

Respondent Gates Rental, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its office and principal place of business located at 9221 Jensen Drive, in the city of Houston, State of Texas.

Respondent Babcock Management Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its office and principal place of business located at 2030 Pernoshal Court, DeKalb County, State of Georgia. Respondent Babcock Management Corporation owns and controls all the shares of the other corporate respondents.

Respondents Melvin D. Babcock and Galen E. Gates are officers of said corporations. They formulate, direct and control the policies, acts and practices of said corporations, and their principal office and place of business is located at 2030 Pernoshal Court, DeKalb County, State of Georgia.

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

ORDER

It is ordered, That respondents Love Television & Stereo Rental, Inc., Love Television & Stereo Rental of Jacksonville, Inc., Love Television & Stereo Rental of Houston, Inc., Gates Rental, Inc. and Babcock Management Corporation, corporations, and their officers, and Melvin D. Babcock and Galen E. Gates, individually and as officers of said corporations, and their successors or assigns, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale or rental or sale or rental of televisions, stereophonic equipment or any other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing in any advertisement, directly or by implication, or in any oral statements made to a customer, that an individual can rent or purchase any of respondents' merchandise at a discount price, or an inexpensive price, or an advantageous price, or for any specified amount, payment or period of time without disclosing in every instance in a clear and meaningful way, the average prevailing retail price of the merchandise or comparable merchandise using the term "average retail price" together with either:

(a) the total dollar cost to the individual of purchasing the same merchandise under respondents' "rent-to-buy" plan, using the term "our total purchase price;" or

(b) the total charge for renting the same merchandise for twelve months, using the term "rent for one year."

In determining average retail price respondents shall conduct a statistical survey of ten principal retail establishments in their trade area to establish the average retail price of the same or comparable merchandise, and obtain and maintain for at least two years all documents establishing the manner in which the survey was conducted, including:

(I) the name(s) of respondents' representatives who performed the survey;

(II) the names of the retail establishments surveyed;

(III) the date(s) of the survey;

(IV) identification (including name of manufacturer and serial number) of the same or comparable merchandise surveyed;

(V) price at which the same or comparable merchandise was offered for sale by the retail establishments surveyed.

2. Representing, directly or by implication, that respondents will perform any service or offer any merchandise free of charge to any customer.

3. Engaging in the sale or rental of their merchandise without furnishing each customer with a document which may be retained at the outset of the transaction, setting forth in writing every term and condition of said sale or rental transaction in a clear, conspicuous and meaningful manner.

4. Misrepresenting, in any manner, the advantages, amounts, rates, terms or conditions of respondents' sale or rental plans.

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business or employment in which they are engaged as well as a description of their duties and responsibilities.

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

It is further ordered, That respondents notify the Commission at least 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 corporations which may affect compliance obligations arising out of the order.

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

IN THE MATTER OF

NEIGHBORHOOD PERIODICAL CLUB, INC.

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

Docket C-2246. Complaint, July 11, 1972—Decision, July 11, 1972.

Consent order requiring a Cincinnati, Ohio, seller and distributor of magazines and periodicals to cease, among other things, representing salesmen were conducting surveys or representing bona fide non-commercial organizations, when in fact, they were selling magazine subscriptions; representing publications and gift subscriptions as being free, when in fact, their cost was included in the price of the subscription contract; failing to cancel, upon request, a contract when representation has been made that the contract will be cancellable; misrepresenting the nature, kind or legal characteristics of any document; representing that any price is a special or reduced price unless it constitutes a significant reduction from respondent's established selling price; misrepresenting the action to be taken to effect payment of any alleged debt; and failing to disclose on any sales contract, adjacent to the customer's signature, the total cash price, the downpayment, the unpaid balance and the number or period of payments scheduled.

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 Neighborhood Periodical Club, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Neighborhood Periodical Club, Inc., is a corporation, existing and doing business under and by virtue of the laws of the State of New York, with its office and principle place of business located at 733 Washington Road, Pittsburgh, Pennsylvania.

PAR. 2. Respondent is engaged in the business of selling and distributing magazines and periodicals to the general public through its franchisees and sub-franchisees, sometimes referred to as Regional Franchise Operators (RFOs) and Local Franchise Operators (LFOs). Subscription contracts are sold on an installment basis (PDS) for a large number of publications through telephone and door-to-door solicitations. Respondent authorizes the use of four trade names under which subscriptions can be solicitated and written: Premium Readers'

Service, QM Readers' Service, Neighborhood Periodical Club, and Neighborhood Readers' Service.

PAR. 3. In the course and conduct of its business of selling magazines and distributing periodicals, respondent has entered into franchise agreements with various individuals and firms, and through representatives engaged by or through franchisees and sub-francisees, have induced members of the general public to subscribe to various publications.

Respondents, through its said franchisees, sub-franchisees, and representatives engaged by or through said franchisees and sub-franchisees, place into operation and, through various direct and indirect means and devices, control, direct and implement sales methods whereby members of the general public are contacted by telephone calls and door-to-door solicitations, and by means of statements, representations, acts and practices as hereinafter set forth, are induced to sign subscription contracts purporting to list publications of the purchasers' choice, a stated subscription period for each, and the terms and conditions for payments by installments for the purchase price.

The executed subscription contracts are thereafter forwarded through various representatives engaged by or for the franchisees and sub-franchisees to respondent for processing in the usual course of respondents' business. Repondent accepts the revenues flowing from said circulation, sale and distribution of the various publications offered.

In the manner aforesaid, respondent dominates, controls, furnishes the means, instrumentalities, services and facilities for, and condones, approves, and accepts the pecuniary and other benefits flowing from the acts, practices and policies hereinafter set forth of the franchisees, sub-franchisees, and their representatives engaged by or through said franchisees and sub-franchisees, hereinafter referred to as respondent's representatives.

PAR. 4. In the course and conduct of its business as aforesaid, respondent through its representatives, solicit subscriptions for magazines in the various States of the United States. Respondent now, and for some time last past, has transmitted and received, and caused to be transmitted and received, during the course of selling subscriptions, contracts, checks, collection notices and various other kinds of commercial paper and documents in commerce. The subscription contracts sold by respondents' representatives are sent from various states to respondent's place of business in the State of Pennsylvania and are then forwarded by respondent to various publishers, many of whom are located in states other than the State of Pennsylvania. Respondent thereby maintains, and at all times mentioned herein has maintained, a sub-

stantial course of trade in the sale of magazine subscriptions in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 5. In the course and conduct of its business as aforesaid, and for the purpose of inducing members of the general public to sign subscription contracts, respondent and its representatives utilize or display sales promotional materials or other means and instrumentalities furnished, approved or ratified by respondent. In conjunction therewith, respondent and its representatives have made oral statements and representations concerning the terms and conditions of said subscription contracts, their renewal or cancellation, special offers, the nature and purpose of the solicitation, and the identity of the solicitor. In the foregoing manner, respondent and its representatives have represented, directly or indirectly:

(a) That they are primarily conducting or participating in bona fide surveys, quizzes or contests.

(b) That their offers are being made only to specially selected persons.

(c) That they represent, or are performing services for bona fide non-commercial organizations.

(d) That publications or other products will be given free, or for the cost of mailing, handling, editing or printing said publications, or at special or reduced prices.

(e) That subscribers will be allowed to cancel the subscriptions if they should decide to do so.

(f) That a free gift subscription to a publication will be sent to a subscriber's friend or relative.

PAR. 6. In truth and in fact:

(a) Said representatives were not primarily conducting or participating in bona fide surveys, quizzes or contests, but to the contrary, were, and are, engaged in inducing the general public to sign subscription contracts in the manner aforesaid.

(b) Respondent's said offers were not being made only to specially selected persons, but to the contrary, were made to numerous members of the general public through frequent solicitations of broad segments thereof.

(c) Said representatives neither represented nor performed services for bona fide non-commercial organizations, but to the contrary, represented or performed services for respondent in the manner aforesaid.

(d) Publications or other products were not given free, nor solely for the cost of mailing, handling, editing or printing of said publications, nor at special or reduced prices. To the contrary, the subscription contracts provided for payment to cover respondent's regular or prevailing subscription contract prices.

(e) On a substantial number of occasions subscribers were not allowed to cancel their subscription contracts or were only allowed to do so after extended delay.

(f) Gift subscriptions to a person designated by the subscribers were not given free, but to the contrary, the cost of said gift subscriptions were included within the price of the subscription contract.

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

PAR. 7. In the further course and conduct of their business, and in furtherance of their purpose of inducing the purchase of and payment for said publications by the general public, respondent and its representatives, directly or indirectly, have engaged in the following additional acts and practices:

(a) In a substantial number of instances, they have stated approximate costs of a subscription contract on a weekly basis in conjunction with statements of typical subscription periods as, for example, a cost of "50 cents per week" and a period of 60 months. Respondent and its representatives falsely and deceptively fail to disclose, in connection with such statements, the material fact that their contracts seldom, if ever, provide for weekly installment payments, or for payments spread over 60 months. In truth and in fact, the contracts require monthly installment payments of substantially higher amounts over a substantially shorter period of time than stated during such oral presentations.

(b) In a substantial number of instances they have induced customers to sign a subscription contract by falsely and deceptively representing it to be a preference list, a guarantee, a route slip, or a document of an import or nature other than a subscription contract.

(c) In their efforts to collect what respondent and its representatives elect to treat as delinquent accounts of customers who have been induced to sign subscription contracts, they have resorted to telephone calls at unreasonable hours and other forms of harassment, by means of which they have unfairly, falsely and deceptively represented, directly or indirectly:

(1) That the general or public credit rating or standing of any such customer will be adversely affected unless payment is made;

(2) That the failure of a customer to remit money to respondents will result in the institution of legal action to effect payment; and

(3) That the failure of a customer to remit money to respondent will result in said customer's account being turned over to a bona fide, independent collection agency for collection.

In truth and in fact, respondent and its representatives seldom, if ever, take any action, including legal action or referral of said accounts to a bona fide, independent collection agency, which adversely affects the general or public credit rating of such subscribers.

(d) In a substantial number of instances, respondent has substituted publications for those originally contracted for by subscribers without first giving the subscriber an option to choose the substituted magazine or other publication, or to receive a full return with respect to the pro rata portion of the contract price representing the price of the undelivered issues of that magazine or other publication.

(e) In a substantial number of instances, respondent and its salesmen and solicitors have induced persons to sign subscription contracts without clearly, conspicuously, and adequately designating and disclosing:

(1) the total cash price,

(2) the downpayment,

(3) the unpaid balance of the cash price,

(4) the number, amount, and due dates or period of payments scheduled to satisfy the payment of the contract.

Therefore, respondent's 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. 8. In addition to the foregoing statements, representations, acts and practices, respondent has engaged in door-to-door solicitations of magazines subscriptions, either without prior invitations to solicit such sales from prospective purchasers or by using one or more of the deceptive means and methods aforesaid to gain access to prospective purchasers at times and under circumstances when such prospective purchasers were not otherwise considering the purchase of magazine subscriptions, and without either:

(a) Affirmatively stating and affording such purchasers the right to cancel any resulting subscription contract for a period of not less than 72 hours, or

(b) By refusing to honor any such right purportedly given either orally or in writing, or thwarting the exercise of any right so given. The solicitation of a subscription sale without permitting cancellation within a reasonable time constitutes an unfair, false, misleading and deceptive practice where such sale involves long term obligations on the part of the subscriber and where it is made under the conditions and circumstances herein alleged.

Therefore, respondent's acts and practices as set forth herein were,

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

PAR. 9. By and through the use of the aforesaid acts and practices, respondent places in the hands of others the means and instrumentalities by and through which they may mislead and deceive the public in the manner and as to the things hereinabove alleged.

PAR. 10. In the course and conduct of their business, and at all times mentioned herein, respondent has been, and now is, in substantial competition, in commerce, with corporations, firms and individuals in the sale of products of the same general kind and nature as that sold by respondent.

PAR. 11. The use by respondent of the aforesaid unfair and false, misleading and deceptive statements, representations and practices, and its 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 said products by reason of said erroneous and mistaken belief and unfairly into the assumption of debts and obligations and the payment of monies which they might otherwise not have done.

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

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and the 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 Neighborhood Periodical Club, 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 Fourth and Walnut Streets, Cincinnati, Ohio.

