Complaint

IN THE MATTER OF

RELIABLE MANUFACTURING COMPANY ET AL.

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

Docket C-776. Complaint, June 30, 1964—Decision, June 30, 1964

Consent order requiring Franklin Park, Ill., manufacturers of electric cooker-fryers which they sold to wholesalers, stamp redemption firms, catalog and mail order firms, wholesale discounters and retailers for resale, to cease their practice of supplying to their customers catalog sheets, circulars and cartons bearing representations such as "$19.95 Suggested List Price Guaranteed For 2 Years", when such "suggested price" appreciably exceeded the highest price at which substantial sales were made in their trade area and the purported "2 year guarantee" was subject to undisclosed conditions.

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 Reliable Manufacturing Company a corporation, and Charles W. Leigh, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Reliable Manufacturing Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 9201 King Street, Franklin Park, Illinois.

Respondent Charles W. Leigh is an 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 manufacturing, advertising, offering for sale, sale and distribution of electric cooker-fryers to wholesalers, stamp redemption firms, catalogue and mail order firms, wholesale discounters and retailers for resale to the public and in the production of metal stampings for various customers.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of Illinois to purchasers thereof located in various other States of the

United States and in the District of Columbia, and maintain, and at all times mentioned herein have maintained a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents, for the purpose of inducing the purchase of their electric cooker-fryers have engaged in the practice of causing to be printed and supplying to their customers catalogue sheets, circulars and cartons bearing representations such as, "$19.95 Suggested List Price Guaranteed For 2 Years."

PAR. 5. Through the use of the foregoing representations and others of similar import and meaning not expressly set out herein, respondents represent, directly or by implication, that:

A. Said "suggested retail price" is respondents' bona fide estimate of the actual retail price of said product and that said price amount does not appreciably exceed the highest price at which substantial sales are made in respondents' trade area.

B. Said product is unconditionally guaranteed for a period of two years without further conditions or limitations.

PAR. 6. In truth and in fact:

A. Said "suggested retail price" is not respondents' bona fide estimate of the actual retail price of said product and said price amount appreciably exceeds the highest price at which substantial sales are made in respondents' trade area.

B. Said product is not unconditionally guaranteed for a period of two years without further conditions or limitations. Respondents fail to set forth in their guarantee statement the nature and extent of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform.

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

PAR. 7. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of articles 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 members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

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

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

Decision and Order

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

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

The Commission, having reason to believe that the respondents have violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Reliable Manufacturing Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 9201 King Street, Franklin Park, Illinois.

Respondent Charles W. Leigh is an officer of said corporation and his address is the same as that of said corporation.

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

Order

It is ordered, That respondents Reliable Manufacturing Company, a corporation, and its officers, and Charles W. Leigh, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of electric cooker-fryers or other products, in commerce, as "commerce"

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

1. Advertising, disseminating or distributing any list, preticketed or suggested retail price that is not established in good faith as an honest estimate of the actual retail price or that appreciably exceeds the highest price at which substantial sales are made in respondents' trade area.

2. Representing that their merchandise is guaranteed unless the nature, extent and conditions of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly set forth in conjunction with the representation of guarantee.

3. Furnishing any distributor, dealer or retailer with any means whereby to deceive the purchasing public in the manner forbidden by the above provisions of this order.

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

IN THE MATTER OF

WALTER J. BLACK, INC.

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

Docket C-777. Complaint, June 30, 1964—Decision, June 30, 1964

Consent order requiring a Roslyn, N.Y., seller to the general public of publications, books and other merchandise under its own name and under the names "The Classics Club", "Black's Readers Service Company" and "The Detective Book Club", to cease representing falsely in letters and other materials sent to purportedly delinquent customers that, if payment was not made, customer's name would be transmitted to a credit reporting agency and his credit rating adversely affected; and, by use of letterheads of the fictitious "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC", and "John J. Murphy, Attorney at Law", that accounts would be or had been turned over to a bona fide collection agency or an outside attorney for collection or legal proceedings.

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

PARAGRAPH 1. Respondent Walter J. Black, 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 Northern Boulevard, in the city of Roslyn, State of New York.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of publications, books, and other merchandise to the general public. Respondent sells the aforesaid publications, books and other merchandise under its own name and under the names "The Classics Club", "Black's Readers Service Company" and "The Detective Book Club". The aforesaid publications, books and merchandise are advertised, sold and payment made therefor through the United States Mails.

PAR. 3. In the course and conduct of its business, respondent now causes, and for some time last past has caused, its said publications, books and merchandise, when sold, to be shipped from its place of business in the State of New York to purchasers and subscribers thereto located in the various other States of the United States and in the District of Columbia, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said publications, books and merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its business and for the purpose of inducing the payment of purportedly delinquent accounts, respondent has made certain statements and representations in letters and materials sent through the United States Mails to purportedly delinquent customers who have purchased respondent's publications, books, or other merchandise.

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

a. On respondent's letterheads:

> Is there any reason * * * WHY PAYMENT OF THIS PAST DUE ACCOUNT HAS BEEN WITHHELD?
> MEMO FROM: TREASURER'S OFFICE PLEASE NOTE:
> It is with regret that we send you the attached notice. However, we have been instructed to do so by our Auditor because of the delinquent condition of your account.

FINAL NOTICE:

On date mentioned above your account will be placed with THE MAIL ORDER CREDIT REPORTING ASSN. INC., 15 West 38th Street, New York 18, N.Y.

Our firm is a subscriber to the Mail Order Credit Reporting Association, 15 West 38th Street, New York, N.Y. Like all other subscribers, we are entitled to check any names against their master file of mail order non-payers. Under the terms of our subscription, we are also required to make available to the Association the names of persons who have ordered and received books from us, and who have failed to settle their account with us after repeated notifications over a period of time * * *.

b. On the letterhead:

THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.
Credit Reports * * * Collections
New York 18, N.Y.
Case No. 72-C

Claim of THE CLASSICS CLUB

ATTENTION PLEASE!

The Classics Club has requested us to write you in the hope that we can help bring about a *friendly settlement of your long over due account.*

TAKE NOTICE THAT:

We have been authorized by THE CLASSICS CLUB to collect the amount you owe them for books they delivered to you at your specific instance and request.

You may or may not know that there are legal means open to our client of enforcing payment of a debt of this kind. Whether or not they must employ such measures in your case is entirely up to you.

Prompt payment will clear the slate without any unpleasantness * * *

FINAL NOTICE!

Your failure to settle your account leaves our client no choice but to take immediate action against you.

If, within *fifteen days* from date of attached invoice, settlement in full is not in the hands of The Classics Club, our client has stated that they will unconditionally turn your account over to their legal representative with instructions to proceed with the necessary steps to enforce collection.

You realize, of course, that such action may result in court costs payable by you in addition to the amount due.

c. On the letterhead:

John J. Murphy, Attorney at Law, 15 West 38th St., New York 18, N.Y.
Re: THE CLASSICS CLUB

TAKE NOTICE THAT:

I have been consulted by my client in connection with their claim against you for goods sold and delivered, in the amount shown on the enclosed statement.