

own trade name or labels and thereafter distributing such products under The Bendix Corporation's trade name or labels, or (b) by reason of such concern's discontinuing the manufacture, production, marketing, distribution and/or sale of such products and thereafter transferring to The Bendix Corporation customer lists or in any other way making available to The Bendix Corporation access to customers or customer accounts.

X

The Bendix Corporation shall within sixty (60) days after the date of service of this order, and every ninety (90) days thereafter until The Bendix Corporation has fully complied with the provisions of this order, submit in writing to the Federal Trade Commission a report setting forth in detail the manner and form in which The Bendix Corporation intends to comply, is complying, or has complied with this order. All compliance reports shall include, among other things that may from time to time be required, a summary of all contacts and negotiations with potential purchasers of Fram Corporation, the identity of all such potential purchasers, and copies of all written communications to and from such potential purchasers.

XI

As used in this order the word "person" shall include all members of the immediate family of the individuals specified and shall include corporations, partnerships, associations and other legal entities, as well as natural persons.

 IN THE MATTER OF

 RICHARD A. ROMAIN TRADING AS
 EDUCATIONAL SERVICE COMPANY

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

*Docket 8781. Amended and Supplemental Complaint, July 31, 1969-
 Decision, June 23, 1970*

Consent order requiring an individual trading as the Educational Service Company with headquarters in New York City and engaged in the selling of encyclopedias and children's books by door-to-door salesmen to cease mis-

Complaint

77 F.T.C.

representing that its solicitors are conducting surveys, that any of its material is "free," that it has an office in Chicago, that it provides life or property insurance for its customers, and that any sales contract is inoperative unless approved by the signatory's spouse. The order also prohibits deceptive pricing tactics, using the words "Junior Institute" and "Complete Ten Year Educational Plan," and delivering unordered volumes and attempting to collect for them.

AMENDED AND SUPPLEMENTAL 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 Richard A. Romain, an individual trading as Educational Service Company, 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 Richard A. Romain is an individual trading as Educational Service Company, with his principal office and place of business located at 119 Fifth Avenue, in the city of New York, 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 encyclopedias, children's books and other books and a consultation service in connection therewith to the public.

PAR. 3. In the course and conduct of his business, as aforesaid, respondent now causes, and for some time last past has caused, his said products, when sold, to be shipped from his aforesaid place of business and from the places of business of his suppliers to purchasers thereof located in various other States of the United States other than the State of origination and maintains, and at all times mentioned herein has 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 his aforesaid business, and at all times mentioned herein, respondent has been in substantial competition in commerce with corporations, firms and individuals in the sale of encyclopedias, children's books and other books of the same general kind and nature as those sold by respondent.

PAR. 5. In the course and conduct of his business, as aforesaid, respondent sells said books at retail to the general public. Sales are made by respondent's agents, representatives, or employees who contact prospective purchasers in their homes.

Respondent has formulated, developed and carried out a plan for the purpose of selling said books. In furtherance of this plan, the respondent supplies his agents, representatives or employees with a "sales pitch" and material in connection therewith and instructs them to use and follow same. Said agents, representatives or employees employ said presentation and material in orally soliciting the purchase of respondent's books.

Respondent, in said sales presentation and in advertising and promotional literature and other printed materials, and respondent's agents, representatives or employees, in the course of their sales talks, make many statements and representations concerning their status and employment, the quality, characteristics, the offer and price of respondent's books. Some of these statements and representations are made orally by said agents, representatives or employees, and some are contained in advertising and promotional literature displayed by said agents, representatives or employees to prospective customers.

PAR. 6. Through the use of such statements and representations, respondent represents, and has represented, directly or by implication:

1. That respondent's sales personnel are visiting the homes of families for the purpose of conducting surveys or performing tests or some other function with respect thereto.

2. That the books offered during the sales presentation were "free" and the customer was only purchasing a year book service either for a year or a ten year period.

3. That respondent's books were being put into the customer's area for advertising purposes and that the price of said books was a "special introductory offer" or a "reduced price."

4. That respondent has an office or place of business in the city of Chicago, Illinois.

5. By the use of the words "Junior Institute" that respondent's organization is an institution of learning.

6. By the use of the words "A Complete Ten Year Educational Program" that respondent offers prospective customers a comprehensive continuing course of study for a period of ten years.

7. That respondent provides customers with "Credit Life Insurance at no additional charge" which would be underwritten by the Fidelity Life and Casualty Company, Battle Creek, Michigan, a certificate of said insurance to be mailed to the buyer.

8. That respondent provides customers with "Property Insurance Certificate at no additional charge," which would be underwritten

by the American Fidelity Fire Insurance Company, Westbury, New York.

