FINAL ORDER

This matter having been heard by the Commission upon the appeal of counsel supporting the complaint from the hearing examiner's initial decision, and upon briefs and oral argument in support thereof and in opposition thereto, and the Commission, for the reasons stated in the accompanying opinion, having denied the appeal and having modified the initial decision to conform with the views expressed in said opinion:

It is ordered, That the hearing examiner's initial decision as modified be, and it hereby is, adopted as the decision of the Commission.

It is further ordered, That the complaint be, and it hereby is, dismissed.

IN THE MATTER OF

WORLD ART GROUP, INC., ET AL.

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

Docket C-2188. Complaint, Apr. 11, 1972—Decision, Apr. 11, 1972.

Consent order requiring two corporations selling paintings, watches, maps, plates, books and other articles with headquarters in New York City and East Norwalk, Conn., and their advertising agency to cease failing to ship merchandise within 21 days, failing to make refunds in their money-back guarantees, misrepresenting the savings to purchasers of their merchandise, misrepresenting the karat fineness of their gold watches and the efficacy of their insect controls.

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 World Art Group, Inc., a corporation; Standard American Suppliers, Inc., a corporation; Curtis Advertising Company, Inc., a corporation; and Lawrence R. Curtis, individually and as an officer of said corporations 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 World Art Group, Inc., is a corporation organized, existing and doing business under and by virtue of

the laws of the State of Connecticut with its principal office and place of business located at 2 First Street, East Norwalk, Connecticut.

Respondents Standard American Suppliers, Inc., and Curtis Advertising Company, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York with their principal offices and place of business located at 1 Park Avenue, New York, New York.

Individual respondent Lawrence R. Curtis is an officer of said corporations. He formulates, directs and controls the acts and practices of the respondents, and their subsidiaries and affiliates, including the acts and practices hereinafter set forth. His business addresses are the same as those of the corporate respondents and their subsidiaries and affiliates.

Respondents World Art Group, Inc., and Standard American Suppliers, Inc., and their subsidiaries and affiliates are now, and for some time last past have been engaged in the advertising, offering for sale, sale and distribution of paintings, watches, maps, plates, books, and other articles of mail order merchandise.

Respondent Curtis Advertising Company, Inc., and its officer Lawrence R. Curtis are engaged in the preparation and publication of advertising material. They are now and for some time last past have been engaged in formulating, preparing and placing for publication, advertising copy for dissemination in publications of general circulation concerning paintings, watches, maps, plates, books and other products of respondents World Art Group, Inc., and Standard American Suppliers, Inc., and their subsidiaries and affiliates.

PAR. 2. In the course and conduct of their business, respondents and their subsidiaries and affiliates now cause, and for some time last past have caused said merchandise, when sold, to be shipped from their places of business in the States of New York and Connecticut to purchasers thereof located in various other States of the United States or shipped from distributors in the various states to purchasers located in various other 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. 3. In the course and conduct of their aforesaid businesses, and at all times mentioned herein, respondents and their subsidiaries and affiliates have been and now are in substantial competition in commerce with corporations, firms and individuals in the

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

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

PAR. 4. In the course and conduct of their respective businesses and for the purpose of inducing the sale of their said merchandise, respondents and their subsidiaries and affiliates have made certain statements and representations in various newspaper and magazine advertisements, direct mail circulars and others and are now making certain statements and representations in said publications with respect to the time in which delivery of merchandise may be expected.

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

Please rush me * * *
Please rush your order now while the supply lasts
* * * orders will be filled on a first come, first served basis

PAR. 5. By and through the use of the aforesaid statements and representations and others of similar import and meaning but not expressly set forth herein, the respondents and their subsidiaries and affiliates have represented and are now representing directly or by implication, that a purchaser can expect delivery on all merchandise within a reasonable period of time.

PAR. 6. In truth and in fact: Respondents and their subsidiaries and affiliates, on numerous occasions and in a substantial number of instances, either have failed to deliver prepaid merchandise or have delivered prepaid merchandise only after a long lapse of time and/or after several demands thereof have been made to respondents and pleas for assistance have been made to Better Business Bureaus, United States Postal Inspectors' offices, District Attorneys, Chambers of Commerce, Police Departments and to governmental agencies. Such practices have resulted in substantial expense and inconvenience, hardship, outrage and irritation to purchasers.

Therefore, said practices, statements and representations were and are, unfair and misleading and deceptive.

PAR. 7. In the course and conduct of said business and for the purpose of inducing the sale of said merchandise, respondents have made certain statements and representations with respect to refunds,

by means of advertisements in magazines, brochures, newspapers and through other advertising media.

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

Full money-back guarantee if I am not 100% satisfied
Satisfaction Guaranteed
I must be 100% delighted or I may return for refund
No risk coupon
10 Day Free Trial
Money Back Guarantee
Amazing No-Risk Coupon
10 Day No-Risk Free Trial

PAR. 8. By and through the use of the aforesaid statements and others similar thereto but not expressly set forth herein, respondents represent, and have represented directly or by implication, that they unconditionally guarantee that the full purchase price of the merchandise will be refunded promptly and voluntarily upon demand by the purchaser and return of the merchandise.

PAR. 9. In truth and in fact:

(1) In numerous instances the purchase price of merchandise is not refunded upon demand of the purchaser, or is refunded only after long delays and after repeated requests to respondents, and/or pleas for assistance to Better Business Bureaus, Chambers of Commerce, United States Postal Inspectors' offices, Police Departments and governmental agencies and following substantial inconvenience, outrage, irritation, expense and hardship to the purchaser.

Therefore, the statements, representations and practices set forth herein in connection with the advertised offering of a prompt refund were, and are, unfair, false, misleading and deceptive.

PAR. 10. In the course and conduct of their business, respondents and their subsidiaries and affiliates have made use of the term "Original" and/or "Antique" in connection with the advertising and offering for sale of several products including products known and described as "Magnificent Antique Beethoven Music Scrolls," "Olde Antique Map Clock" and "Decorative Antique Maps." In order to induce the sale of said products, respondents have shown said music scrolls, clocks and maps in such a manner as to depict and/or create the impression that said products are antique in origin.

PAR. 11. Through the use of aforesaid statements and representations and others similar thereto, but not specifically set forth, as used variously by respondents in said advertisements, respondents have represented that said products are antiques and have historical and cultural significance due either to the date or method of manufacture or preparation which by common usage among dealers, collectors and the general public qualify said items as antiques.

PAR. 12. In truth and in fact said products are not antiques nor do they have historical and cultural significance due either to the date or method of manufacture or preparation which by common usage among dealers, collectors and the general public qualify said terms as antiques.

Therefore, the statements, representations and practices set forth herein were and are, unfair, false, misleading and deceptive.

PAR. 13. In the course and conduct of their business, respondents and their subsidiaries and affiliates have advertised paintings as "Original Oil Paintings." In order to induce the sale of this product, respondents have made certain representations. Among and typical of said representations, but not all inclusive thereof, is the following:

Amazing Offer! Each painting originally $20, now yours for $2.95 on special sale!

PAR. 14. Through the use of aforesaid statements and representations and others similar thereto, but not specifically set forth, as used variously by respondents in said advertisements, respondents have represented directly or indirectly that the $2.95 price is a special sale price or a savings from a higher price, or a reduction from respondents' former price or from the price at which said merchandise is usually and customarily sold at retail by the respondents in the recent regular course of business.

PAR. 15. In truth and in fact the $2.95 price is not a special sale price but is the respondents' usual and customary retail price of said merchandise.

Therefore, the aforesaid statements, representations and practices were and are unfair, false, misleading and deceptive.

PAR. 16. In the course and conduct of their business, respondents, their subsidaries and affiliates, have represented, advertised and described a product as "5 in 1 Fruit cocktail trees." In order to induce the sale of this product respondents have made certain representations in advertising.

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

(a) Produces a large crop of tasty
Plums!
Peaches!
Nectarines!
Apricots!
Cherries!
All grow on one tree
(b) Need no special care
(c) Your fruit cocktail tree will grow wherever any fruit tree grows.

PAR. 17. Through the use of aforesaid statements and representations and others similar thereto, but not specifically set forth, as used variously by respondents in said advertisements, respondents have represented directly or indirectly that:

(a) Five separate species of fruit are likely to be grown on a single tree and there will be a plentiful production of multifruits.

(b) The species are likely to grow and survive in any hardiness zone and can be grown by persons having no specialized knowledge of gardening.

PAR. 18. In truth and in fact:

(a) It is unlikely that 5 species of fruit are likely to be grown on a single tree in that the fruiting possibilities of all 5 fruits are practically non-existent.

(b) It is unlikely that 5 species of fruit will grow and survive in any hardiness zone by persons having no specialized knowledge of gardening.

Therefore, the statements, representations and practices set forth herein were and are unfair, false, misleading and deceptive.

PAR. 19. In the course and conduct of their business, respondents and their subsidiaries and affiliates, in order to induce the sale of their product, have advertised and described a product as "Swiss Sport and Stop Watch."

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

(a) Guaranteed 1 full year.

(b) Gold on top.

PAR. 20. By and through the use of the aforesaid statements and others similar thereto but not specifically set forth herein, respondents represent and have represented, directly or by implication, said watch is guaranteed for one year and that the watch top has a gold alloy content of at least 10 karat fineness.

PAR. 21. In truth and in fact:

(a) The watch is not unconditionally guaranteed for 1 year, the guarantee is not without other limitations and the limitations are not clearly, conspicuously and explicitly stated in immediate conjunction with all the representations concerning said guarantee.

(b) The case and top of the watch is not of 10 karat fineness. The watchcase is composed of a base metal and/or brass gilded gold color.

Therefore, the statements, representations and practices set forth herein were, and are unfair, false, misleading and deceptive.

PAR. 22. In the course and conduct of their business, respondents World Art Group, Inc., Standard American Supplies, Inc., and

their subsidiaries and affiliates, have advertised the following products, describing same in the following manner:

(a) Amazing $1 offer (dynasty figures) "sells for up to $10"—in fine art stores.

(b) Mexican Art—"originally $15."—Sale $2.95.

(c) Genuine Jade Rings "Sell for $10 and much more"

PAR. 23. Through the use of the aforesaid representations and others similar thereto but not specifically set forth, respondents have represented directly or by implication that the selling price of the products is reduced from respondents' former price or that of others and that a savings is afforded in the purchase of the advertised merchandise.

PAR. 24. In truth and in fact the selling prices of the products so described and advertised are the usual and customary retail prices of said merchandise.

Therefore, the statements, representations and practices set forth herein were and are unfair, false, misleading and deceptive.

PAR. 25. In the further course and conduct of their business, and for the purpose of inducing the purchase thereof, respondents have advertised, represented and described the Praying Mantis as, "Nature's Miracle 'EATS UP' destructive insects in your garden," and will eliminate various kinds of harmful insects, such as borers, mites, maggots and Japanese beetles. The advertisements also refer to the Praying Mantis as a "New Biological Control Method" and "this remarkable proven method of Biological Control" and recommends coverage of three mantis egg cases for an average home lot 60 x 100.

PAR. 26. Through the use of the aforesaid statements and others similar thereto, but not specifically set forth, respondents have represented that the use of the Praying Mantis will free an average home garden of most insect pests, including borers, mites, maggots and Japanese beetles and is an effective and tested means of controlling vegetation by bacteria and insects.

PAR. 27. In truth and in fact, the Praying Mantis, as directed by respondents, is not an effective or tested means of controlling vegetation by bacteria and insects, will not free a garden of most insect pests and is not a "Biological Control" since the term implies a method of scientific control applied to a specific situation after adequate research sampling and testing.

The use by respondents of the aforesaid statements and representations has the tendency and the capacity to mislead and deceive purchasers of the Praying Mantis eggs with respect to the efficacy of

these Praying Mantis eggs in eliminating most insect pests and thereby induces the purchase of substantial quantities thereof.

Therefore, the statements, representations and practices set forth herein were, and are, unfair, false, misleading and deceptive.

PAR. 28. In the course and conduct of their business and in order to induce the sale thereof, respondents advertised the Lady Bird Beetle as capable of eliminating a variety of insect pests including little black ants, white grub, mole cricket, corn ear worm or female fruit worm and Japanese Beetle. Said advertisements direct the user to open a can of beetles and place it in the center of the area in which insect control is desired and states that this is a "Proven Biological Control Method used by the United States Department of Agriculture."

PAR. 29. In truth and in fact the Lady Bird Beetle will not eliminate all the aforesaid insect pests and the placing of one can of Lady Bird Beetles is not an effective, proven and tested means of scientific control and is not a method of scientific control used and endorsed by the United States Department of Agriculture.

The use by respondents of the aforesaid misrepresentations has the tendency and capacity to mislead and deceive purchasers of Lady Bird Beetles with respect to the efficacy of Lady Bird Beetles in eliminating insect pests and thereby induces the purchase of substantial quantities thereof.

Therefore, the statements, representations and practices set forth herein were, and are, unfair, false, misleading and deceptive.

PAR. 30. The use by the 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 such statements were and are true and into the purchase of substantial quantities of respondents' said merchandise by reason of said erroneous and mistaken belief.

PAR. 31. The aforesaid acts and practices of the respondents were and are 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(a) (1) of the Federal Trade Commission Act.

DECISION AND ORDER

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

hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the 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 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 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 in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent, World Art Group, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut with its principal office and place of business located at 2 First Street, East Norwalk, Connecticut.

Respondent, Standard American Suppliers, 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 1 Park Avenue, New York, New York.

Respondent, Curtis Advertising Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 1 Park Avenue, New York, New York.

Respondent, Lawrence R. Curtis, is president of said corporate respondents. He formulates, directs and controls the policies, acts and practices of said corporate respondents.

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

ORDER

It is ordered, That respondents, World Art Group, Inc., a corporation; Standard American Suppliers, Inc., a corporation; Curtis Advertising Company, Inc., a corporation; and Lawrence R. Curtis, individually and as an officer of said corporations, or trading under any other name or names, and respondents' agents, representatives, employees, and successors and assigns, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of paintings, watches or any other products in commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

1. Failing to make shipments of advertised goods or merchandise within 21 days from the date of receipt of any order and payment thereof where no time period for shipment is stated in an advertisement or circular, and when no shipment is made within the designated time period, failing promptly to notify customer of a delay and offer to return the full purchase price thereof to the purchaser within 15 days of the receipt of said request.