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

ORDER

It is ordered, That respondent Neighborhood Periodical Club, Inc., a corporation and its officers, representatives, employees, successor or assigns, franchisees, sub-franchisees, salesmen, agents or solicitors, and the men, agents or solicitors engaged by or through repondents' franchisees or sub-franchisees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of magazines or any other publications or merchandise, or subscription to purchase any such magazines or services, or in the collection or attempted collection of any delinquent or other subscription contract or other account, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or indirectly, that respondents are primarily conducting or participating in any survey, quiz or contest, or primarily are engaged in any activity other than soliciting business; or misrepresenting, in any manner, the purpose of the call or solicitation.

2. Representing, directly or indirectly, that any offer to sell said products or services is being made only to specially selected persons; or misrepresenting, in any manner, the persons or class of persons afforded the opportunity of purchasing respondents' products or services.

3. Representing that any sale or service is being performed for any organization, individual or firm other than one engaged in soliciting magazine subscriptions; or misrepresenting, in any

manner, the identity of the solicitor or of his firm and of the business they are engaged in.

4. Representing, directly or indirectly, that any merchandise or service is free, or is provided as a gift to either the subscriber or a person designated by him, or without cost or that any merchandise or service can be obtained free or as a gift or without cost or charge, in connection with the purchase of, or agreement to purchase any merchandise, or combination of merchandise or service, unless the stated price of the merchandise or service or combination thereof required to be purchased in order to obtain such free merchandise or gift is the same or less than the customary and usual price at which such merchandise or service or combination thereof required to be purchased has been sold separately from such free or gift item, for a substantial period of time in the recent and regular course of business in the trade area in which the representation is made.

5. Representing that any price is a special or reduced price unless it constitutes a significant reduction from respondent's established selling price at which such product or service has been sold in substantial quantities in the recent and regular course of trade; or misrepresenting, in any manner, the savings which will be accorded or made available to purchasers, or that any price for any product or service covers only the cost of mailing, handling, editing, printing, or any other element of cost, or is at or below cost.

6. Refusing or failing upon request to cancel a contract when the representation has been made, either directly or indirectly, that the contract will be cancellable.

7. Failing, clearly and unqualifiedly, to reveal at the initial contact or solicitation, and at all subsequent contacts or solicitations, of purchasers or prospective purchasers, whether directly or indirectly, or by telephone, written or printed communication, or person-to-person, that the purpose of such contact or solicitation is to sell publications, products or services, as the case may be, which purpose shall be identified with particularity at the time of each such contact or solicitation.

8. Making any reference or statement concerning "50¢ per week," "60 months," or any other statement as to a sum of money or duration or period of time in connection with a subscription contract or other purchase agreement which does not in fact provide, at the option of the purchaser, for the payment of the stated sum, at the stated interval, and over the stated duration or period

of time; or misrepresenting, in any manner, the terms, conditions, method, rate or time of payment actually made available to purchasers or prospective purchasers.

9. Representing, directly or indirectly, that a subscription contract or other purchase agreement is a "preference list," "guarantee" "route slip" or any kind of document other than a contract or agreement; or misrepresenting, in any manner, the nature, kind or legal characteristics of any document.

10. Failing, clearly and unqualifiedly, to reveal orally to each purchaser or prospective purchaser before execution, and in writing on each document, the identity and nature of any document, such as a "contract" they are requested or required to execute in connection with the purchase of any product or service; and orally that the terms of any such document are binding on the parties to the document.

11. Harassing customers in order to effect payment of any account by any means, including the following:

(a) Repeated telephone calls within the same day or week, abusive telephone calls, or telephone calls at unreasonable hours.

(b) The use of forms or any other items of printed or written matter purporting to be legal documents or process.

(c) Representations, direct or indirect, that in the event of non-payment or delinquency of any account or alleged debt arising from any subscription contract or other purchase agreement, the general or public credit rating or standing of any person may be adversely affected, unless respondents refer the information concerning such delinquency to a bona fide credit reporting agency.

(d) Representing that legal action may be instituted unless it is intended in good faith that such legal action be instituted; or misrepresenting in any manner the action to be taken or results of any action which may be taken to effect payment of any such account or alleged debt.

12. Contracting for any sale in the form of a subscription contract or other purchase agreement which shall become binding on the purchaser prior to a period of time not less than 72 hours after the date of signing by the purchaser.

13. Failing to disclose orally prior to the time of sale, and in writing on any subscription contract or other agreement with such conspicuousness and clarity as will be likely to be observed and read by such purchaser, that the purchaser may rescind or

cancel the sale by directing or mailing a notice of cancellation to respondent's or seller's address prior to 72 hours after the date of signing by the purchaser.

14. Failing to provide either on the contract or on a separate sheet a clearly understandable form which the purchaser may use as a notice of cancellation.

15. If coupon books are used, failing to include with each coupon book furnished to a subscriber:

(a) a legend, on the cover, stating "check the number of coupons in this book and their amounts against your original subscription contract: (See Page 1)."

(b) a statement, on the first separate inside page, showing the total number of coupons in the book, the dollar amount of each coupon and the total dollar amount of all such coupons;

(c) the address, on the cover or first separate inside page, of respondent, its successors, assigns or seller of the products.

16. Failing to furnish to each subscriber at the time of his signing of the subscription contract a duplicate original of the contract showing the exact number and name of the magazines or other publications to which the purchaser is subscribing, the number of issues for each, and the total price for each magazine subscription and for all such magazines; *Provided, however*, as an alternative, the total price for each magazine subscription may be furnished on a separate schedule attached to each of said contracts.

17. Cancelling a subscription contract for any reason other than a breach by the subscriber without either arranging for the delivery of publications already paid for or promptly refunding money on a pro rata basis for all undelivered issues of publications for which payment has been made in advance.

18. In the event of the discontinuance of publication, or other unavailability, of any magazines subscribed for, at any time during the life of the contract, failing to offer the subscriber the right to substitute one or more magazines or other publications, or the extension of subscription periods of magazines already selected.

19. Failing or refusing to cancel, at the subscriber's request all or any portion of a subscription contract whenever respondent in good faith finds that any misrepresentation prohibited by this order has been made.

20. Failing to clearly, conspicuously, and adequately designate and disclose both orally, and in writing on the subscription con-

tract on the same side of the page and above or adjacent to the place for the customer's signature:

(a) the total cash price,

(b) the downpayment,

(c) the unpaid balance of the cash price,

(d) the amount financed, if any,

(e) the rate of the finance charge, if any, expressed as the annual percentage rate, and

(f) the number, amount, and due dates or period of payments scheduled to satisfy the payment of the contract.

21. Furnishing or otherwise placing in the hands of others the means and instrumentalities by and through which the public may be misled or deceived in the manner or by the acts and practices prohibited by this order.

It is further ordered:

(a) That respondent herein deliver, or have delivered, a copy of this order, or the contents of this order, to each of its present and future dealers or franchisees. licensees, employees, salesmen, agents, solicitors, independent contractors, or other representatives who sell, promote or distribute the products or services included in this order.

(b) That respondent herein deliver or have delivered to each person so described in Paragraph (a) above a form clearly stating such person's intention to be bound by and to conform his business practices to the requirements of this order, a copy of which shall be forwarded to the respondent.

(c) That respondent inform or have informed all such present and future dealers or franchisees, licensees, employees, salesmen, agents, solicitors, independent contractors, or other representatives who sell, promote or distribute the products or services included in this order that the respondent shall not use any third party, or the services of any third party for the solicitation of magazine subscriptions unless such third party agrees that it will be bound by the provisions contained in this order and the respondent is so informed.

(d) If such third party will not so agree the respondent shall not use such third party or the services of such third party to solicit subscriptions.

(e) That respondent so inform or have informed the persons so engaged that the respondent is obligated by this order to discontinue dealing with those persons who continue on their own the deceptive acts or practices prohibited by this order.

(f) That respondent institute a program of continuing surveillance to reveal whether the business operations of each of said persons so engaged conform to the requirements of this order; and

(g) That respondent upon receiving information or knowledge from any source concerning two or more bona fide complaints prohibited by this order against any franchisee, his employees or agents during any one-month period will be responsible for either ending said practices or securing the termination of the franchisee or the employment of the offending employee or agent.

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

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

IN THE MATTER OF

McMAHANS FURNITURE ENTERPRISES, ET AL.

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

Docket C-2247. Complaint, July 12, 1972—Decision, July 12, 1972.

Consent order requiring a Santa Monica, California, furniture retailer and 43 related furniture retailers, among other things, to cease violating the Truth in Lending Act by failing to disclose to customers the annual percentage rate, the total number of payments, the method of computing penalty charges, the cash price, the unpaid balance of the cash price, the deferred payment price, the cash downpayment required and other disclosures required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the regulations promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by the said Acts, the Federal Trade Commission, having reason to believe that the parties named in the caption hereof and more particularly described and referred to hereinafter as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it

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

PARAGRAPH 1. Respondent McMahans Furniture Enterprises is a partnership organized, existing and doing business in the State of California, trading and doing business as McMahans—Norwalk, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents McMahans of Bakersfield, McMahans of Delano, McMahans of Inglewood, and McMahans of Bellflower are corporations organized, existing and doing business under and by virtue of the laws of the State of California, and they, and respondent Raymond McLaughlin, an individual, are also co-partners trading and doing business as the said McMahans Furniture Enterprises. The said corporations and individual formulate, direct, and control the policies, acts, and practices of the said partnership and their office and principal place of business is the same as that of the said partnership.

Respondents Ivers Furniture Co., McMahans of Corcoran, McMahan Furniture of Reno, Inc., and McMahans of Huntington Park are corporations organized, existing and doing business under and by virtue of the laws of the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent McMahans of Redondo Beach is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, trading and doing business as McMahans of Lawndale, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents McMahan Furniture Company—East Bakersfield—Taft, McMahan Furniture Company—Culver City, McMahan Furniture Company—Crenshaw, and McMahans—Del Amo are partnerships organized, existing and doing business in the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Jacqueline McMahan and James A. McMahan are individuals and co-partners trading and doing business as the said McMahan Furniture Company—East Bakersfield—Taft, as the said McMahan Furniture Company—Culver City, as the said McMahan Furniture Company—Crenshaw, and as the said McMahans—Del Amo. They formulate, direct, and control the policies, acts, and practices of the said partnerships and their address is the same as that of the said partnerships.

The said respondent James A. McMahan is also an officer of the said McMahans of Bakersfield, McMahans of Delano, McMahans of

Inglewood, McMahans of Bellflower, Ivers Furniture Co., McMahans of Corcoran, McMahans Furniture of Reno, Inc., McMahans of Huntington Park, and McMahans of Redondo Beach, and is an individual trading and doing business as McMahans of Wasco and McMahans of Valley Plaza, with his office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California. He formulates, directs, and controls the policies, acts, and practices of the said corporations and the said proprietorships.

Respondents McMahans of Pasadena, McMahans of North Hollywood, McMahans of Van Nuys, McMahans of Glendale, McMahans of Eureka, McMahans of San Fernando, and McMahans of Sacramento are corporations organized, existing and doing business under and by virtue of the laws of the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent McMahans Furniture Company—Redding is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent McMahans of Burbank is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, and it, and respondents J. M. Schaaf and Julian A. Ganz, Jr., individuals, are co-partners trading and doing business as the said McMahan Furniture Company—Redding. The said corporation and individuals formulate, direct, and control the policies, acts, and practices of the said partnership and their office and principal place of business is the same as that of the said partnership.

Respondent McMahans Furniture Company—Klamath Falls is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents McMahans of Lancaster and McMahans of Marysville are corporations organized, existing and doing business under and by virtue of the laws of the State of California, and they, and the said respondent Julian A. Ganz, Jr., are also co-partners trading and doing business as the said McMahans Furniture Company—Klamath Falls. The said corporations and individual formulate, direct, and control the policies, acts, and practices of the said partnership and their office and principal place of business is the same as that of the said partnership.

Respondent McMahans Furniture Company of Van Nuys is a partnership organized, existing, and doing business in the State of Cali-

fornia, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Julian A. Ganz, Jr., and Thomas E. Inch are individuals and co-partners trading and doing business as the said McMahans Furniture Company of Van Nuys. They formulate, direct, and control the policies, acts, and practices of the said partnership and their address is the same as that of the said partnership.