9. That no obligation would exist under the sales transaction on the part of the purchaser until approval of the said sales transaction by the signatory's spouse.

10. That no obligation would exist under the sales transaction on the part of the purchaser until a subsequent receipt of a deposit by the respondent from the purchaser.

11. That certain monthly payments and total costs would be due and owing as the purchase price of the respondent's combination offer of books.

PAR. 7. In truth and in fact:

1. Respondent's sales personnel are not visiting the homes of families for the purpose of conducting surveys but solely for the purpose of selling respondent's books. Furthermore, the respondent is not engaged in conducting surveys or tests in any manner.

2. Respondent's books are not given "free" to purchasers of the year book service. On the contrary, the purchasers pay the full purchase price for respondent's books and an additional sum yearly for the year book service.

3. Respondent's books are not being put in a purchaser's area for advertising purposes and are not sold as a "special introductory offer" or at a "reduced price." Respondent's sales personnel will sell respondent's books in any area where said personnel happen to be and at the same price at which the respondent has offered these books for sale in the usual regular course of his business.

4. The respondent does not maintain an office or place of business in the city of Chicago, Illinois.

5. Respondent's organization is not a "Junior Institute" nor any other type of institution of learning. Respondent has neither a curriculum, teaching faculty or facilities for the purpose of teaching or providing educational courses to prospective purchasers. Respondent is merely a seller of books.

6. Respondent does not offer prospective customers a comprehensive continuing course of study for a period of ten years. He merely sells books that can be used by pupils from pre-school age to high school age. After execution of the sales contract, respondent's only interest and contact with purchasers is in the collection of the purchase price of the contract.

7. No credit life insurance was ever provided on the life of the buyer by the Fidelity Life and Casualty Company, Battle Creek, Michigan, or by any other life insurance carrier.

8. No group property insurance was ever provided to the purchaser by the American Fidelity Fire Insurance Company, Westbury, New York, or any other property insurance carrier.

9. Respondent, either after notice of disapproval of the sales transaction by the signatory's spouse, or without the signature of the signatory's spouse has sought to enforce, and in fact has enforced, said contract against both the signatory and the signatory's spouse.

10. Respondent has sought to enforce, and in fact has enforced, said contract even though no deposit was made by the prospective purchaser.

11. The executed documents purport to obligate the signatory thereof to amounts of monthly payments and total costs substantially higher than the amounts of monthly payments and total costs verbally represented to the purchaser by respondent's sales personnel.

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

PAR. 8. Respondent in a substantial number of instances sends sets of his encyclopedias, children's books or other books to persons who have not contracted to buy same and then endeavors to enforce payment for them by stating that they are legally or otherwise obligated to pay therefor.

Therefore, said representations, acts and practices set forth in Paragraph Eight were and are unfair, false, misleading and deceptive.

PAR. 9. The use by the respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that such statements and representations were and are true and to enter into contracts for the purchase of and to purchase respondent's products because of such erroneous and mistaken belief.

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

DECISION AND ORDER

The Commission having issued its amended and supplemental complaint on July 31, 1969, charging the respondent named in the

caption hereof with violation of the Federal Trade Commission Act, and the respondent having been served with a copy of that amended and supplemental complaint; and

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

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

The Commission having thereafter considered the matter and having determined that it 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 and having duly considered the comments filed thereafter pursuant to § 2.34(b) of its Rules, now, in further conformity with the procedure prescribed in such Rule, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Richard A. Romain is an individual trading as Educational Service Company, with his principal office and place of business located at 119 Fifth Avenue, New York, New York.

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

ORDER

It is ordered, That respondent Richard A. Romain, an individual trading as Educational Service Company, or under any other trade name or names, and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of encyclopedias, children's books, or other books or supplementary services in connection therewith, or any other articles of merchandise or services in connection therewith in commerce, as "commerce" is de-

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

1. Representing, directly or by implication, that:

(a) Respondent's agents, representatives or employees are visiting the homes of families for the purpose of conducting tests for surveys or for any other purpose other than the sale of books or supplementary service connected therewith; or misrepresenting, in any manner, the nature or purpose of any prospective customer or customer contact or solicitation.

(b) Any encyclopedias, books, supplements, publications or supplementary service in connection therewith are "free" or in any sense a gratuity when in fact payment therefor is included in the total price to be paid by the purchaser.

(c) Said encyclopedias, books, products or services are being offered for sale or sold on special or favorable terms or conditions as a part of an advertising or promotional plan or program.