2. Failing, when requested, in connection with merchandise advertised with a guarantee of satisfaction or money-back guarantee, to refund the purchase price in full of merchandise within the time specified in respondents' advertisements, and if no time is specified, within a reasonable time not to exceed 21 days; or failing to make any other refunds to which the purchaser is entitled within 15 days from the date of the receipt of the request for such refund.

3. Representing directly or by implication:

a) that any amount is respondents' usual and customary retail price of merchandise unless such amount is the price at which the merchandise has been usually and customarily sold at retail by respondents in the recent regular course of business.

b) that any saving is afforded in the purchase of merchandise from the respondents' retail price unless the price at which the merchandise is offered constitutes a reduction from the price at which said merchandise is usually and customarily sold at retail by the respondents in the recent regular course of business.

c) that any amount of savings is available to purchasers of respondents' advertised goods or merchandise, or the amounts by which the price of merchandise has been re-

duced either from the price at which it has been usually and customarily sold by respondents in the recent regular course of business or from the price at which it has been usually and customarily sold at retail in the trade area where the representation was made.

4. Using the words:

"Our lowest price ever"
"Regular value"
"Originally"
"Half-Price sale"
"Savings"

or any other words or terms of similar import in connection with prices of merchandise unless such prices are those at which the merchandise has been sold by respondents in the recent regular course of business or unless such prices are those at which the merchandise has usually and customarily been sold by respondents at retail.

5. Failing to maintain and to furnish when requested full and adequate records which disclose the facts upon which any statement, claim, offer or representation of the types described in Paragraphs 3 and 4 above is based for a period of one year immediately prior to the publication of any advertisement containing such claims.

6. Representing directly or by implication that:

(a) The products known or described as "Magnificent Antique Beethoven Music Scrolls," "Olde Antique Map Clock," "Decorative Antique Maps" or any other product known or described as "Antique" are antiques, unless such product or article is an antique within the official data or statistics of the United States Tariff Act of 1930.

(b) Any product described as a "5 in 1 Fruit Cocktail Tree" or any similar product which is represented as capable of producing multi-fruits, can be easily grown, will produce plentiful fruit during the year or from summer to fall, or will grow and survive in any hardiness zone.

(c) Any product represented and/or advertised as a "Swiss Sport and Stop Watch" or by any other name is of 10 karat gold fineness or any karat designation in excess of that which it actually contains or that the watch is guaranteed without specifically disclosing any limitations, qualifications and/or service charges pertaining to said guarantee.

(d) The "Remarkable Lady Bird Beetle" or any similar insect controls, eliminates or rids gardens or farms of de-

structive insect pests, including Japanese Beetles, or constitutes a proven method of biological plant control used by any governmental agency including the United States Department of Agriculture.

(e) The Praying Mantis or any similar insect controls, eliminates or rids gardens of such destructive garden insects as borers, mites, maggots or Japanese Beetles, or that it is a new method of biological plant control.

It is ordered, That respondents maintain full and adequate records which disclose the facts from which any statement, claim, offer or representation pertaining to amount of savings, reduction of price, lowest price, half-price sale or similar representations and claims, is based, for a period of one year immediately prior to the publication of any advertisement containing such claims.

It is further ordered, That respondents shall forthwith deliver and distribute a copy of this order to all present and future personnel of respondents concerned with the promotion and sale of merchandise or in any aspect of preparation, creation or placing of advertising and to all operating divisions, subsidiaries and affiliates of said corporations.

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 each respondent 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

GROLIER INCORPORATED, ET AL.

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

Docket C-2189. Complaint, Apr. 11, 1972—Decision, Apr. 11, 1972

Consent order requiring a New York City company selling and distributing encyclopedia, yearbooks and other publications and its six subsidiaries

to cease violating the Truth in Lending Act by failing to disclose the annual percentage rate in its retail installment contracts, failing to use the terms amount financed, total of payments, unpaid balance of cash price, finance charge, and failing to make all other disclosures required by Regulation Z of the 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 said Acts, the Federal Trade Commission having reason to believe that Grolier Incorporated, a corporation, Americana Corporation, a corporation, Federated Credit Corp., a corporation, R. H. Hinkley Company, a corporation, Spencer International Press, Inc., a corporation, The Grolier Society, Inc., a corporation, and the Richards Company, Inc., a corporation, hereinafter referred to as respondents, having violated the provisions of said Acts and regulations, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Grolier Incorporated is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its offices and principal place of business located at 575 Lexington Avenue, New York, New York. Respondent Grolier, Inc., controls and furnishes the services and facilities for and condones and approves the acts and practices of the corporations hereinafter referred to below.

Respondent Americana Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 575 Lexington Avenue, New York, New York. It sells and otherwise distributes encyclopedia, yearbooks, and other publications, merchandise or services to the general public. Its volume of business has been, and is substantial. It is a wholly-owned subsidiary corporation of respondent Grolier Incorporated.

Respondent Federated Credit Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 575 Lexington Avenue, New York, New York. It collects and induces payment for the subsidiary corporations of Grolier Incorporated. Its volume of business has been, and is substantial. It is a wholly-owned subsidiary corporation of respondent Grolier Incorporated.

Respondent R. H. Hinkley Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maine, with its principal office and place of business located at 575 Lexington Avenue, New York, New York. It sells and otherwise distributes encyclopedia, yearbooks, and other publications, merchandise or services to the general public. Its volume of business has been, and is substantial. It is a wholly-owned subsidiary corporation of respondent Grolier Incorporated.

Respondent Spencer International Press, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 575 Lexington Avenue, New York, New York. It sells and otherwise distributes encyclopedia, yearbooks and other publications, merchandise or services to the general public. Its volume of business has been, and is substantial. It is a wholly-owned subsidiary corporation of respondent Grolier Incorporated.

Respondent the Grolier Society, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 575 Lexington Avenue, New York, New York. It sells and otherwise distributes encyclopedia, yearbooks, and other publications, merchandise or services to the general public. Its volume of business has been, and is substantial. It is a wholly-owned subsidiary corporation of respondent Grolier Incorporated.

Respondent the Richards Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 635 Madison Avenue, New York, New York. It sells and otherwise distributes encyclopedia, yearbooks, and other publications, merchandise or services to the general public. Its volume of business has been, and is substantial. It is a wholly-owned subsidiary corporation of respondent Grolier Incorporated.

PAR. 2. In the conduct and course of their business, as aforesaid, respondents regularly extend and for some time last past have regularly extended consumer credit as "consumer credit" is defined by Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Further, in the ordinary course of their business as aforesaid, respondents cause to be published advertisements of their goods and services, as "advertisement" is defined in Regulation Z, which advertisements aid, promote, or assist directly or indirectly extensions of consumer credit in connection with the sale of these goods or services.

PAR. 3. Subsequent to July 1, 1969, respondents, 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 contracts, hereinafter referred to as the "contract." By and through the use of the contract, respondents:

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

2. Fail to use the term "amount financed" to describe the sum of the "unpaid balance of cash price" and all other charges, individually itemized, which are included in the amount financed but which are not part of the finance charge, as required by Section 226.8(c)(4) of Regulation Z.

3. Fail, in some instances, to disclose the sum of the payments scheduled to repay the indebtedness, and to describe that sum as the "total of payments" as required by Section 226.8(b)(3) of Regulation Z.

4. Fail, in some instances, to identify the finance charge in the event of prepayment of the obligation, as required by Section 226.8(b)(7) of Regulation Z.

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

6. State, utilize and place additional information with disclosures required by Regulation Z in a manner which misleads or confuses the customer, and contradicts, obscures, or detracts attention from the information required by Regulation Z to be disclosed, in violation of Section 226.6(c) of Regulation Z.

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

PAR. 4. Subsequent to July 1, 1969, respondents, 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 enter into open end credit agreements hereinafter referred to as the "agreement." By and through the use of the agreement, respondents:

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

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

3. Fail, in some instances, to describe by the term "finance charge" the sum of all charges required by Section 226.4 of Regulation Z to be included in the finance charge, as required by Section 226.7(a) of Regulation Z, and thereby also fail to employ this term more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, in the ordinary course and conduct of their aforesaid business, respondents have caused and are causing their customers to enter into contracts, which purport to be leases for the use of respondents' goods and services. The aforementioned lease contracts, hereinafter referred to as "the contract," when consummated, constitute credit sales as "credit sale" is defined in Section 226.2(n) of Regulation Z. On the contract, respondents fail to disclose credit cost information required by Section 226.8 of Regulation Z, in the manner and form prescribed therein, except the number, amount and due dates of the installment payments.

PAR. 6. Subsequent to July 1, 1969, in the ordinary course of their aforesaid business, respondents have caused to be published advertisements, as "advertisement" is defined in Regulation Z, which aid, promote, or assist directly or indirectly, extensions of consumer credit. Through these advertisements, respondents state the amount of a minimum monthly payment required, without also stating all of the following terms in terminology prescribed under Section 226.7(b) of Regulation Z, as required by Section 226.10(c) thereof:

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

2. The method of determining the balance upon which a finance charge may be imposed.

3. The method of determining the finance charge, including the determination of any minimum, fixed, check service, transaction, activity, or similar charge, which may be posed as a finance charge.

4. 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.

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

PAR. 7. Respondents, through door-to-door salesmen and solicitors, deliver prepared sales talks to prospective purchasers and employ point of sale printed promotional aids, which prepared talks and printed promotional aids constitute advertisements, 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 respondents' goods and services. By and through the use of the advertisements, respondents state that no downpayment is required, and the amount of monthly installment payments which can be arranged in connection with a consumer credit transaction, without stating all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

1. The cash price;

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

3. The number, amount and due dates or period of payments scheduled to repay the indebtedness;

4. The amount of the finance charge expressed as an annual percentage rate, and

5. The deferred payment price.

PAR. 8. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure 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 Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Truth in Lending Act, and the respondent 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, 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 said complaint, and waivers and other provisions as required by the Commission's rules; and

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

1. Respondent Grolier Incorporated, 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 575 Lexington Avenue, New York, New York.

2. Respondent Americana Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 575 Lexington Avenue, New York, New York.

3. Respondent Federated Credit Corp. 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 575 Lexington Avenue, New York, New York.

4. Respondent R. H. Hinkley Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maine, with its office and principal place of business located at 575 Lexington Avenue, New York, New York.

5. Respondent Spencer International Press, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 575 Lexington Avenue, New York, New York.

6. Respondent the Grolier Society, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 575 Lexington Avenue, New York, New York.

7. Respondent the Richards Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 635 Madison Avenue, New York, New York.

8. 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 Grolier Incorporated, Americana Corporation, Federated Credit Corp., R. H. Hinkley Company, Spencer International Press, Inc., the Grolier Society, Inc., and the Richards Company, Inc., and their successors or assigns, officers, and respondents' representatives, employees, salesmen, agents or solicitors, directly or through any corporate or other device, in connection with any credit sale or advertisement of any textbook, encyclopedia, reference or educational material, training courses or teaching machine, or any other publication, merchandise or services, as "credit sale" 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 decist from:

1. By and through the use of the "retail installment contract:"

(a) Failing to disclose the annual percentage rate, computed 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.

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

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

(d) Failing to identify the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, as required by Section 226.8(b)(7) of Regulation Z.

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

(f) Stenciling, overprinting or rubber stamping language over the disclosures required by Regulation Z in a manner which may obscure or detract attention from the information required by Regulation Z to be disclosed.

2. By and through the use of any open end credit agreement:

(a) Failing to disclose any explanation of the time period, if any, within which any credit extended may be paid

without incurring a finance charge, as required by Section 226.7(a)(1) of Regulation Z.

(b) Failing to use the term "finance charge" to describe the sum of all charges required by Section 226.4 to be included in the finance charge, as required by Section 226.7(a) of Regulation Z, and failing to print the term "finance charge" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

3. Failing to disclose in any lease and rental contract or agreement that constitutes a "credit sale," as that term is defined in Section 226.2(n) of Regulation Z, all of the credit cost information required by Section 226.8 of Regulation Z, in the manner and form prescribed therein.

4. Stating in any advertisement for other than open end credit, the amount of the downpayment required, the amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, without also stating all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2):

(a) The cash price;

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

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

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

(e) The deferred payment price.

5. Engaging in any consumer credit transaction or disseminating any advertisement within the meaning of Regulation Z of the Truth in Lending Act without making all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the amount, manner and form specified in Sections 226.8 and 226.10 of Regulation Z.

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

It is further ordered, That respondents herein shall notify the Commission at least thirty days prior to any proposed change in any of the corporate respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of which subsidiaries or any other change in the cor-

poration which may affect compliance obligations arising out of this order.

It is further ordered, That the respondents shall, within sixty (60) days after the 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.

Chairman Kirkpatrick not participating.

IN THE MATTER OF

MEDI-HAIR INTERNATIONAL, ET AL.

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

Docket 8830. Complaint, Jan. 12, 1971—Decision, Apr. 21, 1972 *

Consent order requiring a Beverly Hills, Calif., corporate franchisor of a Medi-Hair replacement system involving surgical procedures to cease misrepresenting that respondent's system will restore the customer's hair so well that there will be no need for further attention. Respondent is further required to disclose that its system involves the applying of wire sutures in the scalp which may cause pain and risk of infection; to notify prospective purchaser to consult his personal physician, and to devote at least 15 percent of its advertising to the disclosure that the system deals with surgical procedure and to advise to consult a physician. Respondent is further required to advise purchasers that contracts may be cancelled up until the third day; and respondent may not negotiate a customer's note to a finance company prior to midnight of the fifth day.

COMPLAINT

The Federal Trade Commission having reason to believe that Medi-Hair International, a corporation, and Jack I. Bauman, individually and as a director of said corporation, have violated Sections 5 and 12 of the Federal Trade Commission Act, and having determined that a proceeding with respect thereto would be in the public interest, hereby issues its complaint, and alleges as follows:

PARAGRAPH 1. Respondent Medi-Hair International (hereinafter sometimes referred to as "Medi-Hair") is a California corporation, with its headquarters at 2701 "K" Street, Sacramento, California. Respondent Jack I. Bauman is a medical doctor licensed to practice in the State of California, and is a director of Medi-Hair; his address is 3965 "J" Street, Sacramento, California.