Respondent McMahan Furniture Company—Chico #34 is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents J. M. Schaaf and Julian A. Ganz, Jr., are individuals and co-partners trading and doing business as the said McMahan Furniture Company—Chico #34. They formulate, direct, and control the policies, acts, and practices of the said partnership and their address is the same as that of the said partnership.

Respondent McMahans Furniture Company—Reseda #22 is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Thomas E. Inch and Rebecca Inch are individuals and co-partners trading and doing business as the said McMahans Furniture Company—Reseda #22. They formulate, direct, and control the policies, acts, and practices of the said partnership and their address is the same as that of the said partnership.

The said respondent J. M. Schaaf is also an officer of the said McMahans of Huntington Park, McMahans of Pasadena, McMahans of North Hollywood, McMahans of Van Nuys, McMahans of Glendale, McMahans of Eureka, McMahans of Burbank, and McMahans of Lancaster. He formulates, directs, and controls the policies, acts, and practices of the said corporations and his address is the same as that of the said corporations.

The said respondent Julian A. Ganz, Jr., is also an officer of the said McMahans of Glendale, McMahans of Eureka, McMahans of San Fernando, McMahans of Sacramento, McMahans of Lancaster, and McMahans of Marysville. He formulates, directs, and controls the policies, acts, and practices of the said corporations and his address is the same as that of the said corporations.

Respondent McMahans of Baldwin Park is a corporation organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents McMahan Furniture Company—Monrovia and McMahan Furniture Company—El Monte are partnerships organized, existing and doing business in the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent McMahan Furniture Company—Alhambra is a partnership organized, existing and doing business in the State of California, trading and doing business as McMahan Furniture Company—Azusa, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Raymond E. McCasline and Marjorie McCasline are individuals, officers of the said McMahans of Baldwin Park, and co-partners trading and doing business as the said McMahan Furniture Company—Monrovia, as the said McMahan Furniture Company—El Monte, and as the said McMahan Furniture Company—Alhambra. They formulate, direct, and control the policies, acts, and practices of the said corporation and of the said partnerships and their address is the same as that of the said corporation and partnerships.

Respondents McMahans of East Long Beach and McMahans of San Pedro are corporations organized, existing and doing business under and by virtue of the laws of the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent Delia J. McMahan is an officer of the said McMahans of East Long Beach and McMahans of San Pedro. She formulates, directs, and controls the policies, acts, and practices of the said corporations and her address is the same as that of the said corporations.

Respondent McMahans Furniture Company of Long Beach is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Delia J. McMahan, Jesslyn Pesante, and Janice Pesante are individuals and co-partners trading and doing business as the said McMahans Furniture Company of Long Beach. They formulate, direct, and control the policies, acts, and practices of the said partnership and their address is the same as that of the said partnership.

Respondent McMahans Furniture Company—Wilmington is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Dale Corporation and R. H. Pesante Corporation are

corporations organized, existing and doing business under and by virtue of the laws of the State of California, and they, and respondent Russel H. Pesante, an individual, are co-partners trading and doing business as McMahans Furniture Company—Wilmington. The said corporations and individual formulate, direct, and control the policies, acts, and practices of the said partnerships and their office and principal place of business is the same as that of the said partnership.

The said respondent Russel H. Pesante is also an officer of the said Dale Corporation and R. H. Pesante Corporation. He formulates, directs, and controls the policies, acts, and practices of the said corporations and his address is the same as that of the said corporations.

PAR. 2. Respondents are now, and for many years have been, engaged in the offering for sale, sale, and distribution of furniture and other merchandise to the public through retail stores.

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

PAR. 4. Subsequent to July 1, 1969, respondents, with the exception of McMahans Furniture of Reno, Inc., a corporation, and James A. McMahan, as an officer of McMahans Furniture of Reno, Inc., in the ordinary course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are causing their customers to execute open end credit account contracts. Said contracts constitute the only disclosure of consumer credit terms made to the customer before the first transaction is made on his open end credit account. Said contracts:

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

2. Fail to disclose the conditions under which a finance charge may be imposed, including an explanation of the time period, if any, within which any credit extended may be paid without incurring a finance charge, as prescribed by Section 226.7(a)(1) of Regulation Z.

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

4. Fail to disclose the minimum periodic payment required, as prescribed by Section 226.7(a)(8) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondents, with the exception of McMahans Furniture of Reno, Inc., a corporation, and James A.

McMahan, as an officer of McMahans Furniture of Reno, Inc., in the ordinary course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have mailed or delivered periodic billing statements to their open end credit account customers. Said periodic billing statements constitute the only disclosure to the consumer of activity in his open end credit account during the period. Said periodic billing statements:

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

2. Fail to set forth payments and credits, using those terms, as prescribed by Section 226.7(b)(3) of Regulation Z.

3. Fail to set forth the balance on which the finance charge was computed, and a statement of how that balance was determined, as prescribed by Section 226.7(b)(8) of Regulation Z.

4. Fail to set forth the closing date of the billing cycle or a statement of the date by which, or the period, if any, within which, payment must be made to avoid additional finance charges, as prescribed by Section 226.7(b)(9) of Regulation Z.

5. Fail to disclose on the face of the periodic statement the annual percentage rates and the amount of the balance to which each rate is applicable, as prescribed by Section 226.7(c)(1) of Regulation Z.

6. Fail to make a reference to the balance on which the finance charge was computed, in conjunction with the disclosures of the periodic rates and the annual percentage rates, either together on the face or reverse side of the periodic statement, or on the face of a single supplemental statement accompanying the periodic statement, as prescribed by Section 226.7(c)(2) of Regulation Z.

7. Disclose the periodic rates, the annual percentage rates, the statement of how the balance on which the finance charge was computed was determined, and the statement of the period within which payment must be made to avoid additional finance charges, on the reverse side of the periodic statement without incorporating verbatim on the face thereof the following notice: "NOTICE: See reverse side for important information," as prescribed by Section 226.7(c)(3) of Regulation Z.

8. Separate the disclosures so as to confuse or mislead the customer or obscure or detract attention from the information required to be disclosed, in violation of Section 226.7(c)(4) of Regulation Z.

PAR. 6. Subsequent to July 1, 1969, respondents McMahans Furniture of Reno, Inc., a corporation, and James A. McMahan, individually and as an officer of McMahans Furniture of Reno, Inc., in the ordinary

course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are causing their customers to execute retail installment sales contracts. Said contracts constitute the only disclosure of consumer credit terms made to the customer before a transaction involving the extension of other than open end credit is consummated. Said contracts:

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

2. Disclose the method of computing the amount of any delinquency charges payable in the event of late payments, the description or identification of the type of security interest to be retained by the creditor in connection with the extension of credit, and the identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, on the back of the said contracts, while the other required disclosures are made, if at all, on the front side of the said contracts, without making the statement, "NOTICE: See other side for important information," on both sides and following the full content of the document, as prescribed by Section 226.8 of Regulation Z.

3. Fail to disclose the number of payments scheduled to repay the indebtedness, and the sum of such payments using the term "total of payments," as prescribed by Section 226.8(b)(3) of Regulation Z.

4. Fail to use the term "cash price" to describe the cash price of the property purchased, as prescribed by Section 226.8(c)(1) of Regulation Z.

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

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

7. Fail to use the term "unpaid balance" to describe the sum of the unpaid balance of cash price and all other charges which are included in the amount financed but which are not a part of the finance charge, as prescribed by Section 226.8(c)(5) of Regulation Z.

8. Fail to use the term "amount financed" to describe the difference between the unpaid balance and any amounts required to be deducted under Paragraph (e) of Section 226.8 of Regulation Z, as prescribed by Section 226.8(c)(7) of Regulation Z.

9. Fail to use the term "deferred payment price" to describe the sum of the cash price, all other charges which are included in the amount

financed but which are not part of the finance charge, and the finance charge, as prescribed by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 7. Subsequent to July 1, 1969, respondents McMahans Furniture of Reno, Inc., a corporation, and James A. McMahan, individually and as an officer of McMahans Furniture of Reno, Inc., in the ordinary course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have mailed or delivered periodic billing statements to their other than open end credit account customers. These statements fail to set forth therein the annual percentage rate or rates applicable to transactions tabulated therein, as prescribed by Section 226.8(n)(1) of Regulation Z.

PAR. 8. Subsequent to July 1, 1969, respondents McMahans of Inglewood, a corporation, and McMahans of Bellflower, a corporation, and McMahans of Huntington Park, a corporation, and McMahans of Redondo Beach, a corporation trading and doing business as McMahans of Lawndale, and McMahan Furniture Company—Culver City, a partnership, and McMahan Furniture Company—Crenshaw, a partnership, and Jacqueline McMahan, individually, and as a co-partner trading and doing business as McMahan Furniture Company—Culver City, and as McMahan Furniture Company—Crenshaw, and James A. McMahan, individually, and as an officer of McMahans of Inglewood, McMahans of Bellflower, McMahans of Huntington Park, and McMahans of Redondo Beach, and as a co-partner trading and doing business as McMahan Furniture Company—Culver City, and as McMahans Furniture Company—Crenshaw, and trading and doing business as McMahans of Valley Plaza, and McMahans of Pasadena, a corporation, and McMahans of North Hollywood, a corporation, and McMahans of Van Nuys, a corporation, and McMahans of Glendale, a corporation, and McMahans of San Fernando, a corporation, and McMahans of Lancaster, a corporation, and McMahans Furniture Company of Van Nuys, a partnership, and McMahans Furniture Company—Reseda #22, a partnership, and J. M. Schaaf, individually, and as an officer of McMahans of Huntington Park, McMahans of Pasadena, McMahans of North Hollywood, McMahans of Van Nuys, McMahans of Glendale, and McMahans of Lancaster, and Julian A. Ganz, Jr., individually and as an officer of McMahans of Glendale, McMahans of San Fernando, and McMahans of Lancaster, and as a co-partner trading and doing business as McMahans Furniture Company of Van Nuys, and Thomas E. Inch, individually, and as a co-partner trading and doing business as McMahans Furniture Company of Van Nuys, and as McMahans Furniture Company—Reseda #22, and Rebecca Inch, individually, and as a co-partner trading and doing business as

McMahans Furniture Company—Reseda #22, and McMahans of Baldwin Park, a corporation, and McMahan Furniture Company—Monrovia, a partnership, and McMahans Furniture Company—El Monte, a partnership, and McMahan Furniture Company—Alhambra, a partnership trading and doing business as McMahan Furniture Company—Azusa, and Raymond E. McCasline and Marjorie McCasline, individually, and as officers of McMahans of Baldwin Park, and as co-partners trading and doing business as McMahan Furniture Company—Monrovia, as McMahans Furniture Company—El Monte, and as McMahan Furniture Company—Alhambra, and McMahans of East Long Beach, a corporation, and McMahans of San Pedro, a corporation, and McMahans Furniture Company of Long Beach, a partnership, and Delia J. McMahan, individually, and as an officer of McMahans of East Long Beach, and McMahans of San Pedro, and as a co-partner trading and doing business as McMahans Furniture Company of Long Beach, and Jesslyn Pesante, and Janice Pesante, individually, and as co-partners trading and doing business as McMahans Furniture Company of Long Beach, and McMahans Furniture Company—Wilmington, a partnership, and Dale Corporation, and R. H. Pesante Corporation, corporations, as co-partners trading and doing business as McMahans Furniture Company—Wilmington, and Russel H. Pesante, individually, and as an officer of Dale Corporation, and R. H. Pesante Corporation, and as a co-partner trading and doing business as McMahans Furniture Company—Wilmington, in the ordinary course and conduct of their business as aforesaid, have caused to be published advertisements of their goods, as "advertisement" is defined in Regulation Z, which advertisements aid, promote, or assist, directly or indirectly, the extension of open end credit in connection with the sale of these goods. By and through the use of these advertisements, the said respondents have set forth that a specified periodic payment is required without clearly and conspicuously setting forth all the following items in terminology prescribed under Section 226.7(b) of Regulation Z, as prescribed by Section 226.10(c) thereof:

(i) An explanation of the time period, if any, within which any credit extended may be paid without incurring a finance charge.