(d) Any price at which respondent's encyclopedias, books, supplements, publications or supplementary service in connection therewith or other products are offered for sale, is a special or reduced price unless such price constitutes a substantial reduction from the price at which such publications were sold in substantial quantities for a reasonably substantial period of time by the respondent in the recent regular course of his business; or representing that any price is an introductory price unless such price is substantially less than the price to which the respondent in good faith intends to increase the price and that within a reasonable period thereafter such price was in fact so increased.

(e) Respondent has an office or place of business in the city of Chicago, Illinois or any other locality other than the place or places whereat he actually conducts his business.

(f) That respondent provides customers with credit life insurance at no additional charge; or misrepresenting in any manner that respondent provides life insurance in any form for purchasers of his products or services.

(g) That respondent provides customers with a property insurance certificate at no additional charge; or misrepresenting in any manner that respondent provides any type of property insurance for purchasers of his products or services.

Decision and Order

77 F.T.C.

(h) That no obligation would exist under a sales transaction on the part of a purchaser until approval of said transaction by the signatory's spouse.

(i) That no obligation would exist under a sales transaction on the part of the purchaser until subsequent receipt of a deposit by the respondent from the purchaser.

2. Misrepresenting in any manner, either orally or in writing, the monthly installment costs, the total contract cost, the terms, conditions or provisions of any contract of sale between respondent and a purchaser or prospective purchaser of respondent's products or services.

3. Using the words "Junior Institute" or any abbreviation or simulation thereof, or any other word or words of similar import, or misrepresenting, in any manner, the nature, character or affiliation of respondent's business.

4. Using the words "Complete Ten Year Educational Program" or any other word or words of similar import, or misrepresenting, in any manner, the nature or character of respondent's sales offer or respondent's participation therein after the sale is completed.

5. Sending or delivering said encyclopedias, books, products or services to any person, firm or corporation who or which has not entered into a written contract or agreement to receive them.

6. Attempting to enforce payment in any manner, for said encyclopedias, books, products or services from any person, firm or corporation who or which has not entered into a written agreement to receive and purchase them.

7. Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondent's products or services and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

Provided, however, That the prohibitions of this order will not be applicable to any service rendered by the respondent in his capacity as a lawyer or attorney-at-law in his formal practice of law.

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

CHINCHILLA PRODUCERS ASSOCIATION OF
COLORADO, INC., ET AL.

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

Docket 8794. Complaint, July 22, 1969—Decision, June 23, 1970

Consent order requiring a Denver, Colo., seller of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, deceptively guaranteeing the fertility of its stock, misrepresenting the training and services available to purchasers, and misusing the word "association" in its trade name.

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 Chinchilla Producers Association of Colorado, Inc., a corporation, and James E. Martin, 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 Chinchilla Producers Association of Colorado, 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 3520 North Brighton Boulevard, Denver, Colorado.

Respondent James E. Martin is an individual and officer of Chinchilla Producers Association of Colorado, Inc. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Respondent Martin's address is 1606 Willow Road, Lees Summit, Missouri.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of Chinchilla breeding stock to the public.

PAR. 3. In the course and conduct of their aforesaid business, respondents now cause, and for some time last past have caused, their said chinchillas, when sold, to be shipped from their place of busi-

Complaint

77 F.T.C.

ness in the State of Colorado to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of obtaining the names of prospective purchasers and inducing the purchase of said chinchillas, the respondents make numerous statements and representations by means of television and radio broadcasts, direct mail advertising, newspaper publications, and through the oral statements and display of promotional material to prospective purchasers by their salesmen, with respect to the breeding of chinchillas for profit without previous experience, the rate of reproduction of said animals, the expected return from the sale of their pelts and the training assistance to be made available to purchasers of respondent's chinchillas.

Typical and illustrative, but not all inclusive of the said statements and representations made in respondents' television and radio broadcasts and promotional literature, are the following:

YOUR FUTURE
DEMANDS
MORE INCOME

Dewey Compton, recognized authority on animal husbandry, says:

"CHINCHILLA RANCHING, as practiced by members of the Chinchilla Producers Association, is a pleasant, part-time business, enjoyable to the entire family, which can provide money for retirement, college costs, extra luxuries, or permit mother to quit work and make a better home.

"I am a lovable quiet, odor-free animal. I produce the world's finest fur which is in constant demand. I thrive on personal affection, eat very little, live in a small cage, and make no mess. You and I can make money in our own business."

THIS IS HOW THE BUSINESS WORKS:

YOU:

Invest the equivalent of a compact car, making your investment on a 36-month plan while your business grows. Devote minutes a day to feeding, watching and enjoying your animals. Provide an 8'x12' spare room, part of your garage or small building.