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* Reported as amended by Commission's Supplemental Order, July 21, 1972.

PAR. 2. Respondents operate "Medi-Hair International" salons, grant franchises for the operation of "Medi-Hair International" salons, and promote on their own behalf and on the behalf of their franchises the "Medi-Hair replacement system" (hereafter sometimes referred to as the "System"). The system involves a surgical procedure whereby a number of plastic-coated steel-wire "anchors" are inserted into the scalps of respondents' customers. A mesh-type "network" is then affixed to the anchors, and wefts of hair are tied to the network. The Medi-Hair International salons (sometimes also referred to by respondents as "studios" and hereinafter referred as "Salons") sell, install, and maintain the System, except that the surgical procedure itself is performed by a medical doctor. There are presently about twenty-two salons. Two of the salons are owned by Medi-Hair International, and are located at 2701 "K" Street, Sacramento, California, and at 8500 Wilshire Boulevard, Suite 926, Beverly Hills, California. The other salons are operated by franchisees of Medi-Hair and are identified below, according to available information:

Medi-Hair International, 2000 Crawford, Houston, Texas.

Medi-Hair International, 700 N. Michigan Avenue, Chicago, Illinois.

Medi-Hair International of St. Petersburg, 8085 38th Avenue, North St. Petersburg, Florida.

Medi-Hair International of Arizona, 222 W. Osborne, Phoenix, Arizona.

Medi-Hair International of Colorado, 2045 Franklin, Denver, Colorado.

Medi-Hair International, Inc., 15831 W. 12 Mile Drive, Southfield, Michigan.

Medi-Hair of New York City, 342 Madison Avenue, New York, New York.

Medi-Hair of Syracuse, Inc., 731 James Street, Syracuse, New York.

Medi-Hair International of Utah, 50 South 9th East, Salt Lake City, Utah.

Medi-Hair International, 500 South Main, Orange, California.

Medi-Hair of San Diego, 1333 Camino Del Rio South, San Diego, California.

Maestro Gerhard's Medi-Hair International, Suite 5 Medical Building, 101 N. El Camino Real, San Mateo, California.

Medi-Hair International, Mayer Building, Suite 318, 1130 S. W. Morrison, Portland, Oregon.

Medi-Hair International, 924 104th N. E., Suite 209, Bellevue, Washington.

The franchisees' rights to use the "Medi-Hair" tradename and the Medi-Hair System are derived from a "License Agreement" between each of them and respondent Medi-Hair International. The License Agreement provides, *inter alia*, for royalties to be paid to respondent Medi-Hair International on the basis of sales volume achieved by a franchisee, and for the right of respondent Medi-Hair International to terminate the licensing agreement for any violation of the law with reference to the maintenance or operation of a licensee's facility, which is not cured or corrected by licensee within ten days' notice thereof.

PAR. 3. In the course and conduct of their business, advertising and public relations materials, contracts, letters, checks, instruction sheets, and other written instruments and communications, and oral communications, travel between respondents, at their place of business in the State of California, and the salons, located in other States of the United States; in addition, respondents at their place of business in the State of California, derive income, including but not limited to royalties on sales of the System made by the salons, from the salons located in other States of the United States; and in addition, respondents, directly and through the salons it owns and franchises, promote the System by advertising in newspapers and magazines of general circulation which are distributed across state lines, and by mailing promotional literature to prospective customers who respond to such advertising. As a result of such newspaper and magazine advertising and literature mailing, such income, and such written instruments and communications and oral communications, respondents have maintained a substantial course of trade in commerce, as "commerce" is used in Sections 5 and 12 of the Federal Trade Commission Act, and as a result of such newspaper and magazine advertising and mailing of promotional literature, have disseminated and caused to be disseminated false advertisements by United States mails, within the meaning of Section 12(a)(1) of the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, and for the purpose of inducing the purchase of the Medi-Hair hair replacement

system, respondents, directly and through their franchisees, have made and are now making numerous statements and representations in advertisements inserted in newspapers and magazines of general circulation and in other promotional literature. Typical of the statements and representations contained in said advertisements and promotional literature, but not all inclusive, are the following:

* * * the method involves some minor and painless plastic surgery which can be compared to that of a woman having her ears pierced. The initial procedure, he adds, takes about 30 minutes.

For the entire process, Leoni continues, a person need only spend on the average from three to four hours. In that period, replacement hair is affixed to the scalp with the same strength and security as naturally grown hair.

* * * * * * *

A NEW VICTORY IN THE BATTLE AGAINST BALDNESS. The ultimate solution to baldness. Treat it like your own natural hair. Pull it—Tug it—Wash it—Wave it—Muss it—Swim and Water Ski.

* * * * * * *

HAIR! by Medi-Hair * * * The revolutionary new victory in the battle against baldness: [coupon] *Not a toupee. Not a Weaving. Not a Transplant.* Please send me further information on the scientific breakthrough that's conquered baldness.

* * * * * * *

MEDI-HAIR REPLACES THE HAIR YOU'VE LOST * * * with human hair that becomes just as much a part of your head as the hair you were born with—and just as natural looking! A perfect blend of your natural hair that you can comb, brush, part, shampoo, wave or shape!

NEW SCIENTIFIC SOLUTION TO BALDNESS

Medi-Hair is superior to toupes, hairpieces, hair weaving, or transplanting. It is a new scientific technique developed by a California physician and his clinical research team.

IT'S YOUR SECRET!

Even your most intimate friends won't be able to tell the difference between *Medi-Hair* and your natural hair. Today science has conquered baldness. Forget about hairpieces and hair weaving. *Medi-Hair* is the commercial name for the scientific, patent protected technique that replaces human hair. Removes all fear and embarrassment of dislodging and detection because it is completely natural looking—even under close-up examination.

Because it is human hair that is now a part of your anatomy *Medi-Hair* adds confidence and security to your personal relationships, your career * * * your life.

MEDI-HAIR IS A PROVEN FACT!

Medi-Hair is not an experiment, but an actual, proven, and highly sophisticated hair replacement technique. Following extensive research, its discoverer became one of the first men in America to replace his own baldness with *Medi-Hair*

* * * * * * *

Medi-Hair®

THE ULTIMATE SOLUTION TO BALDNESS

becomes part of your anatomy

NOT A HAIRPIECE, HAIRWEAVING OR TRANSPLANT

Medi-Hair is human hair that becomes as much a part of your anatomy—like your own hair again—as your skin, teeth or fingernails. The entire process takes one appointment under professional supervision.

PULL IT, TUG IT, WASH IT, COMB IT, CURL IT, BRUSH IT, WAVE IT

and Medi-Hair combs back in place like your own hair. Medi-Hair is the commercial tradename for this scientifically developed, patent protected technique that replaces human hair.

ACTORS APPROVE . . . PROFESSIONAL MEN IMPROVE THEIR CAREERS

Because Medi-Hair is completely undetectable even under extreme close-ups with television and motion picture cameras, actors gain self-confidence and security. Business and professional men find their more youthful appearance improves their chances for promotion and success.

COMPLETELY NATURAL LOOK

Even people who were without a single hair on their heads now appear completely natural—even to sideburns and the back of their necks. Medi-Hair looks natural because it becomes a part of your anatomy.

NO RETURN VISITS

One short visit is all it takes. Not a transplant. No monthly visits for knotting and tightening as with hairweaving—no daily tape applications or possible irritation as with hairpieces. Medi-Hair requires no more care than your own hair.

COMPARE AND DECIDE

Process	Cost	Upkeep	Maintenance	Appearance
Medi-Hair	moderate	none	none	natural undetectable
Transplants	very exp.	none	none	natural
Weaving	moderate	$35/mo. approx.	re-knot tighten, monthly	"floats" detectable
Hairpiece	low to exp.	annual replace	taping	detectable

PAR. 5. Through the use of the above advertisements, and others of similar import and meaning but not expressly set out herein, and by oral statements and representations made by employees and agents of the respondents, and by their franchisees, respondents, directly and through their franchisees, have represented and are now representing directly or by implication that:

1. The Medi-Hair System does not involve wearing a hairpiece, or toupee.

2. The hairpiece applied becomes part of the anatomy like natural hair, teeth, or fingernails, and has characteristics of natural hair, including the following:

a. The same appearance as natural hair upon normal observation and upon extreme close up examination.

b. It may be cared for like natural hair, particularly in that actions such as pulling, tugging, washing, combing, curling, brushing, and waving may be performed upon it in the same manner as upon natural hair.

c. The wearer may engage in physical activities with as much disregard for his hairpiece as might a person with natural hair.

3. After the system has been applied, the wearer can care for it himself, and will not have to seek professional, or skilled assistance in maintaining the system, and that the customer will not incur charges over and above the charge for installing the System.

PAR. 6. In truth and in fact:

1. The system does involve the wearing of a hairpiece, or toupee, inasmuch as the tying of the wefts of hair to a network creates what is essentially a hairpiece, or toupee; sometimes a preassembled hairpiece is actually tied to the network, instead of the wefts of hair.

2. The hairpiece applied does not become part of the anatomy like natural hair, teeth, and fingernails. The system involves a mesh network which is anchored to the scalp by wire "anchors" which have been surgically inserted into the scalp. The hairpiece differs from natural hair in many respects, including the following:

a. It does not have the same appearance as natural hair in a substantial number of instances. It is often discernible as a hairpiece or toupee upon normal observation, and upon extreme close examination.

b. It cannot be cared for like regular hair, but requires special care and handling. Strong pulling on the hair, such as may be expected to occur in washing, combing, curling, brushing, and waving, can cause pain because of the pressure exerted on the sutures in the scalp, may cause bleeding, and may cause the sutures to pull out. As a consequence, washing the hair and scalp is difficult. Because washing is difficult, foreign particles and dead skin tissue tend to ac-

cumulate beneath the Medi-Hair application and become a significant source of irritation. The hair styles into which the hairpiece may be combed or brushed without professional treatments are limited.

c. The wearer may not engage in physical activities with as much disregard for his hair piece as might a person with natural hair. The wearer must at all times be careful that the hair does not pull or get pulled, or become tangled, or strained. Discomfort and pain may be caused by common actions, such as rolling the head on a pillow during sleep.

3. The wearer cannot in most instances care for the hairpiece himself; he must seek professional or skilled assistance on many occasions. Medical problems associated with the surgery or the continuing presence of the anchors in the scalp may require subsequent visits to a medical doctor. Respondents' sales manual suggests that wearers be encouraged to return at regular intervals for a haircut (if the wearer has some natural hair under the hair applied by respondents, it is difficult to cut without skilled assistance); respondents make a substantial additional charge for this service. Respondents' applied hair is subject to bleaching in sunlight and other discoloration normally associated with hairpieces, and where the hairpiece has been color-dyed, loss of dye through washing and normal wear; thus, replacement wefts of hair or hairpieces are required at intervals in order to maintain a color match with any natural hair the wearer may have. Because of the difficulty in washing the hair and scalp described previously in Paragraph Six, assistance is often required to wash the hair.

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

PAR. 7. In the course and conduct of their business, respondents, directly and through their franchisees, have represented in advertisements the asserted advantages of their system, as hereinbefore described. In many cases, respondents, directly and through their franchisees, have not disclosed in such advertisements that a surgical procedure is a required step in the system. In no case have respondents' or their franchisees' advertisements disclosed:

a. that clients may experience discomfort and pain as a result of the surgical procedure, from the anchors and sutures themselves, and from pulling normally incident to wearing the hairpiece;

b. that clients will be subject to the risk of irritation, infections, and skin diseases as a result of the surgical procedure and as a result of the anchors remaining in the scalp;

c. that permanent scarring to the scalp may result from the required surgical procedures, and as a result of the anchors remaining in the scalp.

The consequences described in this paragraph have in fact occurred, and to a reasonable medical certainty can be expected to occur, and respondents knew, and have had reason to know, that they could be expected to occur. Furthermore, the surgical procedure has not been used in conjunction with respondents' system for a sufficient experimental period to determine the extent or seriousness of the above side effects, and whether there are any other side effects, including but not limited to rejection of the "anchors" through the human body's natural rejection process.

Therefore, the advertisements referred to in Paragraph Seven are false and misleading, and the acts and practices referred to in said Paragraph are unfair and deceptive.

PAR. 8. For the purpose of inducing the purchase of their Medi-Hair hair replacement system, respondents directly and through their franchisees entice members of the purchasing public to their salons with advertisements of "the ultimate solution to baldness" and like advertisements designed to attract members of the purchasing public concerned about their hair loss, and with offers of free, no obligation consultations. In most cases respondents directly or through their franchisees do not disclose details of their system unless and until a prospect visits a salon. When members of the purchasing public have visited a salon, they have been subjected to intense emotional sales pressure, for the purpose of persuading them to sign a contract for the application of the Medi-Hair System (hereinafter sometimes referred to as "contract(s)"), and to make a substantial downpayment, without being afforded a reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved, the seriousness of the surgical procedure and the possibilities of discomfort, pain, disease or disfigurement related thereto, or the possibilities of discomfort, pain, disease, or disfigurement related to the continued presence of the anchors in the scalp. Persons are insistently urged, cajoled, and coerced to sign such contracts and make such downpayments, through the use of persistent and emotionally forceful sales presentations, employing the following tactics, among others:

1. Representing that an increase in the price for application of the system is imminent, and that a prospect can obtain the current lower price if and only if he will sign a contract and/or make a downpayment on the initial visit.

2. Representing that the salon pays fees to customers for use of "before" and/or "after" photographs, that only one or a few more such photographs are needed, and that a prospect can earn such a

fee only by signing a contract and/or making a downpayment immediately.

3. Representing that the consumer demand for application of the system is overwhelming, that appointment schedules for application of the system will soon be filled for some time into the future, and that a prospect can only be assured of a Medi-Hair application in the near future by signing a contract and/or making a downpayment immediately.

4. Inducing prospects to sign contracts and/or make downpayments, and to sign medical releases before they have consulted a medical doctor and freely and openly discussed with such doctor the medical risks and consequences of the surgical procedure, and of the anchors being embedded in their scalp. Such consultations typically occur immediately before the commencement of surgery, by which time the client is likely to feel pressured to go through with the application.

Therefore, the advertisements referred to in Paragraph Eight were and are false and misleading, and the facts and practices set forth in such Paragraph were and are unfair and deceptive.