(ii) The method of determining the balance upon which a finance charge may be imposed.

(iii) The method of determining the amount of the finance charge, including the determination of any minimum, fixed, check service, transaction, activity, or similar charge, which may be imposed as a finance charge.

(iv) Where one or more periodic rates may be used to compute the finance charge, each such rate, the range of balances to which it is

applicable, and the corresponding annual percentage rate determined by multiplying the periodic rate by the number of periods in a year.

(v) The conditions under which any other charges may be imposed, and the method by which they will be determined.

(vi) The minimum periodic payments required.

PAR. 9. 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, 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 McMahans Furniture Enterprises is a partnership organized, existing and doing business in the State of California, trad-

ing and doing business as McMahans—Norwalk, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents McMahans of Bakersfield, McMahans of Delano, McMahans of Inglewood, and McMahans of Bellflower are corporations organized, existing and doing business under and by virtue of the laws of the State of California, and they, and respondent Raymond McLaughlin, an individual, are also co-partners trading and doing business as the said McMahans Furniture Enterprises. The said corporations and individual formulate, direct, and control the policies, acts, and practices of the said partnership and their office and principal place of business is the same as that of the said partnership.

Respondents Ivers Furniture Co., McMahans of Corcoran, McMahans Furniture of Reno, Inc., and McMahans of Huntington Park are corporations organized, existing and doing business under and by virtue of the laws of the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent McMahans of Redondo Beach is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, trading and doing business as McMahans of Lawndale, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents McMahan Furniture Company—East Bakersfield—Taft, McMahan Furniture Company—Culver City, McMahan Furniture Company—Crenshaw, and McMahans—Del Amo are partnerships organized, existing and doing business in the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Jacqueline McMahan and James A. McMahan are individuals and co-partners trading and doing business as the said McMahan Furniture Company—East Bakersfield—Taft, as the said McMahan Furniture Company—Culver City, as the said McMahan Furniture Company—Crenshaw, and as the said McMahans—Del Amo. They formulate, direct, and control the policies, acts, and practices of the said partnerships and their address is the same as that of the said partnerships.

The said respondent James A. McMahan is also an officer of the said McMahans of Bakersfield, McMahans of Delano, McMahans of Inglewood, McMahans of Bellflower, Ivers Furniture Co., McMahans of Corcoran, McMahans Furniture of Reno, Inc., McMahans of Huntington Park, and McMahans of Redondo Beach, and is an in-

dividual trading and doing business as McMahans of Wasco and McMahans of Valley Plaza, with his office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California. He formulates, directs, and controls the policies, acts, and practices of the said corporations and the said proprietorships.

Respondents McMahans of Pasadena, McMahans of North Hollywood, McMahans of Van Nuys, McMahans of Glendale, McMahans of Eureka, McMahans of San Fernando, and McMahans of Sacramento are corporations organized, existing and doing business under and by virtue of the laws of the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent McMahans Furniture Company—Redding is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent McMahans of Burbank is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, and it, and respondents J. M. Schaaf and Julian A. Ganz, Jr., individuals, are co-partners trading and doing business as the said McMahan Furniture Company—Redding. The said corporation and individuals formulate, direct, and control the policies, acts, and practices of the said partnership and their office and principal place of business is the same as that of the said partnership.

Respondent McMahans Furniture Company—Klamath Falls is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents McMahans of Lancaster and McMahans of Marysville are corporations organized, existing, and doing business under and by virtue of the laws of the State of California, and they, and the said respondent Julian A. Ganz, Jr., are also co-partners trading and doing business as the said McMahans Furniture Company—Klamath Falls. The said corporations and individual formulate, direct, and control the policies, acts, and practices of the said partnership and their office and principal place of business is the same as that of the said partnership.

Respondent McMahans Furniture Company of Van Nuys is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Julian A. Ganz, Jr., and Thomas E. Inch are individuals and co-partners trading and doing business as the said

McMahans Furniture Company of Van Nuys. They formulate, direct, and control the policies, acts, and practices of the said partnership and their address is the same as that of the said partnership.

Respondent McMahan Furniture Company—Chico #34 is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents J. M. Schaaf and Julian A. Ganz, Jr., are individuals and co-partners trading and doing business as the said McMahan Furniture Company—Chico #34. They formulate, direct, and control the policies, acts, and practices of the said partnership and their address is the same as that of the said partnership.

Respondent McMahans Furniture Company—Reseda #22 is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Thomas E. Inch and Rebecca Inch are individuals and co-partners trading and doing business as the said McMahans Furniture Company—Reseda #22. They formulate, direct, and control the policies, acts, and practices of the said corporations and their address is the same as that of the said corporations.

The said respondent J. M. Schaaf is also an officer of the said McMahans of Huntington Park, McMahans of Pasadena, McMahans or North Hollywood, McMahans of Van Nuys, McMahans of Glendale, McMahans of Eureka, McMahans of Burbank, and McMahans of Lancaster. He formulates, directs, and controls the policies, acts, and practices of the said corporations and his address is the same as that of the said corporations.

The said respondent Julian A. Ganz, Jr., is also an officer of the said McMahans of Glendale, McMahans of Eureka, McMahans of San Fernando, McMahans of Sacramento, McMahans of Lancaster, and McMahans of Marysville. He formulates, directs, and controls the policies, acts, and practices of the said corporations and his address is the same as that of the said corporations.

Respondent McMahans of Baldwin Park is a corporation organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents McMahan Furniture Company—Monrovia and McMahan Furniture Company—El Monte are partnerships organized, existing and doing business in the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent McMahan Furniture Company—Alhambra is a partnership organized, existing and doing business in the State of California, trading and doing business as McMahan Furniture Company—Azusa, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Raymond E. McCasline and Marjorie McCasline are individuals, officers of the said McMahans of Baldwin Park, and co-partners trading and doing business as the said McMahan Furniture Company—Monrovia, as the said McMahan Furniture Company—El Monte, and as the said McMahan Furniture Company—Alhambra. They formulate, direct, and control the policies, acts and practices of the said corporation and of the said partnerships and their address is the same as that of the said corporation and partnerships.

Respondents McMahans of East Long Beach and McMahans of San Pedro are corporations organized, existing and doing business under and by virtue of the laws of the State of California, with their office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondent Delia J. McMahan is an officer of the said McMahans of East Long Beach and McMahans of San Pedro. She formulates, directs, and controls the policies, acts, and practices of the said corporations and her address is the same as that of the said corporations.

Respondent McMahans Furniture Company of Long Beach is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Delia J. McMahan, Jesslyn Pesante, and Janice Pesante are individuals and co-partners trading and doing business as the said McMahans Furniture Company of Long Beach. They formulate, direct, and control the policies, acts, and practices of the said partnership and their address is the same as that of the said partnership.

Respondent McMahans Furniture Company—Wilmington is a partnership organized, existing, and doing business in the State of California, with its office and principal place of business located at 2121 Wilshire Boulevard, Santa Monica, California.

Respondents Dale Corporation and R. H. Pesante Corporation are corporations organized, existing, and doing business under and by virtue of the laws of the State of California, and they, and respondent Russel H. Pesante, an individual, are co-partners trading and doing business as McMahans Furniture Company—Wilmington. The said corporations and individual formulate, direct, and control the poli-

cies, acts, and practices of the said partnership and their office and principal place of business is the same as that of the said partnership.

The said respondent Russel H. Pesante is also an officer of the said Dale Corporation and R. H. Pesante Corporation. He formulates, directs, and controls the policies, acts, and practices of the said corporations and his address is the same as that of the said corporations.

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

ORDER

It is ordered, That respondents McMahans Furniture Enterprises, a partnership trading and doing business as McMahans—Norwalk, and McMahans of Bakersfield, McMahans of Delano, McMahans of Inglewood, and McMahans of Bellflower, corporations, trading and doing business under their own names and as co-partners trading and doing business as McMahans Furniture Enterprises, and their officers, and Raymond McLaughlin, individually, and as a co-partner trading and doing business as McMahans Furniture Enterprises, and Ivers Furniture Co., a corporation, and its officers, and McMahans of Corcoran, a corporation, and its officers, and McMahans Furniture of Reno, Inc., a corporation, and its officers, and McMahans of Huntington Park, a corporation, and its officers, and McMahans of Redondo Beach, a corporation trading and doing business as McMahans of Lawndale, and its officers, and McMahan Furniture Company—East Bakersfield—Taft, a partnership, and McMahan Furniture Company—Culver City, a partnership, and McMahan Furniture Company—Crenshaw, a partnership, and McMahans—Del Amo, a partnership, and Jacqueline McMahan, individually, and as a co-partner trading and doing business as McMahan Furniture Company—East Bakersfield—Taft, McMahan Furniture Company—Culver City, McMahan Furniture Company—Crenshaw, and McMahans—Del Amo, and James A. McMahan, individually, and as an officer of McMahans of Bakersfield, McMahans of Delano, McMahans of Inglewood, McMahans of Bellflower, Ivers Furniture Co., McMahans of Corcoran, McMahans Furniture of Reno, Inc., McMahans of Huntington Park, and McMahans of Redondo Beach, and as a co-partner trading and doing business as McMahan Furniture Company—East Bakersfield—Taft, as McMahan Furniture Company—Culver City, as McMahan Furniture Company—Crenshaw, and as McMahans—Del Amo, and trading and doing business as McMahans of Wasco, and as McMahans of Valley Plaza, and Mc-

Mahans of Pasadena, a corporation, and its officers, and McMahans of North Hollywood, a corporation, and its officers, and McMahans of Van Nuys, a corporation, and its officers, and McMahans of Glendale, a corporation, and its officers, and McMahans of Eureka, a corporation, and its officers, and McMahans of San Fernando, a corporation, and its officers, and McMahans of Sacramento, a corporation, and its officers, and McMahans Furniture Company—Redding, a partnership, and McMahans of Burbank, a corporation, as a co-partner trading and doing business as McMahans Furniture Company—Redding, and its officers, and McMahans Furniture Company—Klamath Falls, a partnership, and McMahans of Lancaster, and McMahans of Marysville, corporations, trading and doing business under their own names and as co-partners trading and doing business as McMahans Furniture Company—Klamath Falls, and their officers, and McMahans Furniture Company of Van Nuys, a partnership, and McMahan Furniture Company—Chico #34, a partnership, and McMahans Furniture Company—Reseda #22, a partnership, and J. M. Schaaf, individually, and as an officer of McMahans of Huntington Park, McMahans of Pasadena, McMahans of North Hollywood, McMahans of Van Nuys, McMahans of Glendale, McMahans of Eureka, McMahans of Burbank, and McMahans of Lancaster, and as a co-partner trading and doing business as McMahans Furniture Company—Redding, and as McMahan Furniture Company—Chico #34, and Julian A. Ganz, Jr., individually, and as an officer of McMahans of Glendale, McMahans of Eureka, McMahans of San Fernando, McMahans of Sacramento, McMahans of Lancaster, and McMahans of Marysville, and as a co-partner trading and doing business as McMahans Furniture Company—Redding, as McMahans Furniture Company—Klamath Falls, as McMahans Furniture Company of Van Nuys, and as McMahan Furniture Company—Chico #34, and Thomas E. Inch, individually, and as a co-partner trading and doing business as McMahans Furniture Company of Van Nuys and as McMahans Furniture Company—Reseda #22, and Rebecca Inch, individually and as a co-partner trading and doing business as McMahans Furniture Company—Reseda #22, and McMahans of Baldwin Park, a corporation, and its officers, and McMahan Furniture Company—Monrovia, a partnership, and McMahans Furniture Company—Alhambra, a partnership trading and doing business as McMahan Furniture Company—Azusa, and Raymond E. McCasline, and Marjorie McCasline, individually, and as officers of McMahans of Baldwin Park, and as co-partners trading and doing business as McMahan Furniture Company—Monrovia, as McMahans Furniture Company—El Monte, and as McMahan Furni-

ture Company—Alhambra, and McMahans of East Long Beach, a corporation, and its officers, and McMahans of San Pedro, a corporation, and its officers, and McMahans Furniture Company of Long Beach, a partnership, and Delia J. McMahan, individually, and as an officer of McMahans of East Long Beach, and McMahans of San Pedro, and as a co-partner trading and doing business as McMahans Furniture Company of Long Beach, and Jesslyn Pesante, and Janice Pesante, individually, and as co-partners trading and doing business as McMahans Furniture Company of Long Beach, and McMahans Furniture Company—Wilmington, a partnership, and Dale Corporation, and R. H. Pesante Corporation, corporations, as co-partners trading and doing business as McMahans Furniture Company—Wilmington, and their officers, and Russel H. Pesante, individually, and as an officer of Dale Corporation, and R. H. Pesante Corporation, and as a co-partner trading and doing business as McMahans Furniture Company—Wilmington, and respondents' representatives, agents, and employees, their successors and assigns, directly or through any corporation, subsidiary, division 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 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

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

2. Failing to disclose the conditions under which a finance charge may be imposed, including an explanation of the time period, if any, within which any credit extended may be paid without incurring a finance charge, as prescribed by Section 226.7 (a) (1) of Regulation Z.