WE:

Train you in every detail. Provide continuous guidance. Guarantee your animals to live and litter. Pelt and market your herd offspring.

Detailed Information on Request

* * * * *

RAISE CHINCHILLAS FOR ADDITIONAL INCOME

Here is your opportunity to earn additional income from a multi-million-dollar industry that is paying off thousands of dollars a year in profits to spare-

time chinchilla raisers in all parts of the country! This is extra money YOU can use to provide for college education . . . a higher standard of living for your family . . . or retirement income. All it takes on your part is a small investment of dollars, and space in your spare room, garage, or building. We provide the rest.

We guarantee your animals will live and reproduce.

We teach you all phases of Chinchilla Ranching at our school.

We publish monthly information bulletins to keep you informed of all new developments.

We furnish periodic inspections for herd improvement by qualified personnel.

We maintain priming, pelting and marketing facilities.

We offer financial assistance, if needed—you can pay for your business as your investment grows.

INVESTIGATE! Our proven formula can make your family financially independent

* * * * *

THE MARKET DEMAND IS GROWING!

QUALITY PELTS BRING FROM \$20.00 TO \$60.00 EACH ON TODAY'S MARKET, AND THE DEMAND FOR PELTS INCREASES EVERY YEAR!

The profit is unequalled, considering your investment, time and space required to raise select quality chinchillas. There is nothing you can raise or grow on a part-time basis that can equal raising quality chinchillas.

INVESTIGATE CHINCHILLA PRODUCTION NOW!

* * * * *

CHINCHILLA PRODUCERS ASSOCIATION, INC.

3520 BRIGHTON BLVD. • DENVER, COLORADO • PHONE 222-0593

Starting with: One Select Quality White Mutation Male—Three Select Quality Standard Females

Assuming your females produce an average of 4 offspring yearly.

FIRST YEAR

Your 3 females would produce 12 young. Keep 8 Market 4.

SECOND YEAR

Your 9 females would produce 36 young. Keep 24 Market 12.

THIRD YEAR

Your 27 females would produce 108 young. Keep 72 Market 36.

EACH YEAR THEREAFTER

Your 81 females would produce 324 offspring yearly:

162 Standard pelts at \$25.00 per pelt	\$ 4,050
162 Mutation pelts at \$100.00 per pelt	16,200
Estimated total income from pelt sales	20,250
Estimated cost of operation—Feed, pelting, marketing etc.	7,250
Estimated total annual profit	13,000
Total investment	\$3,380

PAR. 5. 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, separately and in connection with oral statements and representations made by their salesmen and repre-

sentatives, the respondents have represented, and are now representing, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas from breeding stock purchased from respondents in homes, garages, or spare buildings, and large profits can be made in this manner.

2. The breeding of chinchillas from breeding stock purchased from respondents, as a commercially profitable enterprise, requires no previous experience in the breeding, caring for and raising of such animals.

3. Chinchillas are hardy animals, and are not susceptible to diseases.

4. Purchasers of respondents' breeding stock receive pedigreed or select quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will produce at least four live offspring per year.

6. Each female chinchilla purchased from respondents and each female offspring will produce several successive litters of from one to five live offspring at 111-day intervals.

7. The offspring referred to in Paragraph Five subparagraph (6) above will have pelts selling for an average price of \$25 per pelt, and that pelts from offspring of respondents' breeding stock generally sell from \$20-\$60 each.

8. A purchaser starting with three females and one male of respondents' chinchilla breeding stock will have an annual income of \$20,250 from the sale of pelts in the fourth year.

9. Chinchilla breeding stock purchased from respondents is unconditionally guaranteed to live, breed and litter.

10. The respondents will promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in the guarantee applicable to each and every chinchilla.

11. Purchasers of respondents' breeding stock receive service calls from respondents' service personnel four times a year for the first year after purchase of the animals.

12. Purchasers of respondents' breeding stock are given guidance in the care and breeding of chinchillas.

13. Purchasers of respondents' breeding stock can expect a great demand for the offspring and for the pelts of the offspring of respondents' chinchillas.

14. Chinchilla mutation breeding stock has a market value of \$1,500 each and the pelts of offspring chinchilla mutants having a white, silver or beige color, generally sell for \$75 to \$150 each.

15. Respondents doing business as Chinchilla Producers Association have been in the chinchilla business for more than 13 years.

16. Through the assistance and advice furnished to purchasers of respondents' breeding stock by respondents, purchasers are able to successfully breed and raise chinchillas as a commercially profitable enterprise.