PAR. 9. In the course and conduct of their business, and at all times mentioned herein, respondents and their franchisees have been and are in substantial competition in commerce with corporations, firms, and individuals, in the sale of cosmetics, devices and treatments for the concealment of baldness.

PAR. 10. The use by respondents, directly and through their franchisees, of the above unfair and deceptive representations and practices has had, and now has, the capacity and tendency to mislead consumers, and to unfairly influence consumers to hurriedly and precipitately sign contracts for the application of the Medi-Hair hair replacement system, and to make partial or full payment therefor, without affording them reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved, or the seriousness of the surgical procedure, and the possibilities of discomfort, pain, disease or disfigurement related thereto, and related to the continual presence of the anchors in the scalp, or to compare prices, techniques, and devices available from competing corporations, firms, and individuals selling baldness concealment cosmetics, devices, and treatments to the purchasing public.

PAR. 11. The respondents' acts and practices alleged herein are to the prejudice and injury of the purchasing public, and to respondents' competitors, and 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, and false advertisements disseminated by United States mails, and in commerce, in violation of Section 12 of the Federal Trade Commission Act.

Decision and Order

The Commission having heretofore issued its complaint charging respondents named in the caption hereof with violation of Section 5 of the Federal Trade Commission Act; and

The Commission having withdrawn the matter from adjudication for the purpose of negotiating a settlement by the entry of a consent order; and

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

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

1. Respondent Medi-Hair International 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 presently located at Suite 926, 8500 Wilshire Boulevard, Beverly Hills, California.

2. Respondent Jack I. Bauman was formerly an officer and director of Medi-Hair, has lent his name and reputation as a medical doctor to the promotion of Medi-Hair, and in representative and individual capacities has engaged in the promotion and sale of Medi-Hair; he is presently not active in the affairs of the corporation. His address is 3965 "J" Street, Sacramento, California.

3. 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 Medi-Hair International, a corporation, and Jack I. Bauman, individually, and as an officer and di-

rector of said corporation if he should again become an officer and/or a director of said corporation, (hereinafter sometimes referred to as "respondents"), and respondents' agents, representatives, employees, successors and assigns, directly or through any corporate or other device or through its franchisees or licensees, in connection with the advertising, offering for sale, sale, or distribution of the Medi-Hair hair replacement system or other hair replacement product or process involving surgery (hereinafter sometimes referred to as the "System"), in commerce, as "commerce" is defined in the Federal Trade Commission Act, or by the United States mails within the meaning of Section 12(a)(1) of the Federal Trade Commission Act do forthwith cease and desist from representing, directly or by implication:

1. That the system does not involve wearing a device or cosmetic which is like a hairpiece or toupee;

2. That after the system has been applied, the hair applied becomes part of the anatomy like natural hair, teeth, and fingernails and has the following characteristics of natural hair.

a. the same appearance in all applications as natural hair, upon normal observation, and upon extreme close-up examination;

b. it may be cared for like natural hair where care involves possible pulling on the hair;

c. the wearer may engage in physicial activity and movement with the same disregard for his hair as he would if he had natural hair.

3. That after the system has been applied, the wearer can care for it himself, and will not have to seek professional or skilled assistance in maintaining the system, and that the customer will not incur maintenance costs over and above the cost of applying the system.

It is further ordered, That respondents, in advertising, offering for sale, selling or distributing the system, disclose clearly and conspicuously that:

1. The system involves a surgical procedure resulting in the implantation of wire sutures in the scalp, to which hair is affixed.

2. By virtue of the surgical procedure involving implantation of wire sutures in the scalp, and by virtue of the wire suture remaining in the scalp, there is a high probability of discomfort and pain, and a risk of infection, skin disease and scarring.

3. The system has been in use for too short a period of time to determine to a reasonable medical certainty the extent or seriousness

of the above-described side-effects, or whether there are other side-effects.

4. Continuing special care of the system is necessary to minimize the probabilities and risks referred to in subparagraph Two of this paragraph, and such care may involve additional costs for medications and assistance.

5. The purchaser is advised to consult with his personal physician about the system before deciding whether to purchase it.

Respondents shall set forth the above disclosures separately and conspicuously from the balance of each advertisement or presentation used in connection with the advertising, offering for sale, sale, or distribution of the system, and shall devote no less than 15 percent of each advertisement or presentation to such disclosures. *Provided however*, That in advertisements which consist of less than ten column inches in newspapers and periodicals, and in radio and television advertisements with a running time of one minute or less, respondents may substitute the following statement, in lieu of the above requirements:

Warning: This application involves surgery whereby wire sutures are placed in the scalp. Discomfort, pain, and medical problems may occur. Continuing care is necessary. Consult your own physician.

No less than 15 percent of such advertisements shall be devoted to this disclosure, such disclosure shall be set forth clearly and conspicuously from the balance of each of such advertisements, and if such disclosure is in a newspaper or periodical, it shall be in at least eleven point type.

It is further ordered, That respondents, in connection with the sale of the system, provide prospective purchasers with a separate disclosure sheet containing the information required in the immediately preceding paragraph of this order, subparagraphs one through five, thereof, and that respondents require that such prospective purchasers, subsequent to receipt of such disclosure sheet, consult with a duly licensed physician regarding the nature of the surgery to be done, the probabilities of discomfort and pain, and risk of infection, skin disease, and scarring.

It is further ordered, That, in connection with the sale of the system, no contract for application of the system shall become binding on the purchaser prior to midnight of the third day, excluding Sundays and legal holidays, after the day of the purchaser's above-described consultation with a duly licensed physician, or after the day on which said contract for application of the system was executed, whichever day is later, and that:

1. Respondents shall clearly and conspicuously disclose, orally prior to the time of sale, and in writing on any contract, promissory note or other instrument executed by the purchaser in connection with the sale of the system, that the purchaser may rescind or cancel any obligation incurred by mailing or delivering a notice of cancellation to the office responsible for the sale prior to midnight of the third day, excluding Sundays and legal holidays, after the day of the purchaser's above-described consultation with a duly licensed physician, or after the day on which said contract for application of the system was executed, whichever day is later.

2. Respondents shall provide a separate and clearly understandable form which the purchaser may use as a notice of cancellation.

3. Respondents shall not negotiate any contract, promissory note, or other instrument of indebtedness to a finance company or other third party prior to midnight of the fifth day, excluding Sundays and legal holidays, after the day of the purchaser's above-described consultaiton with a duly licensed physician, or after the day on which said contract for application of the system was executed, whichever day is later.

4. Respondents shall obtain for each purchaser a certificate signed by the physician who was consulted as required by this order, such certificate specifying that the said physician has explained to the purchaser the nature of the surgery to be done, and has advised him of the probabilities of discomfort and pain, and risk of infection, skin disease and scarring, and specifying the date and approximate time of the consultation, and respondents shall retain all such certificates for three years.

It is further ordered, That respondents, in connection with the advertising, offering for sale, sale, or distribution of the system, serve a copy of this order upon each present and every future licensee or franchisee, and upon each physician participating in application of respondents' system, and obtain written acknowledgement of the receipt thereof; and that respondents obtain from each present and future licensee or franchisee an agreement in writing (1) to abide by the terms of this order, and (2) to cancellation of their license or franchise for failure to do so; and that respondents cancel the license or franchise of any licensee or franchisee that fails to abide by the terms of this order. Respondents shall retain such acknowledgements and agreements for so long as such persons or firms continue to participate in the application or sale of respondents' system.

It is further ordered, That respondents, in connection with the advertising, offering for sale, sale, or distribution of the system, forthwith distribute a copy of this order to each of their operating divisions or departments.

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

It is further ordered, That in the event that the corporate respondent merges with another corporation or transfers all or a substantial part of its business or assets to any other corporation or to any other person, said respondent shall require such successor or transferee to file promptly with the Commission a written agreement to be bound by the terms of this order: *Provided*, That if said respondent wishes to present to the Commission any reasons why said order should not apply in its present form to said successor or transferee, it shall submit to the Commission a written statement setting forth said reasons prior to the consummation of said succession or transfer.

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

IN THE MATTER OF

HARAN, INC., ET AL.

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

Docket C-2190. Complaint, Apr. 12, 1972—Decision, Apr. 12, 1972

Consent order requiring a Sunnyvale, Calif., retailer of wearing apparel to cease misbranding its textile fiber and wool products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Textile Fiber Products Identification Act and the Wool Prod-

ucts Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Haran, Inc., a corporation, and Arthur W. Hartinger, 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 Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Haran, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California. Its office and principal place of business is located at 202 Taaffe Street in the city of Sunnyvale, State of California. Said corporate respondent also operates four other retail outlets in the San Francisco Bay area.

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

PAR. 2. Respondents are now, and for some time past have been, engaged in the introduction, delivery for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported, and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products; as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 3. Certain of said textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified to show each element of information as required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form prescribed by the rules and regulations promulgated under said Act.

PAR. 4. Certain of said textile fiber products were misbranded by respondents in violation of the Textile Fiber Products Identification

Act in that they were not labeled in accordance with the rules and regulations promulgated thereunder in the following respect:

(a) Samples, swatches or specimens of textile fiber products subject to the aforesaid Act, which were used to promote or effect sales of such textile fiber products, were not labeled to show their respective fiber content and other information required by Section 4(b) of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, in violation of Rule 21(a) of the aforesaid rules and regulations.

PAR. 5. The acts and practices of respondents, as set forth above, were, and are, in violation of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce, under the Federal Trade Commission Act.

PAR. 6. Respondents, now and for some time past, have introduced into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale, in commerce, as "commerce" is defined in the Wool Products Labeling Act, wool products as "wool product" is defined therein.

PAR. 7. Certain of said wool products were misbranded in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the rules and regulations promulgated under said Act.

PAR. 8. The acts and practices of the respondents as set forth in Paragraph Seven were, and are, in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition 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, the Wool Products Labeling Act and the Textile Fiber Products Identification Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed 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 Haran, 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 202 Taaffe Street, Sunnyvale, California.

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

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

ORDER

It is ordered, That respondents Haran, Inc., a corporation, and its officers, and Arthur W. Hartinger, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber

product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

1. Failing to affix labels to textile fiber products showing each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

2. Failing to affix labels to samples, swatches or specimens of textile fiber products used to promote or effect the sale of such textile fiber products showing in words and figures plainly legible all the information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondents Haran, Inc., a corporation, and its officers, and Arthur W. Hartinger, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding such products by:

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

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

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

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

Complaint

IN THE MATTER OF

CLAYTON MOBILE HOMES, 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-2191. Complaint, Apr. 12, 1972—Decision, Apr. 12, 1972

Consent order requiring six firms headquartered in Knoxville, Tenn., which sell and distribute new and used mobile homes and automobiles to cease violating the Truth in Lending Act by failing to disclose in extending consumer credit the finance charge, the annual percentage rate, the deferred payment price, and other disclosures required by said Act; respondents are also required to cease misrepresenting the price of their products or services as being any dollar amount or percentage over respondents' wholesale cost.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority invested in it by said Acts, the Federal Trade Commission, having reason to believe that Clayton Mobile Homes, Inc., Clayton Motors, Inc., Western Mobile Homes, Inc., Factory Housing Associates, Inc., Clayton Lincoln/Mercury, Inc., and Clayton Mobile Homes of Middlesboro, Inc., corporations, and James L. Clayton, individually and as an officer of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Clayton Mobile Homes, Inc., Clayton Motors, Inc., Western Mobile Homes, Inc., and Factory Housing Associates, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Tennessee, with their principal place of business and office located at 4600 Clinton Highway, Knoxville, Tennessee.

Respondent Clayton Lincoln/Mercury, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business and office located at 4600 Clinton Highway, Knoxville, Tennessee.

Respondent Clayton Mobile Homes of Middlesboro, Inc., is a corporation organized, existing and doing business under and by

virtue of the laws of the State of Tennessee, with its principal place of business located at North 12th Street, Middlesboro, Kentucky and its office located at 4600 Clinton Highway, Knoxville, Tennessee.

Respondent James L. Clayton is the principal officer of the corporate respondents. He formulates, directs and controls the policies, acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. His business address is the same as that of the corporate respondents.

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

COUNT I

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

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

PAR. 4. In the course and conduct of their business as aforesaid, and for the purpose of inducing the purchase of their products, respondents have made certain statements and representations with respect thereto in advertisements inserted in newspapers of general circulation, and through other advertising media, of which the following are typical and illustrative but not all inclusive:

Full price just 5% over our cost
#5061 DelRay 64x12 with tip-out front den and free stereo unit cost $5730
5%—over our cost
5%—downpayment
5%—financing

PAR. 5. By and through the use of the aforesaid statements and representations and others of similar import and meaning not specifically set forth herein, respondents have represented directly and by implication that:

1. Respondents' selling prices for mobile homes and automobiles represent a 5 percent mark-up over wholesale cost.

2. Amounts shown in advertisements for certain mobile homes and automobiles represent respondents' wholesale cost.

3. Respondents usually and customarily accept downpayments equal to 5 percent of their selling prices and that 5 percent add-on interest is usually and customarily arranged in financing credit sales.

PAR. 6. In truth and in fact:

1. Respondents' mobile homes and automobiles are not customarily sold at prices representing a 5 percent mark-up over wholesale cost. In fact, respondents' mark-up over wholesale cost is substantially more than 5 percent.

2. Amounts advertised as wholesale cost for certain mobile homes and automobiles substantially exceed respondents' actual wholesale cost for such products.

3. Respondents do not usually and customarily accept downpayments amounting to 5 percent of their selling prices and 5 percent add-on interest is not usually and customarily arranged for in financing credit sales. In most instances, downpayments and interest are substantially more than 5 percent.

Therefore the statements and representations set forth in Paragraph 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 in the sale of merchandise of the same general kind and nature as that sold by 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 numbers of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise because of such erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondents, as alleged herein, 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.

COUNT II

Alleging violations of the Truth in Lending Act, and the implementing regulation promulgated thereunder, and of the Federal

Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count II as if fully set forth verbatim.

PAR. 10. In the ordinary course of their business as aforesaid, respondents regularly extend, and for sometime last past have regularly extended, consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 11. 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 cost disclosures.