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

4. Failing to disclose the minimum periodic payment required, as prescribed by Section 226.7(a) (8) of Regulation Z.

5. Failing to set forth payments and credits, using those terms, as prescribed by Section 226.7(b) (3) of Regulation Z.

6. Failing to set forth the balance on which the finance charge was computed, and a statement of how that balance was determined, as prescribed by Section 226.7(b) (8) of Regulation Z.

7. Failing to set forth the closing date of the billing cycle or a statement of the date by which, or the period, if any, within

which, payment must be made to avoid additional finance charges, as prescribed by Section 226.7(b)(9) of Regulation Z.

8. Failing to disclose on the face of the periodic statement the annual percentage rates and the amount of the balance to which each rate is applicable, as prescribed by Section 226.7(c)(1) of Regulation Z.

9. Failing to make a reference to the balance on which the finance charge was computed, in conjunction with the disclosures of the periodic rates and the annual percentage rates, either together on the face or reverse side of the periodic statement, or on the face of a single supplemental statement accompanying the periodic statement, as prescribed by Section 226.7(c)(2) of Regulation Z.

10. Disclosing the periodic rates, the annual percentage rates, the statement of how the balance on which the finance charge was computed was determined, or the statement of the period within which payment must be made to avoid additional finance charges, on the reverse side of the periodic statement without incorporating *verbatim* on the face thereof the following notice: "NOTICE: See reverse side for important information," as prescribed by Section 226.7(c)(3) of Regulation Z.

11. Separating the disclosures so as to confuse or mislead the customer or obscure or detract attention from the information required to be disclosed, in violation of Section 226.7(c)(4) of Regulation Z.

12. Disclosing the method of computing the amount of any delinquency charges payable in the event of late payments, the description or identification of the type of security interest to be retained by the creditor in connection with the extension of credit, the identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, or any other required disclosure, on the back of retail installment sales contracts, while making other required disclosures on the front of the said contracts, without making the statement, "NOTICE: See other side for important information," on both sides providing the place for the customer's signature following the full content of the document, as prescribed by Section 226.8 of Regulation Z.

13. Failing to disclose the number of payments scheduled to repay the indebtedness, and the sum of such payments using the term "total of payments," as prescribed by Section 226.8(b)(3) of Regulation Z.

14. Failing to use the term "cash price" to describe the cash

price of the property purchased, as prescribed by Section 226.8 (c) (1) of Regulation Z.

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

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

17. Failing to use the term "unpaid balance" to describe the sum of the unpaid balance of cash price and all other charges which are included in the amount financed but which are not part of the finance charge, as prescribed by Section 226.8(c) (5) of Regulation Z.

18. Failing to use the term "amount financed" to describe the difference between the unpaid balance and any amounts required to be deducted under Paragraph (e) of Section 226.8 of Regulation Z, as prescribed by Section 226.8(c) (7) of Regulation Z.

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

20. Failing to set forth in periodic billing statements the annual percentage rate or rates, as prescribed by Section 226.8(n) (1) of Regulation Z.

21. Representing, directly or by implication, in any advertisement, as "advertisement" is defined in Regulation Z, any of the terms described in Section 226.7(a) of Regulation Z, the comparative index of credit cost, or that no downpayment, a specified downpayment, or a specified periodic payment is required or any of the following items unless it also clearly and conspicuously sets forth all the following items in terminology prescribed under Section 226.7(b) of Regulation Z:

(i) An explanation of the time period, if any, within which any credit extended may be paid without incurring a finance charge.

(ii) The method of determining the balance upon which a finance charge may be imposed.

(iii) The method of determining the amount of the finance charge, including the determination of any minimum, fixed, check service, transaction, activity, or similar charge, which may be imposed as a finance charge.

(iv) Where one or more periodic rates may be used to

compute the finance charge, each such rate, the range of balances to which it is applicable, and the corresponding annual percentage rate determined by multiplying the periodic rate by the number of periods in a year.

(v) The conditions under which any other charges may be imposed, and the method by which they will be determined.

(vi) The minimum periodic payments required.

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

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

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

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

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

IN THE MATTER OF

ECLIPSE SLEEP PRODUCTS, INC., ET AL.

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

Docket C-2248. Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring manufacturers, in Brooklyn, New York, and Minneapolis, Minnesota, of mattresses, box springs, and other bedding products to cease, among other things, using the word "chiropractic" or misrepresenting the health or therapeutic properties of their product; representing that any

of respondent's products have been approved or endorsed by any member or association of the healing arts unless such representation is true; furnishing means or instrumentalities to retailers by which the public may be deceived. Respondents are further required to institute a program of surveillance to determine that their licensees conform to the requirements of the 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 Eclipse Sleep Products, Inc., and the Land-O-Nod Company, 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 Eclipse Sleep Products, 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 36 Milford Street, Brooklyn, New York.

Respondent the Land-O-Nod Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Minnesota, with its principal office and place of business located at 945 Broadway Street, Minneapolis, Minnesota.

Respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the manufacturing, advertising, offering for sale, sale and distribution of mattresses, box springs and other bedding products to retailers for resale to members of the purchasing public under the brand name "Springwall Chiropractic."

Respondent Eclipse Sleep Products, Inc., wholly owns three subsidiary corporations engaged in the aforesaid business activities, to wit: Eclipse Sleep Products of New England, Incorporated; Eclipse Sleep Products of Ohio, Incorporated; and Eclipse Sleep Products of Maryland, Incorporated. In addition, respondent Eclipse Sleep Products, Inc., licenses manufacturers of bedding products manufacture and sell mattresses and box springs under the name "Springwall Chiropractic."

Respondent the Land-O-Nod Company owns the registered trademark "Chiropractic" and by virtue of an agreement entered into with Eclipse Sleep Products, Inc., grants the latter, its subsidiaries and licensees the right to use said trademark in conjunction with the man-

ufacture and sale of its bedding units. In return Eclipse Sleep Products, Inc, and its licensees pay an annual royalty to the Land-O-Nod Company.

To promote the sale of "Springwall Chiropractic" mattresses and box springs respondents have entered into an agreement with American Chiropractic Association whereby respondents are permitted to represent that their "Chiropractic" mattresses and box springs are endorsed by said Association and that their bedding products are constructed in accordance with the specifications of the association's posture committee. In return for this endorsement, the association receives a specified amount for each of the named mattresses or box springs sold.

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 to purchasers thereof located in states other than the states in which the shipments originated, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their mattresses and box springs, the respondents have used, and are now using, the brand name "Chiropractic" in advertisements inserted in newspapers, in promotional materials and on labels.

Further, the respondents have made, and are now making, in the aforesaid promotional materials, statements with respect to the endorsement and approval of their bedding products by the American Chiropractic Association and that their bedding products are constructed in accordance with the specifications of the posture committee of the American Chiropractic Association.

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

(1) WHY SHOULD THIS BEDDING CARRY THE 'CHIROPRACTIC'. This bedding ensemble is constructed and built to the specifications of the Posture Committee of the American Chiropractic Association, and subject to durability and comfort tests by leading Chiropractors.

The Chiropractic mattress has been designed to assist those people who want better posture support during their sleeping hours.

(2) YOU ONLY HAVE ONE BODY TREAT IT KINDLY. The Springwall Chiropractic mattress and box spring * * * the only matched set of bedding constructed in accordance with specifications of the Posture Committee of the AMERICAN CHIROPRACTIC ASSOCIATION to help maintain correct sleep Posture.

PAR. 5. By and through the use of the above-quoted statements and representations and others of similar import and meaning, but not specifically set out herein, respondents have represented and have placed in the hands of licensees and others the means and instrumentalities of representing, directly or indirectly:

(1) Through the use of the word "Chiropractic" in conjunction with the various statements above set forth relating to said mattresses and box springs that they have been specially designed and constructed to assure and do, in fact, assure correct posture during sleep to all users under all conditions, or that they afford special health benefits to all users.

(2) The American Chiropractic Association has endorsed "Springwall Chiropractic" mattresses and box springs without receiving any remuneration therefor from respondents.

PAR. 6. In truth and in fact:

(1) Respondents' mattresses and box springs have not been specially designed and constructed to assure and do not, in fact, assure to all users under all conditions correct posture during sleep nor do they afford other special health benefits.

(2) The American Chiropractic Association has not endorsed "Springwall Chiropractic" mattresses and box springs without receiving remuneration therefor from respondents. The association receives payment for each of said mattresses and box springs sold as set forth in Paragraph Two hereof.

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

PAR. 7. Respondents by furnishing licensees, retailers and others with advertising material, have thereby placed in the hands of licensees, retailers and others the means and instrumentalities by and through which they may mislead the public as to the capability of such mattresses and box springs to assure correct sleep posture or afford other health benefits.

PAR. 8. 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 mattresses and box springs and other bedding products of the same general kind and nature as those sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous belief that said statements and

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

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

DECISION AND ORDER

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

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

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

1. Respondent Eclipse Sleep Products, 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 36 Milford Street, Brooklyn, New York.

Respondent the Land-O-Nod Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Minnesota, with its principal office and place of business located at 945 N.E. Broadway Street, Minneapolis, Minnesota.

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 Eclipse Sleep Products, Inc., and the Land-O-Nod Company, corporations, and their officers, and respondents' agents, representatives, employees and licensees, directly or through any corporate or other device, in connection with the licensing, manufacturing, advertising, offering for sale, sale or distribution of mattresses, box springs, bedding products or any other article of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the word "Chiropractic" or any other term, word, or statement of similar import or meaning in conjunction with any other word, expressions or illustrations implying that respondents' mattresses and box springs have been specially designed and constructed to assure and do, in fact, assure correct posture during sleep to all users under all conditions or that they afford special health benefits to all users under all conditions unless said mattresses and box springs have been so designed and constructed and do assure correct posture during sleep or do afford special health benefits as represented; or misrepresenting in any manner the health or therapeutic properties of any of respondents' mattresses and box springs.

2. Representing, directly or by implication, that any of respondents' mattresses and box springs have been approved or endorsed by any member or association of members of the healing arts without clearly and conspicuously disclosing, if such is the fact, that respondents are paying for such approval or endorsement; *Provided*, *however*, That nothing herein shall prohibit respondents from representing or stating how or for what purpose such payments are used by the recipients thereof.

3. Furnishing or otherwise placing in the hands of licensees or retailers, the means and instrumentalities by and through which they may mislead or deceive the public in the manner or as to the things hereinabove prohibited.

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

It is further ordered, That:

(a) The respondents deliver, by registered mail, a copy of this decision and order to each of their present and future licensees in the merchandise covered by this order;

(b) The respondents provide each such licensee with a returnable form clearly stating his intention to conform his business practices to the requirements of this order;

(c) The respondents inform the licensee that the respondents are obligated by this order to discontinue dealing with those licensees who misuse the promotional material or who commit on their own the deceptive acts or practices alleged to have been engaged in by respondents and such licensees;

(d) The respondents institute a program of continuing surveillance adequate to inform themselves whether the business operations of each of their licensees in the merchandise covered by this order conform to the requirements of this order; and

(e) The respondents discontinue dealing with those licensees who are revealed by the aforesaid program of surveillance to misuse their promotional material or continue on their own the deceptive acts or practices referred to in Paragraphs 1, 2, and 3 of this order.

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

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

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

IN THE MATTER OF

MISS MAYFAIR CASUALS, INC., ET AL.