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

1. Fail to disclose the amount of the "finance charge," as required by Section 226.8(c)(8)(i) of Regulation Z.

2. Fail to disclose the "annual percentage rate," as required by Section 226.8(b)(2) of Regulation Z.

3. Fail to disclose accurately the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

4. Fail to describe payments which are more than twice the amount of an otherwise scheduled equal payment by the term "balloon payment," as required by Section 226.8(b)(3) of Regulation Z.

5. Fail to provide customers with any of the disclosures required by Section 226.8 of Regulation Z.

PAR. 12. In the ordinary course of their business as aforesaid, respondents cause to be published advertisements of their goods and services, as "advertisement" is defined in Regulation Z. These advertisements aid, promote, or assist directly or indirectly extensions of consumer credit in the sale of these goods and services. By and through the use of the advertisements, respondents:

1. State the rate of the finance charge without describing that rate as the "annual percentage rate," in violation of Section 226.10(d)(1) of Regulation Z.

2. State the amount of monthly installment payments which can be arranged in connection with a consumer credit transaction, without also stating all of the following items, in terminology prescribed

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

(i) The cash price;

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

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

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

(v) The deferred payment price.

PAR. 13. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated 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 Clayton Mobile Homes, Inc., Clayton Motors, Inc., Western Mobile Homes, Inc. and Factory Housing Associates, Inc. are corporations organized, existing and doing business under and by virtue of laws of the State of Tennessee, with their principal place of business and office located at 4600 Clinton Highway, Knoxville, Tennessee.

Respondent Clayton Lincoln/Mercury, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business and office located at 4600 Clinton Highway, Knoxville, Tennessee.

Respondent Clayton Mobile Homes of Middlesboro, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee, with its principal place of business located at North 12th Street, Middlesboro, Kentucky and its office located at 4600 Clinton Highway, Knoxville, Tennessee.

Respondent James L. Clayton is the principal officer of said corporations. He formulates, directs and controls the policies, acts and practices of said corporations and his business address is the same as that of said corporations.

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

ORDER

It is ordered, That respondents Clayton Mobile Homes, Inc., Clayton Motors, Inc., Western Mobile Homes, Inc., Factory Housing Associates, Inc., Clayton Lincoln/Mercury, Inc., and Clayton Mobile Homes of Middlesboro, Inc., corporations, and their successors and assigns and their officers, and James L. Clayton, individually and as an officer of said corporations, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale and delivery of mobile homes and automobiles or any other products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that any product or service may be purchased for any dollar amount or percentage over wholesale cost unless substantial sales are made at the stated markup over respondents' actual wholesale cost, or misrepresenting in any manner respondents' selling prices and markups.

2. Representing, directly or by implication, that any price or amount for any product or service is respondents' wholesale cost unless such price or amount accurately represents re-

spondents' actual wholesale cost, or misrepresenting in any manner respondents' wholesale costs.

3. Representing, directly or by implication, that in event of a credit sale, downpayments of any dollar amount or percentage of the selling price will be accepted unless such downpayments are usually and customarily accepted.

4. Representing, directly or by implication, that in event of a credit sale credit terms of 5 percent add-on interest or any other percentage will be arranged unless such credit terms are usually and customarily made available and arranged.

5. Misrepresenting in any manner the downpayments required the interest rates arranged, or other terms and conditions incident to respondents' credit sales.

It is further ordered, That for a period of five (5) years respondents maintain records which disclose the factual basis for any representation of respondents' cost or special prices for any products or services.

II

It is further ordered, That respondents Clayton Mobile Homes, Inc., Clayton Motors, Inc., Western Mobile Homes, Inc., Factory Housing Associates, Inc., Clayton Lincoln/Mercury, Inc. and Clayton Mobile Homes of Middlesboro, Inc., corporations, their successors and assigns and their officers, and James L. Clayton, individually and as an officer of said corporations, 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 any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Pub.L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to disclose the amount of the "finance charge," as required by Section 226.8(c)(i) of Regulation Z.

2. Failing to disclose accurately the "annual percentage rate," as required by Section 226.8(b)(2) of Regulation Z.

3. Failing in any credit sale to disclose accurately the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

4. Failing in any credit sale to describe payments which are more than twice the amount of an otherwise scheduled equal payment by the term "balloon" payment, as required by Section 226.8(b)(3) of Regulation Z.

5. Failing in any credit sale to provide customers with the disclosures required by Section 226.8 of Regulation Z.

6. Stating the rate of any finance charge unless respondents state the rate of that charge expressed as an "annual percentage rate," as required by Section 226.10(d)(1) of Regulation Z.

7. Stating the amount of monthly installment payments which can be arranged in connection with a consumer credit transaction, without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

(i) The cash price;

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

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

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

(v) The deferred payment price.

8. 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 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 sale or extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

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

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

Opinion

IN THE MATTER OF

BROADWAY-HALE STORES, INC.

Docket C-1057. Decision, April 14, 1966—Opinion, April 13, 1972

Opinion in response to application to make acquisition.

OPINION IN RESPONSE TO APPLICATION OF BROADWAY-HALE STORES, INC.

On April 14, 1966, the Commission issued an order which, *inter alia*, prohibited Broadway-Hale Stores, Inc. (Broadway-Hale), for five years from acquiring any department store or other GMAF store without the prior approval of the Commission. Subsequently, Broadway-Hale sought and received Commission approval for a proposed acquisition of Neiman-Marcus, and in connection with that approval, the Commission, on March 11, 1969, issued a modified order extending the moratorium provisions of the original order for a period of five years from the date of issuance. In an opinion accompanying the approval of the Neiman-Marcus acquisition, the Commission stated:

> When a company under a merger ban requests permission to make an acquisition which * * * appears on its face to have possible anticompetitive consequences, such request will probably not be granted unless the parties can demonstrate that the possibility of such anticompetitive consequences is remote.

On May 7, 1971, Broadway-Hale requested Commission approval to acquire Bergdorf and Goodman (Bergdorf) and Bergdorf-Goodman Fur Corporation, which request was opposed by the compliance staff of the Commission. The Commission determined to afford Broadway-Hale and Bergdorf a public hearing for the purpose of establishing a more complete factual record with respect to the absence of the possibility of anticompetitive consequences stemming from the acquisition. The General Counsel of the Commission was appointed as its representative to preside over such hearing, and the Commission staff was authorized to participate fully in the hearing.

The basic issues in dispute between the parties turned on the questions of whether Broadway-Hale could or would expand internally into the New York market, whether it is possible to enter the New York Metropolitan market without a flagship store on Fifth Avenue, and whether, if the purchase of Bergdorf Goodman were disapproved, Bergdorf would in fact exit permanently from the New York market.

Broadway-Hale's arguments were supported by the unanimous testimony of the witnesses appearing at the hearing. All supported the Broadway-Hale contentions respecting the general difficulties of entry into the New York market—the necessity to have a Fifth Avenue flagship store in order to enter the suburbs in the broader New York Metropolitan market, the unstable financial condition of Bergdorf Goodman and its need either to exit or to expand, and the massive financing which would have been required and would probably have been unavailable for the latter.

Complaint counsel relied in support of its position in part on its analysis of Bergdorf Goodman's financial statement which it claimed indicated a solid profitability position for Bergdorf in the years just preceding the calendar year 1970 and which it argued demonstrated that Bergdorf if it chose could secure the financing which it would need in order to expand. Complaint counsel argued, therefore, that it was not clear that Bergdorf Goodman would necessarily exit the New York market if this acquisition were disapproved. The other evidence relied upon by complaint counsel was Neiman-Marcus' entry into several markets on its own. This evidence, complaint counsel argued, tended to refute the Broadway-Hale testimony as to its inability to enter the New York market internally.

We recognize, of course, that competitive conditions involved here are dynamic to a certain degree and that events and conditions which seem certain and inevitable one day may be altered by the business realities of the next. We recognize that by approving this acquisition we assume the risk that had we denied the request, Bergdorf might have remained a viable competitor, Broadway-Hale might have entered the market independently and competition would thereby have been advanced. On the record before us, this possibility must be considered exceedingly remote whereas there is a substantial probability that a denial of the request would result in a net loss of competition.

We remain today as concerned with competitive conditions in the GMAF industry as we were at the time the order against petitioner and similar orders were issued, and it is our intention to continue to scrutinize mergers in this industry with great care. It is precisely because of this concern that we feel it is essential that we adopt in this matter the action which will yield the greatest probability of procompetitive results. Judged by this standard and by the standard announced in our earlier opinion, we conclude that the request should be approved. The circumstances which we have described with respect to the competitive condition of the mid-Manhattan high-

fashion market and the future plans of the petitioning parties combine to create a situation which is perhaps unique in this country. Thus, the result in this matter must be limited strictly to the singular facts here present and should not be viewed as having a broader reach.

Accordingly, on the basis of the evidence before us, we approve the proposed acquisition.

IN THE MATTER OF

ACME QUILTING COMPANY, INC., ET AL.

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

Docket C-2192. Complaint, Apr. 14, 1972—Decision, Apr. 14, 1972

Consent order requiring a New York City firm which manufactures and sells mattress pads and covers, moving van pads, bedspreads and pillow protectors to cease misrepresenting its products as flame retardant without also attaching to its products a label stating the number of washings or dry cleanings the flame retardant will withstand.

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 Acme Quilting Company, Inc., a corporation, and Ephraim S. Young, Herbert Goldman and Richard G. Rattner, individually, and as officers of said corporation, sometimes 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 thereto would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Acme Quilting Company, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of New York and has its principal place of business at 295 Fifth Avenue, New York, New York. Individual respondents Ephraim S. Young, Herbert Goldman and Richard G. Rattner are president, vice-president and treasurer and vice-president and secretary respectively of said corporation and are members of the board of directors of said corporation. The individual respondents are all equal shareholders of the corporate respondent.

The corporate respondent manufactures mattress pads, mattress covers, moving van pads, bedspreads, and pillow protectors in three factories owned and operated by it in Hanover, Pennsylvania, Tunica, Mississippi and Bakersfield, California.

Respondents Ephraim S. Young, Herbert Goldman and Richard G. Rattner formulate, direct and control the acts, practices and policies of said corporation and its corporate subsidiaries. Their address is the same as the corporate respondent.

PAR. 2. Respondents in the course and conduct of their business have been, and are now, engaged in the sale, advertising and offering for sale in commerce of mattress pads and other products which they ship or cause to be shipped, when sold, from the States of Pennsylvania, Mississippi and California to purchasers located in various other states and maintain and have maintained a substantial course of trade in said products in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Respondents are now, and at all times mentioned herein, have been in substantial competition in commerce with other corporations, firms and individuals engaged in the sale and distribution of mattress pads and other products.

PAR. 4. In the course and conduct of their business, and for the purpose of inducing the purchase of said mattress pads, respondents have made statements and representations in the packaging, labeling, and in other advertising materials, with respect to the flame retardant characteristics of said product.

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

FIREGUARD FLAME RETARDANT MATTRESS PAD AND COVER

Flame retardant fabric on BOTH sides. Complete protection won't wash out.
* * * nylon tricot skirt. Flame resistant.
100% Virgin polyester Fiberfill. Flame retardant.
Fitted style * * * Protects mattress

FLAME RETARDANT FABRIC AND FILLING

PAR. 5. Through the use of the aforesaid statements and representations and others of similar import and meaning, respondents have represented directly or by implication:

a) That the entire mattress pad had been treated with a flame retardant chemical which offered complete protection against flames.

b) That the mattress pad contained a flame retardant finish which would not wash out under any conditions of laundering.

c) That the fitted style of pad containing the nylon tricot skirt was flame resistant and offered protection against flames.

d) That the virgin polyester filler was flame retardant and offered protection against flames.

e) That the treated pads provide security and complete protection against hazards caused by flames.

PAR. 6. In truth and in fact:

a) The entire mattress pad had not been treated with a flame retardant chemical and did not offer complete protection against flames.

b) The flame retardant finish on respondents' mattress pads will wash out under certain laundering conditions.

c) The fitted style containing a nylon tricot skirt does not resist flames and offers no protection to the mattress against lighted cigarettes or other flames which are able to burn right through and into the mattress.

d) The virgin polyester filler is not flame retardant and does not offer protection against flames.

e) The treated pads do not provide security and complete protection against the hazards caused by flames.

PAR. 7. Respondents furthermore have failed to disclose in their packaging, labeling and advertising of said product, material and relevant facts related to the proper laundering of said products in order to preserve the flame retardant finish. Respondents have failed to provide warnings to prospective purchasers and to purchasers of said product against the use of chlorine bleach, soap and acid-sours used in commercial laundries which negates the flame retardant finish under certain conditions.

The failure to disclose said material facts leads the consumer to believe that the representations being made are true and complete. Such failure to disclose material facts is unfair, and false, 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 respondents of the aforesaid false, misleading and deceptive statements, representations, acts and practices and their failure to disclose material facts, as set forth in Paragraphs Four through Seven above, 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 statements and representations were and are true and complete, and into the purchase of substantial quantities of said products.

PAR. 9. The aforesaid acts and practices of respondents as herein alleged are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair methods of competi-

tion and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

Decision and Order

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

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

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

1. Respondent Acme Quilting Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 295 Fifth Avenue, New York, New York.

Respondents Ephraim S. Young, Herbert Goldman and Richard G. Rattner are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above stated address.

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

ORDER

It is ordered, That respondent Acme Quilting Company, Inc., a corporation, its subsidiary and affiliated corporations, its successors and assigns, and respondents Ephraim S. Young, Herbert Goldman and Richard G. Rattner individually, and as officers of said corporate

respondent, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale and distribution of mattress pads, mattress covers, pillow protectors, bedspreads, sheets and pillow cases 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 all uncovered or exposed parts (except sewing threads), as well as any other parts represented directly or by implication to be flame retardant or as treated with a flame retardant finish, will retard and resist flame, flare and smouldering, or have been treated with a finish which will retard and resist flame, flare and smouldering.

It is further ordered, That in all instances where respondents represent said products to be flame retardant or treated with a flame retardant finish, that warnings be 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 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 respondents 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 respondents notify the Commission at least thirty (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 which may affect compliance obligations arising out of the order.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all personnel of respondents 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

GIMBEL BROTHERS, INC.

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

Docket C-2193. Complaint, Apr. 14, 1972—Decision, Apr. 14, 1972

Consent order requiring a New York City department store and its six branch stores selling mattress pads, mattress covers, sheets and pillow cases to cease misrepresenting its products as flame retardant without also attaching to its products labels stating the number of washings or dry cleanings the flame retardant will withstand.

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 Gimbel Brothers, 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 Gimbel Brothers, 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 at 33rd Street and Broadway, New York, New York.

Respondent is one of the leading department stores in the nation and operates its main store at 33rd Street and Broadway in New York City under the name Gimbel's New York with six branch stores located in New York State, two in Connecticut and one in New Jersey, and department stores in other states known as Gimbels Milwaukee, Gimbels Philadelphia and Gimbels Pittsburgh, along with branches thereof.

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 merchandise it ships or causes to be shipped, when sold, from the State of New York and other states to purchasers located throughout the country and maintains and has maintained a course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act. Respondent's volume of business in the retail sale of general merchandise is and has been substantial. Among such merchandise so sold and shipped are mattress pads.

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.

PAR. 4. In the course and conduct of its business in commerce, and for the purpose of inducing the purchase of said mattress pads, respondent has made representations in newspaper advertisements and in a direct mailing piece having wide circulation, in packaging as well as in other advertising material with respect to the flame retardant characteristics of said product.

Typical and illustrative of the statements and representations in said advertising and packaging, are the following:

WHITE SALE SAVINGS NOW ON FIREGUARD FLAME RETARDANT MATTRESS PAD AND COVER BY ACME

Flame retardant fabric on BOTH sides. Complete protection won't wash out. * * * nylon tricot skirt. Flame resistant.
Fitted style * * * Protects mattress * * *
100% virgin polyester fiberfill. Flame retardant

PLUMP FIREGUARD MATTRESS PADS HAVE FLAME-RETARDANT FOR EXTRA-PROTECTION

White cotton Acme pads filled with polyester have flame-retardant fabricon finish that lasts through countless washings

EXTRA PROTECTION-FIREGUARD FLAME RETARDANT POLYESTER-FILL MATTRESS PADS

Plump, no-iron white cotton pads filled with non-allergenic polyester have a flame retardant that won't wash away.

FOR PLUS PROTECTION-FIREGUARD FLAME RETARDANT MATTRESS PADS * * * flame-retardant finish that won't wash away.

FLAME RETARDANT PADS—FEEL SECURE WITH FIREGUARD NO-IRON MATTRESS PADS

Get the exceptional comfort of Acme's new bedding covers of no-iron white cotton, filled with fluffy white, non-allergenic polyester—plus the lasting protection of flame retardant treatment. Fitted styles have easy-on nylon tricot skirt

PAR. 5. Through the use of the aforesaid statements and representations and others of similar import and meaning, published in advertisements prepared by Gimbel Brothers, Inc., representations have been made directly or by implication that:

a) The mattress pad contained a flame retardant finish which would not wash out under any conditions of laundering.

b) That the entire mattress pad had been treated with a flame retardant chemical which offered complete protection against flames.

c) That the fitted style containing the nylon tricot skirt was flame resistant and offered protection against flames.

d) That the virgin polyester filler had been treated with a flame retardant chemical which offered protection against flames.

e) That the treated pads provide security and complete protection against hazards caused by flames.

PAR. 6. In truth and in fact:

a) The flame retardant finish on respondent's mattress pads will wash out under certain laundering conditions.

b) The entire mattress pad had not been treated with a flame retardant chemical and did not offer complete protection against flames.

c) The fitted style, containing a nylon tricot skirt, does not resist flames and offers no protection to the mattress against lighted cigarettes or other flames which are able to burn right through and into the mattress.

d) The virgin polyester filler is not flame retardant, and does not offer protection against flames.

e) The pads do not provide security and complete protection against the hazards caused by flames.

PAR. 7. Through the use of the aforesaid representations, and others of similar import and meaning, but not specifically set out herein, respondent has represented directly or by implication that the flame retardant mattress pads offered consumers complete protection which could not be washed away under any and all conditions of laundering, and that said mattress pads are entirely flame retardant and thus provide complete safety and protection against flames.

PAR. 8. The use by respondent of the aforesaid false, misleading and deceptive representations set forth in Paragraph Four above has had, and now has, the tendency and capacity to mislead and deceive members of the public into the purchase of said product under the erroneous and mistaken belief that such statements and representations are true.

PAR. 9. Respondent furthermore has failed to reveal in its advertising, packaging and labeling of said product, material and relevant facts related to the proper laundering of said product in order to preserve the flame retardant finish. Respondent has failed to provide warnings to prospective purchasers and to purchasers of said product against the use of chlorine bleach, soap and acid-sours used in commercial laundries which negates the flame retardant finish under certain conditions.

That the failure to disclose said material facts leads the consumer to believe that the representations being made are true and complete. Such failure to disclose material facts is unfair, and false, misleading and deceptive, and constitutes an unfair method of competition in violation of Section 5 of the Federal Trade Commission Act.

PAR. 10. 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 Gimbel Brothers, 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 33rd Street and Broadway, 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, Gimbel Brothers, 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 covers, mattress pads, sheets and pillow cases, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing that said products are flame retardant, or have been treated with a flame retardant finish, unless all uncovered or exposed parts (except sewing threads), as well as any other parts represented directly or by implication to be flame retardant or as treated with a flame retardant finish, will retard and resist flame, flare and smouldering, or have been treated with a finish which will retard and resist flame, flare and smouldering.

It is further ordered, That in all instances where respondent represents said products to be flame retardant or treated with a flame retardant finish, warnings be 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 label affixed to the said 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 make every reasonable effort to immediately notify in writing all of its customers who have purchased or to whom have been delivered the mattress pads which gave rise to this complaint to alert them to the fact that only the top and skirt portions have been treated with the flame retardant finish.

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

IN THE MATTER OF

ALASKA SLEEPING BAG COMPANY, ET AL.

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

Docket C-2194. Complaint, Apr. 17,1972—Decision, Apr. 17, 1972

Consent order requiring a Beaverton, Oregon, mail-order seller of sporting goods to cease misrepresenting its relative size in the industry and its refund and shipment policies. Respondent is also required to prominently print in its catalogs, for a two year period, a disclosure notice and an address to which customers may apply for refunds.

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 Alaska Sleeping Bag Company, a corporation, and Frank R. Davis, individually and as an officer of said corporation, sometimes 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 Alaska Sleeping Bag Company is a corporation organized, existing and doing business under and by

virtue of the laws of the State of Oregon with its principal office and place of business located at 13150 S. W. Dawson Way, Beaverton, Oregon.

Respondent Frank R. Davis is an individual and is an officer, director and shareholder of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices herein described. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are engaged in the advertising, offering for sale, sale and distribution of outdoor sporting goods equipment and wearing apparel by mail order.

PAR. 3. In the course and conduct of their aforesaid business, respondents cause their products, when sold, to be shipped from their place of business in the State of Oregon to purchasers who are located in various other States of the United States and in the District of Columbia. Respondents maintain 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, respondents are in substantial competition in commerce with corporations, firms, and individuals engaged in the sale of products of the same general kind and nature as those sold by respondents.

PAR. 5. In the course and conduct of their business, and for the purpose of inducing prospective customers to order their articles of merchandise by mail and submit their money or credit card information therewith, respondents cause their mail order catalogs to be disseminated two or three times annually to approximately 400,000 individuals in the various States of the United States and in the District of Columbia. Said catalogs do not disclose that particular items are not in stock, that respondents must special order certain items from their suppliers after receiving customer orders, or that particular items are drop-shipped directly from respondents' suppliers to their customers.

PAR. 6. In the course and conduct of their business, and for the purpose of inducing prospective customers to order their products by mail and submit their money or credit card information therewith, respondents have caused numerous statements and representations to be disseminated in the aforesaid catalogs, with respect to respondents' realtive size within the sporting goods industry, the availability of items of merchandise displayed in their catalogs, the promptness with which orders will be filled, and respondents' unconditional guarantee of satisfaction.

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

1. AMERICA'S LARGEST SUPPLIER OF OUTDOOR EQUIPMENT
2. DELIVERY

Your order is processed promptly. Please allow adequate shipping time for Parcel Post Delivery.

Under some circumstances delivery may take three or four weeks. [Respondents do not disclose delivery times with respect to any of the individual items displayed in their catalogs.]

3. PLEASE ORDER EARLY TO AVOID DISAPPOINTMENT

* * * * * * *

Occasionally we cannot keep up with the demand for some items and sell our entire supply before year's end. If you see items in this catalog that you ordered and could not get last year, it is because we sold out the entire year's production before your order was received. These items are again in stock.

We maintain a large inventory of merchandise and make every effort to satisfy each customer, but to assure delivery please place your orders early.

4. * * * Each item in this catalog is unconditionally guaranteed. The purchases must be completely satisfactory and exactly as represented or return them for full refund, including your return postage.

UNCONDITIONAL GUARANTEE

All Alaska* products are of dependable expedition quality. We guarantee that every item we sell will give full satisfaction or we will refund your purchase price plus your return shipping cost at surface rates.

PAR. 7. By and through the use of the above-quoted statements and representations, and others of similar import and meaning, but not expressly set out herein, respondents have represented, directly and by implication:

1. That their gross annual sales are greater than any other retailer's gross annual sales of similar types of outdoor equipment;

2. That they will routinely ship orders within a few days after receiving them from their customers and that they will, without exception, ship so that their customers receive their merchandise within four weeks after placing their orders by mail or telephone with respondents;

3. That respondents have each and every item of merchandise displayed in their catalogs in stock at the time the catalogs are mailed *en masse*, that they have made or will make arrangements with their suppliers to obtain the additional quantities of said items necessary to meet reasonably anticipated customer demand, and that only under exceptional circumstances will their inventory of said items be insufficient to meet their customer demand;

4. That their customers may, for any reason whatsoever, return any items previously purchased from respondents and that re-

spondents will thereafter refund the specified amount within a reasonable period of time.

PAR. 8. In truth and in fact:

1. Respondents' gross annual sales are not greater than any other retailer's gross annual sales of similar types of outdoor equipment.

2. Respondents do not routinely ship orders within a few days after receiving them from their customers and have failed in a substantial number of instances to ship so that their customers receive their merchandise within four weeks after placing their orders with respondents. In many thousands of instances, respondents have retained the use of their customers' money and failed to ship the merchandise within four weeks or any other period of time which could be deemed reasonable. A substantial portion of said customers have telephoned or written to respondents demanding an immediate refund, which demands respondents have ignored and refused to honor. Respondents had not less than 11,000 unshipped back orders on July 15, 1971; these orders were received by respondents from mid-1969 to February 15, 1971, and total to not less than $315,000.

Many thousands of respondents' other customers not in back order status on July 15, 1971, have been required to wait much longer than four weeks for their merchandise or refund and have been subjected to the same type of frustration and disappointment in attempting to get the merchandise or a refund as have those in back order status on July 15, 1971.

Respondents do not in the course and conduct of their business issue refunds to customers who do not demand refunds.

3. Respondents have not had a substantial number of the items displayed in their catalogs in stock at the time the catalogs were mailed *en masse* and have failed to make arrangements with their suppliers to obtain the additional quantities necessary to meet reasonably anticipated customer demand; in a substantial number of instances, respondents' inventory of said items has been insufficient to meet customer demand.

4. In a substantial number of instances, respondents have failed to refund the specified amount within a reasonable period of time after their customers have returned merchandise previously purchased from them. Said customers found the merchandise unsatisfactory because it arrived too late for the occasion for which it was ordered, because it was the wrong size or color and because it was of no usefulness to them without the other items specified in their orders but not shipped by respondents. Rather than adhering to the terms of their guarantee, respondents have failed to honor the demands of

said customers for refunds and have procrastinated for several months in most instances where they did in fact refund their moneys.

Therefore, respondents' statements, representations, acts and practices, and their failure and refusal to refund moneys to customers whose orders they have failed to ship within a reasonable period of time after receipt of their moneys, as enumerated in Paragraphs Six, Seven and Eight herein, were, and are, unfair, false, misleading and deceptive acts and practices.

PAR. 9. In a substantial number of instances where respondents have failed to either ship the ordered merchandise or issue refunds within a reasonable period of time after receipt of the money, as enumerated in Paragraph Eight herein, respondents' customers have been unable or unwilling to purchase the desired merchandise from any of respondents' competitors until they have received a refund from respondents. Respondents' continuing retention of said customers' moneys for an indeterminate and unreasonable period of time and their failure to refund their moneys within a reasonable period of time has thereby had and now has the effect of depriving respondents' competitors of substantial amounts of business and, therefore, is an unfair method of competition and an unfair act or practice.

PAR. 10. The use by respondents of the aforesaid unfair acts and practices and false, misleading and deceptive statements and representations, and their failure to disclose material facts, has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said acts, statements and representations were, and are, true and complete, and has had, and now has, the capacity and tendency to mislead members of the purchasing public into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief and unfairly into submitting their money or credit card information with their orders, all of which they might not otherwise have done.

PAR. 11. The aforesaid acts and practices of respondents, including their failure and refusal to refund moneys to customers whose orders they have failed to ship within a reasonable period of time after receipt of their moneys, as alleged herein, 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 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 jurisdictional facts set forth in the aforesaid draft of complaint, a stipulation that although the agreement is for settlement purposes, it may be used by a court in any subsequent proceeding under Section 5(1) of the Federal Trade Commission Act as a basis for such further relief against respondents as the court deems just and proper, and waivers and other provisions as required by the Commission's rules; and

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

1. Respondent Alaska Sleeping Bag Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Oregon with its principal place of business located at 13150 S.W. Dawson, Beaverton, Oregon. Respondent Frank R. Davis is an individual and chief executive officer of Alaska Sleeping Bag Company. He formulates, directs and controls the policies, acts and practices of said corporation. His address is the same as that of the corporate respondent.

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

ORDER

It is ordered, That respondents Alaska Sleeping Bag Company, a corporation, and its officers, and Frank R. Davis, individually and as chief executive officer of corporate respondent, and respondents'

agents, representatives, employees, successors and assigns, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of outdoor sporting goods equipment and wearing apparel or any other product by mail order, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Misrepresenting directly or by implication:

(a) Respondents' relative size within the sporting goods or mail order sporting goods industry;

(b) The conditions under which or period of time within which respondents will refund money to their customers pursuant to any guarantee or warranty;

(c) The period of time within which respondents will ship order or particular items of merchandise.