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

Docket C-2249. Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring a New York City manufacturer of fur products to cease misbranding and deceptively invoicing its merchandise.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having rea-

son to believe that Miss Mayfair Casuals, Inc., and Miss Mayfair Originals, Inc., corporations and Sidney Staff and Edward Sharkey individually and as officers of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Miss Mayfair Casuals, Inc., and Miss Mayfair Originals, Inc. are corporations organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Sidney Staff and Edward Sharkey are officers of the corporate respondents. They formulate, direct and control the policies, acts and practices of the corporate respondents including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 230 West 38th Street, New York, New York.

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

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the rules and regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required

by Section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated under such Act.

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

PAR. 6. Certain of such fur products were falsely and deceptively invoiced in that said fur products were invoiced to show that the fur contained therein was natural, when in fact such fur was pointed, dyed, tip-dyed or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the rules and regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

hereby issues its complaint, makes the following jurisdictional findings, and enters the following order.

1. Respondents Miss Mayfair Casuals, Inc., and Miss Mayfair Originals, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York, with their office and principal place of business located at 230 West 38th Street, New York, N.Y.

Respondents Sidney Staff and Edward Sharkey are officers of said corporations. They formulate, direct and control the acts, practices and policies of said corporations and their office and place of business is located at the above stated address.

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

ORDER

It is ordered, That the respondents Miss Mayfair Casuals, Inc., and Miss Mayfair Originals, Inc., corporations, their successors and assigns, and their officers, and Sidney Staff and Edward Sharkey, individually and as officers of said corporations and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale; transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Representing directly or by implication on a label that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing any fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be

disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing, directly or by implication, on an invoice that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

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

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

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

IN THE MATTER OF

ISRAEL WOLMAN

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

Docket C-2250. Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring a Miami, Florida, dry goods jobber to cease selling, importing, or transporting any product, fabric, or related material which fails to conform to an applicable standard or regulation issued or amended under 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 Israel Wolman, an individual doing business under his own name, hereinafter referred to as respondent, has violated the provisions of said Acts, and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Israel Wolman is an individual doing business under his own name. The respondent is a jobber of dry goods, including but not limited to women's scarves, with his office and principal place of business located at 14541 N.E. 2nd Avenue, Miami, Florida.

PAR. 2. Respondent is now and for some time last past has been engaged in the sale and offering for sale, in commerce, and has introduced, delivered for introduction, transported and caused to be transported in commerce, and has sold or delivered after sale of 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 respondent were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and as such constituted and now constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

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

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

1. Respondent Israel Wolman is an individual doing business under his own name. He is a jobber of dry goods, including ladies' scarves, with his office and principal place of business located at 14541 N.E. 2nd Avenue, 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 respondent Israel Wolman, an individual doing business under his own name, or any other name or names, and respondent's representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or selling or offering for sale any product made of fabric or related material which has been shipped and received in commerce, as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

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

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

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

advise the Commission fully and specifically concerning (1) the identity of the product which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products and of the results thereof, (4) any disposition of said products since March 26, 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 respondent has 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. Respondent shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

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

IN THE MATTER OF

JIMMAE MANUFACTURING 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-2251. Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring a New York City manufacturer and seller of wearing apparel, including women's jump-pants gowns, to cease manufacturing for sale, selling, importing, or distributing any product, fabric, or related material which fails to conform to an applicable standard of flammability or regulation issued under the provisions 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 Jimmae Manufacturing Co., Inc., a corporation and Anthony Matise, 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 Jimmae Manufacturing Co., Inc., is a corporation organized, existing and doing business under and by virture of the laws of the State of New York. Respondent Anthony Matise 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 manufacture, sale and distribution of wearing apparel, including but not limited to women's jump-pants gowns, with their office and principal place of business located at 530 7th Avenue, 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, transported 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 jump-pant gowns.

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

DECISION AND ORDER

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

of the Federal Trade Commission Act, and the Flammable Fabrics Act, as amended; and

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

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

1. Respondent Jimmae Manufacturing Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Anthony Matise is an officer of the proposed corporate respondent. He formulates, directs, and controls the acts, practices and policies of said proposed corporate respondent.

Respondents are engaged in the business of manufacture, sale, and distribution of wearing apparel, including but not limited to women's jump-pant gowns, with their office and principal place of business located at 530 7th Avenue, New York, New York.

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

ORDER

It is ordered, That respondents Jimmae Manufacturing Co., Inc., a corporation, its successors and assigns and its officers, and Anthony Matise, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division 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 com-

merce 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 June 12, 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

DIRITO MOTORS, ET AL.

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

Docket C-2252. Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring an Oakland, California, used car dealer to cease violating the Truth in Lending Act by failing to disclose to customers the cash price, annual percentage rate, "balloon payment" and any other disclosures required by Regulation Z of the 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 Dirito Motors, a partnership, and Donald D. Dirito and Ronald J. Dirito, individually and as co-partners trading and doing business as Dirito Motors, 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 will be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Dirito Motors is a partnership comprised of the following named individuals who formulate, direct and control the acts and practices hereinafter set forth. The principal office and place of business of said partnership is located at 5825 East 14th Street in the city of Oakland, State of California.

Respondents Donald D. Dirito and Ronald J. Dirito are individuals and co-partners trading and doing business as Dirito Motors with their

principal office and place of business located at the above-stated address in Oakland, California.

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

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

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit costs disclosures. By and through use of the contract, respondents:

1. Fail to exclude from the "cash price," charges of the types described in Section 226.4 of Regulation Z, as required by Section 226.2(i) of Regulation Z, in that respondents fail to exclude the State of California Department of Motor Vehicles registration and transfer fees in computing the "cash price."

2. Fail 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 said sum as "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

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

4. Fail to identify a payment which is more than twice the amount of an otherwise regularly scheduled equal payment as "balloon payment" as required by Section 226.8(b)(3) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid 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 San Francisco 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 regulations 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 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 Dirito Motors is a partnership comprised of the following named individuals who formulate, direct and control the acts and practices hereinafter set forth. The principal office and place of business of said partnership is located at 5825 East 14th Street, Oakland, State of California.

Respondents Donald D. Dirito and Ronald J. Dirito are individuals and co-partners trading and doing business as Dirito Motors with their principal office and place of business located at the above stated address in Oakland, 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 Dirito Motors, a partnership, and Donald D. Dirito and Ronald J. Dirito individually and as co-partners

trading and doing business as the Dirito Motors, or under any name or names, respondents' agents, representatives, and employees, in connection with the arrangement or extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to exclude from the "cash price," charges of the types described in Section 226.4 of Regulation Z, as required by Section 226.2(i) of Regulation Z.

2. Failing to disclose an amount which is 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 said sum as "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

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

4. Failing to identify a payment which is more than twice the amount of an otherwise regularly scheduled equal payment as "balloon payment" as required by Section 226.8(b)(3) of Regulation Z.

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

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

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

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current busi-

ness or employment in which they are engaged as well as a description of their duties and responsibilities.

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

BOB HIAM DODGE, INC., ET AL.

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

Docket C-2253. Complaint, July 19, 1972—Decision, July 19, 1972

Consent order requiring a San Jose, California, new and used car dealer to cease violating the Truth in Lending Act by failing to disclose to customers the annual percentage rate accurately; to cease advertising a specific downpayment unless downpayments in that amount are usually and customarily accepted and a specific amount of credit or installment amount unless respondent usually and customarily arranges that credit and installment amount; and by failing to make any other disclosures required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Bob Hiam Dodge, Inc., a corporation, and Robert J. Hiam, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Bob Hiam Dodge, 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 1611 North First Street, San Jose, California.

Respondent Robert J. Hiam is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the cor-

porate 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 of new and used cars to the public.

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

PAR. 4. Subsequent to July 1, 1969, 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 binding contracts for the sale of their products. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit cost disclosures. By and through use of the contract, respondents:

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

2. Fail to disclose the "annual percentage rate" before the transaction is consummated as required by Section 226.8(a) of Regulation Z.

PAR. 5. In the ordinary course of their business as aforesaid, respondents cause to be published advertisements of their products 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 these products. By and through the use of the advertisements, respondents:

1. State that specific credit amounts and monthly installment amounts can be arranged, when in truth and in fact respondents do not customarily arrange for and will not arrange for credit and monthly installments in the advertised amounts, thereby violating Section 226.-10(a)(1) of Regulation Z.

2. State that a specified downpayment will be accepted in connection with extensions of credit, when in truth and in fact respondents do not customarily accept and will not accept downpayments in the advertised amounts, thereby violating Section 226.10(a)(2) 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 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 San Francisco 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 regulations 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 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 Bob Hiam Dodge, 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 1611 North First Street, city of San Jose, State of California.

Respondent Robert J. Hiam is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above stated address.

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

ORDER

It is ordered, That respondents Bob Hiam Dodge, Inc., a corporation, its successors and assigns, and its officers, and Robert J. Hiam, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. 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.

2. Failing to disclose the "annual percentage rate" before the transaction is consummated, as required by Section 226.8(a) of Regulation Z.

3. Stating, in any advertisement, that a specific amount of credit and installment amount can be arranged, unless respondents usually and customarily arrange or will arrange credit and installments in that amount, as required by Section 226.10(a)(1) of Regulation Z.

4. Stating, in any advertisement, that a specified downpayment will be accepted in connection with any extension of credit, unless respondents usually and customarily accept or will accept downpayments in that amount, as required by Section 226.10(a)(2) of Regulation Z.

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

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

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

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

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

ZIOZIS IMPORTS, INC., ET AL.

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

Docket C-2254. Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring a New York City importer and seller of rugs and carpets to cease manufacturing for sale, importing, selling, or transporting any product, fabric, or related material which fails to conform to an applicable standard or regulation issued or amended under provisions 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 Ziozis Imports, Inc., a corporation, and John D. Ziozis, individually and as an officer of the said corporation, hereinafter referred to as respondents, have violated the provisions of the 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 Ziozis Imports, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent John D. Ziozis, is an officer of the said corporate respondent. He formulates, directs, and controls the acts, practices and policies of the said corporation.

Respondents are engaged in the import and sale of carpets and rugs, with their principal place of business located at 316 Fifth Avenue, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale, and the offering for sale, in commerce, and the importation into the United States, and the introduction, delivery for introduction, transportation and causing to be transported, in commerce, and the sale or delivery after a sale or shipment in commerce, of products, as the terms "commerce" and "product," are defined in the Flammable Fabrics Act, as amended, which products fail to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were Flokati wool rugs subject to Department of Commerce Standard For The Surface Flammability of Carpets and Rugs (DOC FF 1–70), 35 FR 6211.

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

DECISION AND ORDER

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

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

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

1. Respondent Ziozis Imports, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent John D. Ziozis is an officer of the said corporation. He formulates, directs, and controls the acts, practices and policies of said corporation.

Respondents are engaged in the import and sale of carpets and rugs, with the office and principal place of business of respondents located at 316 Fifth Avenue, New York, New York.

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

ORDER

It is ordered, That respondent Ziozis Imports, Inc., a corporation, its successors and assigns, and its officers, and respondent John D. Ziozis, individually and as an officer of said corporation, and respondents' agents, representatives and employees directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from the manufacturing for sale, the sale or offering for sale in commerce, or the importation into the United States, or the introduction, delivery for introduction, transportation or causing to be transported, in commerce, or the sale or delivery after a sale or shipment in commerce, of any product, fabric, or related material; or the manufacture for sale, the sale, or the offering for sale, of 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 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 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 identity of the purchasers of said products, (3) the amount of said products on hand and in the channels of commerce, (4) 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 (5) any disposition of said products since August 26, 1971 and (6) 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 to destroy said products, and the results of such action. Respondents will submit with their report, a complete description of each style of carpet or rug currently in inventory or production. Upon request, respondents will forward to the Commission for testing a sample of any such carpet or rug.

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

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

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

Complaint

IN THE MATTER OF

GOLDFARB-FISCHER NOVELTY, INC., ET AL.