2. Failing to make an immediate refund to a buyer, voluntarily and without the buyer's prior demand, of all moneys paid for an item of merchandise ordered by mail or telephone when the item has not been shipped;

(a) Within three weeks from receipt of payment, or

(b) Within such longer period of time from receipt of payment as is clearly and conspicuously disclosed in respondents' most recent catalog as the estimated time required for shipment of the item;

(c) Provided that this inhibition shall not apply to those situations where respondents have obtained the express written consent of the buyer, separately signed and dated, to a specified delay.

3. Failing to make an immediate refund to a buyer, voluntarily and without the buyer's prior demand, of all moneys paid for an item of merchandise ordered by mail or telephone when the item has not been shipped, within that time expressly agreed to by the buyer, as provided for in inhibition 2(c) herein.

4. For purposes of inhibitions 2 and 3 above, the following definitions shall apply: "Shipment" shall mean the act whereby respondents or their supplier-agent physically places the merchandise into the possession of the carrier. Where the buyer originally had the amount charged to his open-end credit account, "refund" shall be construed to mean crediting the buyer's account; where the buyer originally paid by cash, money order, draft, check or similar means, "refund" shall be construed to

mean refund by cash or check or by returning the buyer's original check where it was not previously negotiated.

5. Failing to publish the following statement in all catalogs mailed during the two year period immediately following the effective date of this order. The statement shall be prominently placed on the ordering information page and shall be in type not less than 10-point in size. The statement shall not be expanded or elaborated upon, nor used in any other context.

Customers who have not received the ordered merchandise or a refund within 30 days or any longer period of time designated in this catalog may write to:

P. O. Box 12302
Seattle, WA 98111.

It is further ordered, That within sixty (60) days from the effective date of this order respondents shall make refunds to all those customers whose orders for merchandise were received prior to the effective date of this order but not shipped prior to the effective date of this order; *Provided*, That this provision shall not apply to customer orders which respondents receive after the effective date of this order. "Shipment" shall mean the act whereby respondents or their supplier-agents physically place the merchandise into the possession of the carrier. "Refund" shall be construed to mean refund by cash or check, regardless of whether the buyer originally paid by cash, money order, draft or check or whether he had the amount charged to his open-end credit account.

It is further ordered, That respondents herein shall notify the Commission at least thirty (30) days prior to any proposed change in their organizational structure, such as dissolution, merger, assignment or sale resulting in the emergence of a successor, or any other change in the business organization of respondents which may affect compliance obligations arising out of this order.

It is further ordered, That respondents herein shall forthwith deliver a copy of this order to cease and desist to all present and future managers or other employees or representatives who engage in the preparation of respondents' catalogs, selection of suppliers or ordering of merchandise from suppliers and shall secure from each such person a signed statement acknowledging receipt of said 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.

Complaint

IN THE MATTER OF

JORDAN MOTOR COMPANY, INC., ET AL.

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

Docket C-2195. Complaint, Apr. 18, 1972—Decision, Apr. 18, 1972

Consent order requiring an Akron, Ohio, new and used car dealer to cease violating the Truth in Lending Act by failing to disclose to customers the annual percentage rate, the total number of payments, the cash price, the unpaid balance of the cash price, the deferred payment price, and other disclosures required by Regulation Z of the said Act. Respondent is also 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.

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 Jordan Motor Company, Inc., a corporation, and Jordan E. Alex, individually, and as an officer of said corporation, and also trading and doing business as American Acceptance Company, hereinafter referred to as respondents, have violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Jordan Motor Company, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and only place of business located at 35 East Waterloo Road, Akron, Ohio.

Respondent Jordan E. Alex is the president and chief executive officer of the corporate respondent. He formulates, directs and controls the policies, acts and practices of corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent Jordan E. Alex, is an individual, and trades and does business as American Acceptance Company, a sole proprietorship with its office and principal place of business located at 35 East

Waterloo Road, Akron, Ohio, the same address as that of corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, and sale of new and used automobiles to the public at retail. Respondent Alex, trading and doing business as the American Acceptance Company is now, and for some time last past has been, engaged in the financing of automobile purchases for customers of respondent Jordan Motor Company, Inc. Respondent Jordan Motor Company, Inc., is the only source of business for American Acceptance Company.

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

PAR. 4. Corporate respondent, and its chief officer, respondent Alex, in the ordinary course of their business, negotiate to third parties, primarily the American Acceptance Company owned by respondent Alex, installment sales contracts or other instruments of indebtedness executed in connection with credit purchases.

PAR. 5. Subsequent to July 1, 1969, respondents, in the ordinary course of their business, as aforesaid, and in connection with the financing of their credit sales as "credit sale" is defined in Regulation Z, have caused, and are now causing, customers to execute retail installment security agreements containing Federal Truth In Lending Disclosure statements, hereinafter referred to as "the agreement." Respondents make no disclosures to customers in connection with their credit sales, except on the agreement.

By, in and through the use of the agreements respondents:

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

(2) Failed in some instances to disclose accurately the total of payments as required by Section 226.8(b)(3) of Regulation Z.

(3) Failed in some instances to disclose accurately the deferred payment price as required by Section 226.8(c)(8)(ii) of Regulation Z.

(4) Failed in some instances to disclose accurately the unpaid balance of cash price as required by Section 226.8(c)(3) of Regulation Z.

(5) Retained a security interest in the automobile sold on consumer credit and in some instances failed to clearly identify the property to which the security interest related, as required by Section 226.8(b)(5) of Regulation Z.

PAR. 6. Subsequent to July 1, 1969, respondents, in the ordinary course of their business, as aforesaid, are and for some time last past have been, engaged in the advertisement of consumer credit, as the term "advertisement" is defined in Regulation Z. Some of the advertisements utilized by respondents to aid, promote, or assist directly or indirectly, respondent's credit sales, as the term "credit sale" is defined in Regulation Z which sales involve the extension of credit other than open end credit, state "no payments for 60 days" thereby implying that no downpayment is required, and further state the amount of various installment payments. The advertisements in question do not contain any other credit cost information.

By, in and through the use of the aforesaid advertisements, respondents state in advertising that no downpayment is required, and state the amount of an installment payment without also setting forth all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

1. the cash price or the amount of the loan, as applicable;

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

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

4. the deferred payment price or the sum of the payments as applicable.

PAR. 7. Subsequent to July 1, 1969, respondents, in the ordinary course of their business, as aforesaid, and in connection with the financing of their credit sales as "credit sale" is defined in Regulation Z, have on some occasions, required their customers, when financing purchases from corporate respondent with the American Acceptance Company owned by respondent Alex, to sign a cognovit note and chattel mortgage, hereinafter referred to as "the note." The note contains the following statement: "Each of the undersigned hereby authorizes any attorney at law to appear in any court of record in the State of Ohio, or in any State of the United States, after the above obligation or any installment thereof becomes due and waive the issuing and service of process and confess a judgment against any one or more or all of the undersigned, in favor of any holder of this note, for the amount then appearing due, together with

costs of suit, and thereupon to waive all errors and all rights of appeal and stay of execution * * *"

By and through, the use of the aforesaid note in respondents' credit sales, respondents engaged in and were a part of credit transactions because of which respondent gained the right to acquire a security interest in any real property which was or is used or was or is expected to be used as the principal residence of respondents' customers. Therefore respondents' customers, who owned such real property, had the right to rescind the transaction in the manner prescribed in Section 226.9(a) of Regulation Z, and respondents were required to give notice of that fact, in the manner prescribed in Section 226.9(b) of Regulation Z, to those customers who had such right to rescind. Respondent failed to give such notice to customers who had the right to rescind said credit transaction in the manner prescribed in, and as required by, Section 226.9(b) of Regulation Z.

PAR. 8. By the aforesaid actions, described in Paragraphs Five, Six and Seven hereof, respondents have 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 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 Cleveland Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth In Lending Act and the regulations promulgated thereunder and violation of the Federal Trade Commission Act; and

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said 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 Jordan Motor Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 35 East Waterloo Road, Akron, Ohio. Respondent Jordan E. Alex is the president and chief executive officer of the corporate respondent. He formulates, directs and controls the acts and practices of said corporation.

2. Respondent Jordan E. Alex is an individual who also trades as American Acceptance Company, a sole proprietorship.

3. 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 Jordan Motor Company, Inc., a corporation, and Jordan E. Alex, individually, and as an officer of said corporation, and trading and doing business as American Acceptance Company, and respondents' successors and assigns and respondents' officers, agents, representatives, and employees directly or through any corporation, subsidiary, division or other device in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth In Lending Act (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 the requirements of Section 226.5 of Regulation Z, as prescribed by Section 226.8(b)(2) of Regulation Z.

2. Failing to disclose the total of payments accurately as required by Section 226.8(b)(3) of Regulation Z.

3. Failing to disclose the deferred payment price accurately as required by Section 226.8(c)(8)(ii) of Regulation Z.

4. Failing to disclose accurately the unpaid balance of cash price as required by Section 226.8(c)(3) of Regulation Z.

5. Failing to make a clear identification of the property to which any security interest relates as required by Section 226.8(b)(5) of Regulation Z.

6. Failing to state, in terminology prescribed by Section 226.8 of Regulation Z, in any advertisement to aid, promote or assist directly or indirectly any credit sale involving the extension of credit other than Open End credit which states: the amount of the downpayment required or that no downpayment is required; the amount of any installment payment; the dollar amount of any finance charge; the number of installments or the period of repayment; or that there is no charge for credit, all of the following items as required by Section 226.10(d)(2) of Regulation Z:

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

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

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

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

(e) the deferred payment price or the sum of the payments, as applicable.

7. Failing in the case of any credit transaction in which a security interest is or will be retained or acquired in any real property which is used or is expected to be used as the principal residence of the customer, to give notice to the customer that he has the right to rescind the transaction, in the manner prescribed by Section 226.9(b) of Regulation Z, as required by Section 226.9(b) of Regulation Z.

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

It is further ordered, That respondents cease and desist from:

Assigning, selling or otherwise transferring respondents' notes, contracts, or other documents evidencing a purchaser's

indebtedness, unless any rights or defenses which the purchaser has and may assert against respondents are preserved and may be asserted against any assignee or subsequent holder of such note, contract, or other documents evidencing the indebtedness.

It is further ordered, That respondents cease and desist from:

Failing to include the following statement clearly and conspicuously on the face of any note, contract, or other instrument of indebtedness executed by or on behalf of respondents' customers:

NOTICE

Any holder takes this instrument subject to the terms and conditions of the contract which gave rise to the debt evidenced hereby, any contractual provision or other instrument to the contrary notwithstanding.

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

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the 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 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

FARLAND-BUELL, INC., ET AL.

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

Docket C-2196. Complaint, Apr. 19, 1972—Decision Apr. 19, 1972

Consent order requiring a Denver, Colorado, automobile dealer to cease violating provisions of the Truth in Lending Act by failing to disclose to customers the cash price, payments schedule, annual percentage rate, deferred payment price, and other disclosures required by Regulation Z of the said Act.

487-883—73——44

COMPLAINT

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

PARAGRAPH 1. Respondent Farland-Buell, Inc., is a corporation organized, existing ,and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 1505 South Colorado Boulevard, Denver, Colorado.

Respondent Adolf Farland is president of Farland-Buell, Inc. He formulates, directs, and controls the policies, acts, and practices of said corporation, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

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

PAR. 3. In the course and conduct of their business as aforesaid, respondents have caused, and are now causing, advertisements, as "advertisement" is defined in Section 226.2(b) of Regulation Z, to be placed in various media for the purpose of aiding, promoting, or assisting, directly or indirectly, the credit sales, as "credit sale" is defined in Section 226.2(n) of Regulation Z, of respondents' said automobiles.

PAR. 4. Subsequent to July 1, 1969, certain of the advertisements referred to in Paragraph Three above stated the amount of the downpayment required before credit would be extended without also stating:

1. the cash price;

2. the number, amount, and due dates or period of payments scheduled to repay the indebtedness;

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

4. the deferred payment price;

in the manner and form as required by Section 226.10(d)(2) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, certain other of the advertisements referred to in Paragraph Three above stated the period of repayment allowed in the extension of credit without also stating:

1. the amount of the downpayment required;

2. the number, amount, and due dates or period of payments scheduled to repay the indebtedness;

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

4. the deferred payment price;

in the manner and form as required by Section 226.10(d)(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 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 Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

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

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

complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Farland-Buell, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 1505 South Colorado Boulevard, Denver, Colorado.

Respondent Adolf Farland is president of Farland-Buell, Inc. He formulates, directs, and controls the policies, acts, and practices of said corporation including the acts and practices hereinafter set forth. His address is the same as 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 respondent Farland-Buell, Inc., a corporation, and its officers, and Adolf Farland, individually and as an officer of said corporation, trading under said corporate name or under any trade name or names, their successors and assigns, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the arrangement, extension, or advertisement of consumer credit in connection with the sale of automobiles or other products or services, as "advertisement" and "consumer credit" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote, or assist, directly or indirectly, any extension of consumer credit, which advertisement states the amount of the downpayment required, or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless it states all of the following items in the manner and form as required by Section 226.10(d)(2) of Regulation Z:

a. the cash price;

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

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

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

e. the deferred payment price or the sum of the payments, as applicable.

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

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

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

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

IN THE MATTER OF

JET SET OF CALIFORNIA, INC., ET AL.

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

Docket C-2197. Complaint, Apr. 21, 1972—Decision Apr. 21, 1972

Consent order requiring a Los Angeles, California, manufacturer of women's coats and pants suits to cease misbranding its textile fiber products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Jet Set of California, Inc., a corporation, and Joseph Foreman, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Textile Fiber Products Identification Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent Jet Set of California, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California. Its office and principal place of business is located at 860 South Los Angeles Street, Los Angeles, California.

Respondent Joseph Foreman is the president of said corporation. He formulates, directs and controls the policies, acts and practices of the corporate respondent including those hereinafter referred to. His address is the same as that of the corporate respondent.

Respondents are engaged in the manufacture of women's coats and pant suits.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising and offering for sale in commerce, and in the transportation or causing to be transported in commerce, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 3. Certain of such textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified to show each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identifica-

tion Act, and in the manner and form prescribed by the rules and regulations promulgated under said Act.

Among such misbranded textile fiber products, but not limited thereto, were women's coats which were not labeled to show:

(1) The true generic name of the fibers present; and

(2) The true percentage of the fibers present by weight.

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

1. The required information as to fiber content was not set forth in such a manner as to separately show the fiber content of each section of the textile fiber products containing two or more sections, in violation of Rule 25(b) of the aforesaid rules and regulations.

2. Samples, swatches and specimens used to promote or effect sales of respondents' coats were not labeled to show information required by Section 4(b) of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, in violation of Rule 21(a) of the aforesaid rules and regulations.

3. The fiber content of linings, fillings and paddings incorporated in coats for warmth rather than structural purposes were not set forth separately and distinctly in violation of Rule 22 of the aforesaid rules and regulations.

PAR. 5. The acts and practices of respondents as set forth above were and are in violation of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, and constituted and now constitute unfair methods of competition and unfair and deceptive acts and practices, in commerce, under the Federal Trade Commission Act.

DECISION AND ORDER

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

The respondents and counsel for the Commission having there-

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated 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 Jet Set of California, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California. Its office and principal place of business is located at 860 South Los Angeles Street, Los Angeles, California.

Respondent Joseph Foreman is the president of said corporation. He formulates, directs and controls the policies, acts and practices of the corporate respondent including those hereinafter referred to. His address is the same as that of the corporate respondent.

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 Jet Set of California, Inc., a corporation, its successors and assigns, and its officers, and Joseph Foreman, individually and as an officer of said corporation, and respondents' agents, representatives, and employees directly or through any corporation, subsidiary, division, or any other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising or offering for sale in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, of

any textile product, which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, after shipment in commerce of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

Misbranding textile fiber products by:

1. Failing to affix labels to such textile fiber products showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

2. Failing to separately set forth the required information as to fiber content on the required label in such a manner as to separately show the fiber content of the separate sections of textile fiber products containing two or more sections where such form of marking is necessary to avoid deception.

3. Failing to affix labels showing the respective fiber content and other required information to samples, swatches or specimens of textile fiber products subject to the aforementioned Act which are used to promote or effect sales of such textile fiber products.

4. Failing to set forth separately and distinctly the fiber content of any linings, interlinings, fillings, or paddings if incorporated in the textile fiber products for warmth rather than for structural purposes, or if any express or implied representations are made as to their fiber content.

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 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

ZOLTE'S, INC., ET AL.

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

Docket C-2198. Complaint, Apr. 21, 1972—Decision, Apr. 21, 1972

Consent order requiring a Buffalo, New York, furniture retailer to cease violating the Truth In Lending Act by failing to disclose to customers the annual percentage rate and 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 Zolte's, Inc., a corporation, and Henry Lightman, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of the said Acts and regulations, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Zolte's, 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 only place of business located at 243–251 Lombard Street, Buffalo, New York. Respondent Henry Lightman is the vice president-general manager of the corporate respondent. He is the chief executive officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the sale of furniture, carpets, appliances, and other merchandise 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 Retail Installment Contracts, hereinafter referred to as "the contract". By and through the use of the contract, respondents:

Failed in many instances to disclose the "Annual Percentage Rate" accurately to the nearest quarter of one percent in accordance with Section 226.5(b)(1) of Regulation Z.

PAR. 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 Cleveland Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth In Lending Act and the regulations promulgated thereunder and violation of the Federal Trade Commission Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said 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 Zolte's, 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 243–251 Lombard Street, Buffalo, New York. Respondent Henry Lightman is the vice president-general manager of the corporate respondent. He is the chief executive officer of the corporate respondent. He formulates, directs and controls the acts and practices of said corporation.

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

ORDER

It is ordered, That respondents Zolte's, Inc., a corporation, and Henry Lightman, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth In Lending Act (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(b)(1) of Regulation Z.

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

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

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

IN THE MATTER OF

FUJISAWA INTERNATIONAL CORP., ET AL.

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

Docket C-2199. Complaint, Apr. 21, 1972—Decision Apr. 21, 1972

Consent order requiring a New York City importer of scarves and other textile fiber products to cease importing, selling, or transporting dangerously flammable fabrics.

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 Fujisawa International Corp., a corporation, and Hideo Fujisawa, 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 Fujisawa International Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its address is 1225 Broadway, New York, New York.

Respondent Hideo Fujisawa is an officer of said corporate respondent. He formulates, directs and controls the acts, practices and policies of said corporate respondent.

Respondents are engaged in the importation, sale and distribution of textile fiber products, including, but not necessarily 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 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 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 constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the New York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended; 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. Respondent Fujisawa International Corp., is a corporation organized, existing and doing business under and by virtue of the

laws of the State of New York, with its office and principal place of business located at 1225 Broadway, city and State of New York.

Respondent Hideo Fujisawa is the president of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation. In the United States, Hideo Fujisawa's principal office and place of business is located at the above stated address. He also maintains an office located at Y. Port, Yokohama, 231–91 Japan.

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

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

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

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the scarves which gave rise to the com-

plaint, (2) the number of said scarves in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said scarves and effect the recall of said scarves from customers, and of the results thereof, (4) any disposition of said scarves since January 25, 1971, and (5) any action taken or proposed to be taken to bring said scarves into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said scarves, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

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

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

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

IN THE MATTER OF

ASSOCIATED DRY GOODS CORPORATION

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

Docket C-2200. Complaint, Apr. 21, 1972—Decision Apr. 21, 1972

Consent order requiring a New York City importer and distributor of ladies' scarves to cease importing, selling or transporting dangerously flammable fabrics.

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 Associated Dry Goods Corporation, a corporation, 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. Associated Dry Goods Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Virginia.

Respondent is engaged in the business of the importation, sale and distribution of products including, but not limited to, wearing apparel in the form of ladies' scarves with its office and principal place of business located at 417 5th Avenue, New York, New York. tion of said scarves since January 25, 1971, and (5) any action taken The respondent has fifteen (15) retail operating divisions throughout the country with each division doing business through various branch stores. The divisions and their main locations are: Lord and Taylor, New York, New York; Hahne and Company, Newark, New Jersey; The William Hengerer Company, Buffalo, New York; Powers Dry Goods Co., Minneapolis, Minnesota; Stewart and Co., Baltimore, Maryland; The Stewart Dry Goods Company, Louisville, Kentucky; J. W. Robinson Co., Los Angeles, California; The Diamond, Charleston, West Virginia; Sibley, Lindsay & Curr Co., Rochester, New York; Erie Dry Goods Company, Erie, Pennsylvania; The H. & S. Pogue Company, Cincinnati, Ohio; Goldwaters, Phoenix, Arizona; Stix, Baer & Fuller, St. Louis, Missouri; the Denver Dry Goods Company, Denver, Colorado; and Joseph Horne Co., Pittsburgh, Pennsylvania.

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

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

Among such products mentioned hereinabove were ladies' scarves.

PAR. 3. The aforesaid acts and practices of respondent were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and 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 proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the 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 the 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 Associated Dry Goods Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Virginia.

Respondent is engaged in the business of the importation, sale and distribution of products including, but not limited to, wearing apparel in the form of ladies' scarves, with its office and principal

place of business located at 417 5th Avenue, New York, New York. The respondent has fifteen (15) retail operating divisions throughout the country with each division doing business through various branch stores. The divisions and their main loactions are: Lord and Taylor, New York, New York; Hahne and Company, Newark, New Jersey; The William Hengerer Company, Buffalo, New York; Powers Dry Goods Co., Minneapolis, Minnesota; Stewart and Co., Baltimore, Maryland; The Stewart Dry Goods Company, Louisville, Kentucky; J. W. Robinson Co., Los Angeles, California; The Diamond, Charleston, West Virginia; Sibley, Lindsay & Curr Co., Rochester, New York; Erie Dry Goods Company, Erie, Pennsylvania; The H. & S. Pogue Company, Cincinnati, Ohio; Goldwaters, Phoenix, Arizona; Stix, Baer & Fuller, St. Louis, Missouri; The Denver Dry Goods Company, Denver, Colorado; and Joseph Horne Co., Pittsburgh, Pennsylvania.

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 Associated Dry Goods Corporation, a corporation, its successors and assigns, and its officers, and respondent's 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 ladies' scarves; or any article of wearing apparel, or fabric intended for use or which may reasonably be expected to be used in an article of wearing apparel, imported by or manufactured under the control or direction of Associated Dry Goods Corporation as the terms "commerce" and "article of wearing apparel" are defined in the Flammable Fabrics Act, as amended; or any other article of wearing apparel or fabric which is intended for use or which may reasonably be expected to be used in an article of wearing apparel, the manufacturer of which has not furnished a guaranty under Section 8(a) of the Flammable Fabrics Act, as amended; and which ladies' scarves, articles of wearing apparel and fabric fail to conform to an applicable standard or regulation, issued, amended, or continued in effect under the provisions of the aforesaid Act; *Provided, however*, nothing herein shall accord to the respondent immunity from any subsequent proceedings under Section 3, 6(a) or 6(b) of the Flam-

mable Fabrics Act, as amended. Further nothing herein shall limit the authority of the Commission to extend the terms of the order to products, fabrics or related material presently excluded from this order in any subsequent proceeding against the respondent.

It is further ordered, That if not already accomplished the respondent notify all of its customers who can be identified as having purchased or to whom if identified, 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 wherever possible.

It is further ordered, That if not already accomplished 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 it of this order, file with the Commission a special report in writing setting forth the respondent's intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken or any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since April, 1970, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondent has in inventory any article of wearing apparel, or fabric which is intended for use or which may reasonably be expected to be used in an article of wearing apparel, which article of wearing apparel or fabric comes within the provisions of the first paragraph of this order, having a plain surface and made of 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 article of wearing apparel, or fabric which is intended for use or which may reasonably be expected to be used in an article of wearing apparel having a raised fiber surface. Upon request of the Commission the respondent shall submit samples of any such article of wearing apparel, or not less than one square yard

in size of any such fabric which is intended for use or which may reasonably be expected to be used in an article of wearing apparel.

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

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

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

IN THE MATTER OF

PONDAROZA ORIGINALS, 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-2201. Complaint, May 1, 1972—Decision May 1, 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 PondaRoza Originals, Inc., a corporation, and Max Klar, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

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

Respondent Max Klar is an officer of the corporate respondent. He formulates, directs and controls 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 307 Seventh Avenue, 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 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 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 PondaRoza Originals, 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 307 Seventh Avenue, New York, New York.

Respondent Max Klar is an officer of the corporate respondent. He formulates, directs and controls the acts, practices and policies of said corporate respondent.

Respondents are manufacturers of fur products.

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 PondaRoza Originals, Inc., a corporation, and its officers, and Max Klar, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, 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 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

P. MILLER & SON, ET AL.

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

Docket C-2202. Complaint, May 1, 1972—Decision May 1, 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 P. Miller & Son, a partnership, and Paul Miller and Jack Miller, individually and as co-partners, trading as P. Miller & Son, 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 P. Miller & Son is a partnership organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Paul Miller and Jack Miller, are partners of the partnership respondent. They formulate, direct and control the acts, practices and policies of the said partnership respondent including those hereinafter set forth.

Respondents are manufacturing furriers with their office and principal place of business located at 135 West 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 manu-

facture 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 dyed, 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. Respondents sold and distributed fur products which were bleached, dyed or artificially colored. Certain of these fur products were falsely and deceptively invoiced in violation of Section 5(b)(2) of the Fur Products Labeling Act in that said fur products were described on invoices as "Mink" without disclosing that said fur products were bleached, dyed or otherwise artificially colored. The respondents' description of the said fur products as "mink" without a disclosure that the said fur products were bleached, dyed or artificially colored had the tendency and capacity to mislead respondents' customers and others into the erroneous belief that the fur products were not bleached, dyed or otherwise artificially colored. Such failure to disclose a material fact was to the prejudice of respondents' customers and the purchasing public and constituted false and deceptive invoicing under 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 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 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 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 P. Miller & Son is a partnership organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Paul Miller and Jack Miller are partners of said partnership. They formulate, direct and control the policies, acts and practices of said partnership.

Respondents are manufacturing furriers with their office and principal place of business located at 135 West 29th 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 respondents P. Miller & Son, a partnership, and Paul Miller and Jack Miller, individually and as co-partners trading as P. Miller & Son, or under any other name, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the sale, advertising, offering for sale, transportation or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

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

2. Failing to affix labels to fur products 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 fur products by:

1. Failing to furnish invoices, 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 invoices that the fur contained in the fur products is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

3. Describing fur products which have been bleached, dyed or otherwise artificially colored by the name of mink or by any other animal name or names without disclosing that the said fur products were bleached, dyed or otherwise artificially colored.

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

MAX BOGEN & CO., 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-2203. Complaint, May 1, 1972—Decision May 1, 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 Max Bogen & Co., Inc., a corporation, and Ernest Bogen, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Max Bogen & Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Ernest Bogen is an officer of the corporate respondent. He formulates, directs and controls 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 350 Seventh Avenue, 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 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 artificialy colored when such was the fact.

PAR. 6. Certain of said 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. Respondents furnished false guaranties that certain of their fur products were not misbranded, falsely invoiced or falsely advertised when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guarantied would be introduced, sold, transported and distributed in commerce, in violation of Section 10(b) of the Fur Products Labeling Act.

PAR. 8. 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 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 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 Max Bogen & Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Ernest Bogen is an officer of the corporate respondent. He formulates, directs and controls 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 350 Seventh Avenue, New York, New York.

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

ORDER

It is ordered, That Max Bogen & Co., Inc., a corporation, and its officers, and Ernest Bogen, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, 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 bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix a label to such fur product showing in words and 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 Max Bogen & Co., Inc., a corporation, and its officers, and Ernest Bogen, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

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

NAT BEINHORN

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

Docket C-2204. Complaint, May 1, 1972—Decision, May 1, 1972

Consent order requiring a New York City retail furrier of fur products to cease misbranding and falsely or deceptively invoicing its products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Nat Beinhorn, an individual trading as Nat Beinhorn hereinafter referred to as respondent, has violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Nat Beinhorn is an individual doing business under and by virtue of the laws of the State of New York.

Respondent is primarily a retail furrier of fur products with his office and principal place of business located at 130 West 30th Street, New York, New York.

PAR. 2. Respondent is now and for some time last past has been engaged in the introduction into commerce, and in the sale, advertis-