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

Docket C-2255, Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring a Hialeah, Florida, importer and seller of wearing apparel, including but not limited to cardigan shirts and childrens' novelty pants, to cease manufacturing for sale, importing, selling, transporting any product, fabric, or related material which fails to conform to an applicable standard or regulation issued or amended under the provisions 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 Goldfarb-Fischer Novelty, Inc., a corporation and Phillip Goldfarb, Arthur D. Fischer and Walter Fischer, 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 Goldfarb-Fischer Novelty, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida. Respondents Phillip Goldfarb, Arthur D. Fischer and Walter Fischer 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 importation, sale and distribution of wearing apparel, including but not limited to cardigan shirts, childrens' novelty pants, scarves and pillow covers, with their office and principal place of business located at 705 West 20th Street, Hialeah, Florida.

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

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 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; 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 Goldfarb-Fischer Novelty, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida. Its offices and principal place of business is located at 705 West 20th Street, Hialeah, Florida.

Respondents Phillip Goldfarb, Arthur D. Fischer and Walter Fischer are officers of said corporation. They formulate, direct and control the policies, acts and practices of the corporate respondent including those hereinafter referred to. The address of Phillip Goldfarb, Arthur D. Fischer and Walter Fischer 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 Goldfarb-Fischer Novelty, Inc., a corporation, its successors and assigns and its officers, and Phillip Goldfarb, Arthur D. Fischer and Walter Fischer, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division 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 December 23, 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 respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

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

It is further ordered, 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

LOUISVILLE BEDDING COMPANY, INC.

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

Docket C-2256. Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring a Louisville, Ky., manufacturer of mattress pads and similar products to cease representing that respondent's products are flame retardant under all laundering conditions and failing to disclose on packages and labels warning against the use of chlorine bleach, soap, and acid-sours which negate the flame retardant finish. Respondent is further required to attach a permanent, legible, sewn-in label alerting customers and commercial laundries as to the proper laundering instructions required to preserve the flame retardant effectiveness of such products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Louisville Bedding Company, Inc., a corporation, sometimes hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Louisville Bedding Company, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of Kentucky and has its principal place of business at 418 East Main Street, Louisville, Kentucky and an office and showroom at 320 Fifth Avenue, New York, New York.

Respondent manufactures mattress pads, furniture pads, bedspreads, quilts, comforters, draperies and dust ruffles in factories located in Louisville, Kentucky, Mumfordville, Kentucky, and Holland, Michigan.

PAR. 2. Respondent in the course and conduct of its business has been and is now engaged in the sale, advertising and offering for sale in commerce of mattress pads and other products, which it ships or causes to be shipped, when sold, from the States of Kentucky and Michigan to purchasers located in various other states and maintains and has maintained a substantial course of trade in said products in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Respondent is now and at all times mentioned herein, has been in substantial competition in commerce with other corporations, firms and individuals engaged in the sale and distribution of mattress pads and other products of the same kind as those sold by respondent.

PAR. 4. In the course and conduct of its business and for the purpose of inducing the purchase of said mattress pads, respondent has made statements and visual representations in the packaging and labeling, and in other advertising materials, with respect to the flame retardant characteristics of said product, and has failed to warn purchasers and prospective purchasers of the material fact of danger from flammability which may result if the product is laundered in chlorine bleach, soap, or by commercial laundries which utilize the acid-sour process.

Typical and illustrative of the aforesaid statements and visual representations are the following:

a) FLAME RETARDANT
MATTRESS PAD AND COVER

Illustrated immediately above said verbal representation, which appears in bright red letters approximately one inch in height, are bright red and orange flames covering approximately six inches in height and six inches in width of the package.

b) "Retains its effectiveness through at least 25 home washings."

c) The instructions which appear on the packaging and labeling do not contain clear and conspicuous or adequate warnings of the danger from flammability which may result from laundering this product in normal household washing agents such as chlorine bleach or soap, or at commercial laundries which utilize the acid-sour process.

PAR. 5. Through the use of the aforesaid statements and visual representations respondent has represented directly or by implication:

a) That said mattress pads will retain their flame retardant effectiveness against the dangers from flames under all conditions of laundering.

b) That said mattress pads will retain their flame retardant effectiveness against the dangers from flames through at least 25 home washings under all conditions of laundering.

c) That the packaging and labeling of said flame retardant mattress pads provide clear, conspicuous and adequate warnings of the dangers from flammability which may result from laundering this product in normal household washing agents such as chlorine bleach or soap, or at commercial laundries which utilize the acid-sour process.

d) That commercial laundries are adequately warned against the use of acid-sours, soap or chlorine bleach in laundering this product, by the instructions contained on the packaging and labeling.

PAR. 6. In truth and in fact:

a) Respondent's mattress pads will not retain their flame retardant effectiveness against the dangers from flames under all conditions of laundering.

b) Respondent's mattress pads will not retain their flame retardant effectiveness against the dangers from flames through at least 25 home washings, under all conditions of laundering.

c) The packaging and labeling of respondent's flame retardant mattress pads do not provide clear, conspicuous and adequate warnings of the dangers from flammability which may result from laundering this product in normal household washing agents such as chlorine bleach or soap, or at commercial laundries which utilize the acid-sour process.

d) Commercial laundries are not adequately warned against the use of acid-sours, soap, or chlorine bleach in laundering this product by the instructions contained on the packaging and labeling.

PAR. 7. The failure of respondent to clearly, conspicuously and adequately disclose the material fact of the dangers from flammability which might result from the use of chlorine bleach, soap, and acid-sours either at home or at commercial laundries, and the failure to warn that use of such washing agents diminishes, washes away completely, or negates the value of the flame retardant finish of its mattress pads, is unfair, misleading and deceptive, and constitutes an unfair method of competition in violation of Section 5 of the Federal Trade Commission Act.

PAR. 8. The use by respondent of the aforesaid misleading and deceptive verbal and visual representations and statements and its failure to clearly and conspicuously disclose material facts and warnings, has had, and now has the tendency and capacity to mislead and deceive members of the public into the erroneous and mistaken belief that such verbal and visual statements and representations were and are true and complete, and into the purchase of substantial quantities of said product.

PAR. 9. The aforesaid acts and practices of respondent as herein alleged are all to the prejudice and injury of the public and of respondent's competitors and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for

a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Louisville Bedding Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kentucky with its principal place of business located at 418 East Main Street, Louisville, Kentucky and an office and showroom at 320 Fifth Avenue, New York, New York.

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

ORDER

It is ordered, That respondent, Louisville Bedding Company, Inc., a corporation, its subsidiary and affiliated corporations, its successors and assigns, its officers, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of mattress pads, furniture pads, bedspreads, quilts, comforters, dust ruffles and draperies, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing directly or indirectly that said products are flame retardant, or have been treated with a flame retardant finish, and from utilizing any words or depictions of similar import or meaning in connection therewith, unless clear and conspicuous warnings are provided in or on the packaging in immediate conjunction with said representations, and in type or lettering of equal size and conspicuousness, and on a clear and conspicuous label affixed to the products securely and with sufficient permanency to remain in a conspicuous, clear and plainly legible condition, of any danger from flammability which may result if these products be dry cleaned or washed by other than the recommended means or in excess of a stated number of times.

It is further ordered, That respondent attach a permanent, legible, sewn-in label, having dimensions no smaller than 3½ x 5 inches, to any product which it may advertise as flame retardant, flame resistant, flameproof, or by means of other words or depictions of similar import or meaning, which will clearly, conspicuously and adequately alert both purchasers of such products and commercial laundries, as to the proper laundering instructions required to preserve the flame retardant effectiveness of such products, informing them as to the number of washings the flame retardant finish is designed to withstand if such laundering instructions are followed and warning against the dangers from flammability which may result from failure to follow such instructions.

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

It is further ordered, That respondent deliver a copy of this order to cease and desist to all personnel of respondent responsible for the preparation, creation, production or publication of advertising, packaging or labeling of all products covered by this order.

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

IN THE MATTER OF

SOUTHLAND BEAUTY SUPPLY, INC., ET AL.

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

Docket C-2257. Complaint, July 20, 1972—Decision, July 20, 1972.

Consent order requiring five Texas corporations selling beauty supplies to cease importing, selling, or transporting any product, fabric, or related material which fails to conform to any applicable standard or regulation issued or amended under provisions 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 Southland Beauty Supply, Inc., a corporation; Southland Beauty Supply of Abilene, Inc., a corporation; Southland Beauty Supply of Dallas, Inc., a corporation; Southland Beauty Supply of Wichita Falls, Inc., a corporation; Southland Beauty Supply of Houston, Inc., a corporation; and Roger D. Smith, as an officer of each of said corporations, 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 Southland Beauty Supply, Inc., is a corporation organized, existing and doing business under and by

virtue of the laws of the State of Texas, with its main office and principal place of business located at 3233 White Settlement Road, Fort Worth, Texas.

Respondent Southland Beauty Supply of Abilene, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its main office and principal place of business located at 919 North Mockingbird Street, Abilene, Texas.

Respondent Southland Beauty Supply of Dallas, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its main office and principal place of business located at 3127 Knox Street, Dallas, Texas.

Respondent Southland Beauty Supply of Wichita Falls, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its main office and principal place of business located at 1914—10th Street, Wichita Falls, Texas.

Respondent Southland Beauty Supply of Houston, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its main office and principal place of business located at 6935 Almeda Street, Houston, Texas.

Respondent Roger D. Smith is an individual and is an officer of each of the corporate respondents. He formulates, directs and controls the acts and practices of each of the corporate respondents including the acts and practices hereinafter set forth. His address is 3233 White Settlement Road, Fort Worth, Texas.

The respondents are engaged in the sale and distribution of beauty supplies, including but not limited to 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, 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 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 New Orleans 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 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 Southland Beauty Supply, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas.

Respondent Southland Beauty Supply of Abilene, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas.

Respondent Southland Beauty Supply of Dallas, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas.

Respondent Southland Beauty Supply of Wichita Falls, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas.

Respondent Southland Beauty Supply of Houston, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas.

Respondent Roger D. Smith is an officer of the corporate respondents. He formulates, directs and controls the acts, practices and policies of said corporate respondents.

Respondents are engaged in the sale and distribution of beauty supplies, including but not limited to scarves, with their office and principal place of business located at 3233 White Settlement Road, Fort Worth, Texas.

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 Southland Beauty Supply, Inc.; Southland Beauty Supply of Abilene, Inc.; Southland Beauty Supply of Dallas, Inc.; Southland Beauty Supply of Wichita Falls, Inc.; Southland Beauty Supply of Houston, Inc.; corporations, and Roger D. Smith, individually and as an officer of said corporations, and respondents' representatives, agents and employees, successors and assigns, 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 commerce, or selling or delivering after sale or shipment in commerce any product, fabric, or related material; or selling or offering for sale any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation 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 respondent 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 action proposed to be taken to notify customers of the flammability of said products and effect the recall of said products and of the results thereof, (4) any disposition of said products since March 3, 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 respondents such as dissolution, assignment or sale resulting in the emergence of successor corporations, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the order.

It is further ordered, That the corporate respondents 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

CAVALIER CARPETS, INC., ET AL.

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

Docket C-2258. Complaint, July 21, 1972—Decision, July 21, 1972.

Consent order requiring a Dalton, Georgia, manufacturer of carpets and rugs, among other things, to cease manufacturing for sale, selling, transporting, importing, or distributing any product, fabric, or related material which fails to conform to an applicable standard of flammability or regulation issued or amended under the provisions 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 Cavalier Carpets, Inc., a corporation, and M. W. Moore, Jr., individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of the 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 Cavalier Carpets, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia. Respondent M. W. Moore, Jr., is an officer of the said corporate respondent. He formulates, directs, and controls the the acts, practices, and policies of the said corporation.

Respondents are engaged in the manufacture and sale of carpets and rugs, with their principal place of business located at Whitfield Industrial Park, Dalton, Georgia.

PAR. 2. Respondents are now and for some time last past have been engaged in the manufacturing for sale, sale and offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products, as the terms "commerce" and "product," are defined in the Flammable Fabrics Act, as amended, which products 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 carpet styles Sahara J in red, blue and green tones and Sahara Vinylbac in red and green tones, each subject to Department of Commerce Standard for the Surface Flammability of Carpets and Rugs (DOC FF 1–70).

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

DECISION AND ORDER

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

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

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

1. Respondent Cavalier Carpets, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia.

Respondent M. W. Moore, Jr., is an officer of the said corporate respondent. He formulates, directs, and controls the acts, practices and policies of the said corporation.

Respondents are engaged in the manufacture and sale of carpets and rugs, with their principal place of business located at Whitfield Industrial Park, Dalton, Georgia.

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

ORDER

It is ordered, That respondent Cavalier Carpets, Inc., a corporation, its successors and assigns, and its officers, and respondent, M. W.

Moore, Jr., individually and as an officer of said corporation and respondents' agents, representatives and employees directly or through any corporation, subsidiary, division 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 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 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 identity of the purchasers of said products, (3) the amount of said products on hand and in the channels of commerce, (4) 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, (5) any disposition of said products since July 20, 1971, and (6) 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 to destroy said products, and the results of such action. Respondents will submit with their report, a complete description of each style of carpet or rug currently in inventory or production. Upon request, respondents will forward to the Commission for testing a sample of any such carpet or rug.

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

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

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

IN THE MATTER OF

E. I. DUPONT DE NEMOURS & COMPANY

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

Docket 8870, Complaint, November 12, 1971—Decision, July 24 1972.

Consent order requiring a Wilmington, Delaware, manufacturer and marketer of automotive antifreeze described as Zerex Antileak Antifreeze to cease advertising, selling or distributing any such product which causes damage in or on vehicles in or on which it is used unless it discloses, among other things, that damage can or might occur or identifies any make or model of vehicles in or on which such product causes damage; and to cease advertising, selling or distributing any such product unless such product has been tested to determine whether the product will cause damage in or on the vehicles in or on which it is used.

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 E. I duPont de Nemours & Company, a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. E. I. duPont de Nemours & Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal offices and place of business

located at 1007 Market Street, in the city of Wilmington, State of Delaware.

PAR. 2. Respondent is now, and for some time last past, has been engaged in the manufacture, sale and distribution of an automotive antifreeze described as Zerex Antileak Antifreeze. Said product consists of an ethylene glycol solution mixed with polystyrene particles, which act as the antileak ingredient.

PAR. 3. In the course and conduct of its business as aforesaid, respondent now causes, and for sometime last past has caused, its said product, when sold, to be shipped to purchasers thereof located in various other States of the United States and in the District of Columbia, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said product in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondent at all times mentioned herein has been and now is in substantial competition in commerce with individuals, firms and corporations engaged in the sale and distribution of automotive antifreeze.

PAR. 5. In the course and conduct of its business, and for the purpose of inducing the sale of its said product, respondent extensively employs advertising in national and regional magazines and other publications and on network and local television and radio and through various other outlets, including point of sale displays.

PAR. 6. In the course and conduct of its business as aforesaid, respondent represented in advertisements and on its labels that Zerex was effective in the sealing of leaks in automotive cooling systems, without stating or disclosing the fact that said product when used in automotive cooling systems could cause damage to the system or component parts thereof.

PAR. 7. In the further course and conduct of its business as aforesaid, and following the marketing and advertising of Zerex Antileak Antifreeze, respondent received information from various sources by which it knew, or had reason to believe, that the use of said product under normal operating conditions could cause damage to various parts or components of automotive cooling systems. Notwithstanding its possession of such knowledge or reason to believe, respondent continued to market and advertise said product without disclosing to the purchasing public, in its advertisements and on its labels, the fact that the use of Zerex Antileak Antifreeze could cause damage to automotive cooling systems.

PAR. 8. In the further course and conduct of its business as aforesaid, respondent introduced its Zerex Antileak Antifreeze onto the

market and advertised it for use in automotive cooling systems without having conducted or obtained scientific tests that were adequate to establish whether or not said product would or could cause damage to automotive cooling systems under ordinary conditions of use.

PAR. 9. By marketing and advertising its product Zerex Antileak Antifreeze for use in automotive cooling systems, respondent represented, directly or by implication, that said product would not damage the automotive cooling systems in which it was used, under ordinary conditions of use, and respondent further represented, and does now represent, directly or by implication, that prior to the marketing and advertising of Zerex, it conducted or obtained scientific tests that were adequate to establish that such damage would not occur.

Therefore, the advertisements referred to in Paragraphs Six, Seven and Eight above were false and misleading and the acts and practices referred to in said Paragraphs constitute unfair and deceptive acts and practices. Furthermore, the marketing of said product without prior tests adequate to establish that it would not cause damage under ordinary conditions of use and the failure to disclose clearly and conspicuously in all advertisements for, and labels and packaging of said product what damage could occur was and is an unfair act and practice in violation of Section 5 of the Federal Trade Commission Act.

PAR. 10. The use by respondent of the aforesaid false and misleading advertisements and unfair and deceptive acts and practices had the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that said product would not cause damage to automotive cooling systems under ordinary conditions of use; and that respondent had conducted or obtained scientific tests that were adequate to establish that said product would not cause damage to automotive cooling systems under ordinary conditions of use, and into the purchase of substantial quantities of respondent's Zerex Antileak Antifreeze by reason of said erroneous and mistaken belief.

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

DECISION AND ORDER

The Commission having issued its complaint on November 12, 1971, charging the respondent named in the caption hereof with violation of

the Federal Trade Commission Act, and respondent having been served with a copy of that complaint; and

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

Respondent and counsel for the complaint having thereafter executed an agreement containing a consent order, an admission by respondent of all jurisdictional facts set forth in the complaint, a statement that the signing of the agreement by respondent 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 provisionally accepted same, and the agreement containing consent 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 makes the following jurisdictional findings and enters the following order:

1. Respondent E. I. duPont de Nemours & Company 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 1007 Market Street, Wilmington, Delaware.

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

ORDER

I

It is ordered, That respondent E. I. duPont de Nemours & Company, a corporation, its officers, representatives, agents and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale and distribution of any retail consumer automotive product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(a) Advertising, offering for sale, selling or distributing any such product which, when used in its intended manner and under ordinary conditions of use, causes damage in or on the vehicles in or on which it is so used, unless respondent makes a clear and conspicuous disclosure in all its advertising for such product (except

point of purchase materials that merely identify the product) that damage can or might occur, or identifies any make or model of vehicles in or on which such product causes damage when so used and makes a clear and conspicuous disclosure that such product should not be used in or on those vehicles, and further on all its labels for such product makes a clear and conspicuous disclosure that damage can or might occur and clearly and conspicuously sets forth the nature of such damage and any procedures which can be utilized to prevent such damage. *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondent to establish it neither knew nor had reason to know that when such product was so used damage would occur, or for respondent to show that the instances of damage upon which the enforcement proceeding was predicated were unique or isolated instances, and were of such a nature that it could not be reasonably anticipated that such damage would result to a class or group of vehicles, or for respondent to establish that within sixty (60) days of the date that respondent knew or had reason to know that when such product was so used damage would occur, respondent ceased disseminating any product with any label, not complying with the terms of this order; and

(b) advertising, offering for sale, selling or distributing any such product which is first distributed after the effective date of this order, unless such product has been subjected to tests designed and executed in a manner reasonably calculated to determine whether such product when used in its intended manner and under ordinary conditions of use will cause damage in or on the vehicles in or on which it is so used, or unless respondent has in its possession prior to such distribution other studies, documentation or data reasonably calculated to determine whether such use of product will cause such damage, the results of which tests, studies, documentation or other data are maintained in writing.

II

The labeling provisions of this order shall apply to all products which are packaged sixty (60) days or more after the date upon which this order becomes effective.

III

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

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

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.

IN THE MATTER OF

SAM ZIAS, INC., ET AL.

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

Docket C-2259. Complaint, July 27, 1972—Decision, July 27, 1972.

Consent order requiring a New York City manufacturer of fur products to cease misbranding and deceptively invoicing its merchandise.

COMPLAINT

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

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

Respondents Sam Zias and George Makos are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices of the corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 214 W. 29th Street, New York, New York.

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

PAR. 3. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the rules and regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products without labels as required by said Act.

PAR. 4. Certain of said products were misbranded in violation of the Fur Products Labeling Act in that they were not labeled in accordance with rules and regulations promulgated thereunder in the following respects:

(a) The term "natural" was not used on labels to describe fur products which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of said rules and regulations.

(b) Required item numbers were not set forth on labels, in violation of Rule 40 of said rules and regulations.

(c) The true animal name of the fur used in such fur products was not shown on labels in violation of Rule 5 of said rules and regulations.

(d) Required information on labels was described in abbreviated form and not spelled out fully, in violation of Rule 4 of said rules and regulations.

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

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

PAR. 6. Certain of said fur products were falsely and deceptively

invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the rules and regulations promulgated thereunder in the following respects:

(a) The term "natural" was not used on invoices to describe fur products which were not pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Rule 19(g) of said rules and regulations.

(b) Required item numbers were not set forth on invoices, in violation of Rule 40 of said rules and regulations.

(c) Required information on invoices was described in abbreviated form and not spelled out fully, in violation of Rule 4 of said rules and regulations.

PAR. 7. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the rules and regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the New York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, and the Fur Products Labeling 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 Sam Zias, 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 214 West 29th Street, New York, New York.

Respondents Sam Zias and George Makos are officers of said corporation and their address is the same as that of the corporation. They formulate, direct and control the acts, practices and policies 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 the respondents Sam Zias, Inc., a corporation, its successors and assigns, and its officers, and Sam Zias and George Makos, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary or other device in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce; or in connection with the introduction into commerce, or the transportation or distribution in commerce, of any fur, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

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

3. Failing to set forth on a label the item number or mark assigned to such fur product.

4. Failing to set forth on a label the true animal name of the fur used in such fur product.

5. Setting forth information required under the Fur Products Labeling Act and the rules and regulations promulgated thereunder in abbreviated form on a label pertaining to such fur product.

B. Falsely or deceptively invoicing any fur product by:

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

2. Representing, directly or by implication, on an invoice that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artifically colored.

3. Failing to set forth on an invoice the item number or mark assigned to such product.

4. Setting forth information required under the Fur Products Labeling Act and the rules and regulations promulgated thereunder in abbreviated form on an invoice pertaining to such fur product.

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business or employment in which they are engaged as well as description of their duties and responsibilities.

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

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

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

Complaint

IN THE MATTER OF

LEEMOR IMPORT CORP., ET AL.

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

Docket C-2260. Complaint, July 27, 1972—Decision, July 27, 1972.

Consent order requiring a New York City importer and distributor of women's accessories, including women's scarves, to cease, among other things, selling, importing, or transporting any product, fabric, or related material which fails to conform to an applicable standard of flammability or regulation issued or amended under the provisions 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 Leemor Import Corp., a corporation, and Joseph Salem and Eli Haber, 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 Leemor Import Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Respondents Joseph Salem and Eli Haber are officers of said corporate respondent. They formulate, direct and control the acts, practices and policies of said corporation.

Respondents are engaged in the sale and distribution of merchandise, including, but not limited to, women's scarves. Their office and principal place of business is located at 8 West 37th Street, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and the importation 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 "commerce," and "product," are defined in the Flammable

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

Among such products mentioned hereinabove were scarves.

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Division of Textiles and Furs, 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 Leemor Import Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Joseph Salem and Eli Haber are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of said corporate respondent.

Respondents are importers and distributors of women's accessories, including women's scarves, with their office and principal place of business located at 8 West 37th Street, New York, New York.

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 respondent Leemor Import Corp., a corporation, its successors and assigns, and its officers, and Joseph Salem and Eli Haber individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, do forthwith cease and desist from selling, offering for sale, in commerce or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or selling or offering for sale any product made of fabric or related material which has been shipped and received in commerce, as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

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

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

It is further ordered, That the respondents herein shall within ten (10) days after service upon them of this order file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the product which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products and of the results thereof, (4) any disposition of said products since January 15, 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 respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

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

IN THE MATTER OF

DAVID FRUIT AND COMPANY, INC., ET AL.

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

Docket C-2261. Complaint, July 27, 1972.—Decision, July 27, 1972.

Consent order requiring among other things, a Lackawanna, New York, seller of furniture, jewelry and other merchandise to cease violating the Truth in Lending Act by failing to disclose to customers the annual percentage rate, the total number of payments, the method of computing penalty charges, the cash price, the unpaid balance of the cash price, the deferred payment price, the cash downpayment required, and other disclosures required by Regulation Z of the said Act. Respondent is further required to include on the face of its notes a notice that any subsequent holder takes the note with all conditions of the contract evidencing the debt.