17. Through the use of the word "association" separately and as part of the respondents' trade name, respondent is an association formed for the mutual aid and protection of purchasers of respondents' breeding stock.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas from breeding stock purchased from respondents in homes, garages or spare buildings, and large profits cannot be made in this manner. Such quarters or buildings, unless they have adequate space and the requisite temperature, humidity, ventilation and other necessary environmental conditions are not adaptable to or suitable for the breeding or raising of chinchillas on a commercial basis.

2. The breeding of chinchillas from breeding stock purchased from respondents as a commercially profitable enterprise requires specialized knowledge in the breeding, caring for and raising of said animals much of which must be acquired through actual experience.

3. Chinchillas are not hardy animals and are susceptible to pneumonia and other diseases.

4. Chinchilla breeding stock sold by respondents is not of pedigreed or select quality.

5. Each female chinchilla purchased from respondents and each female offspring will not produce at least four live offspring per year, but generally less than that number.

6. Each female chinchilla purchased from respondents and each female offspring will not produce several successive litters of from one to five live offspring at 111-day intervals, but generally less than that number.

7. The offspring referred to in subparagraph (6) of Paragraph Five above will not produce pelts selling for an average price of \$25 per pelt but substantially less than that amount; and pelts from offspring of respondents' breeding stock will generally not sell for \$20-\$60 each since some of the pelts are not marketable at all and others would not sell for \$20 but for substantially less than that amount.

8. A purchaser starting with three females and one male of respondents' breeding stock will not have an annual income of \$20,250

from the sale of pelts in the fourth year but substantially less than that amount.

9. Chinchilla breeding stock purchased from respondents is not unconditionally guaranteed to live, breed and litter but such guarantee as is provided is subject to numerous terms, limitations and conditions.

10. Respondents do not in fact promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in the guarantee applicable to each and every chinchilla and in a substantial number of cases not at all.

11. Purchasers of respondents' breeding stock do not receive four service calls for the first year from respondents' service personnel but generally less than that number, if any.

12. Purchasers of respondents' breeding stock are given little, if any, guidance in the care and breeding of chinchillas.

13. Purchasers of respondents' breeding stock cannot expect a great demand for the offspring of and pelts from respondents' chinchillas.

14. Chinchilla mutation breeding stock does not have a market value of \$1,500 but substantially less than that amount, and pelts of the offspring of chinchilla mutants having a white, silver or beige color do not generally sell for \$75 to \$150 each. Such pelts have seldom, if ever, been sold and when sold have brought substantially less than those amounts.

15. Respondents doing business as Chinchilla Producers Association have not been in the chinchilla business for more than 13 years. They have been doing business under this name for less than three years.

16. Purchasers of respondents' breeding stock are not able successfully to breed and raise chinchillas as a commercially profitable enterprise through the assistance and advice furnished them by respondents.

17. Respondents' business organization is not an association formed for the mutual aid and protection of purchasers of respondents' chinchilla breeding stock but is a business organization formed for the purpose of selling chinchilla breeding stock for a profit.

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

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

chinchilla breeding stock of the same general kind and nature as those 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' chinchillas by reason of said erroneous and mistaken belief.

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

DECISION AND ORDER

The Commission having issued its complaint on July 22, 1969, charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with a copy of that complaint; and

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

The Commission having considered the aforesaid agreement and having determined that it provides an adequate basis for appropriate disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings are made, and the following order is entered:

1. Respondent Chinchilla Producers Association of Colorado, Inc., is a corporation organized, existing and doing business under and by

Decision and Order

77 F.T.C.

virtue of the laws of the State of Colorado. The corporation has not been doing business since August 1, 1968, but has never been dissolved. The corporation can be reached in care of James E. Martin, Box 3015, Sioux City, Iowa.

Respondent James E. Martin is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, although the corporation has been inactive since August 1, 1968, and his address is Box 3015, Sioux City, Iowa.

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 Chinchilla Producers Association of Colorado, Inc., a corporation, and its officers, and James E. Martin, 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 advertising, offering for sale, sale or distribution of chinchilla breeding stock or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication; that:

1. It is commercially feasible to breed or raise chinchillas in homes, basements, garages or spare buildings, or other quarters or buildings unless in immediate conjunction therewith it is clearly and conspicuously disclosed that the represented quarters or buildings can only be adaptable to and suitable for the breeding and raising of chinchillas on a commercial basis if they have the requisite space, temperature, humidity, ventilation and other environmental conditions.

2. Breeding chinchillas as a commercially profitable enterprise can be achieved without previous knowledge or experience in the breeding, caring for and raising of such animals.

3. Chinchillas are hardy animals or are not susceptible to disease.

4. Purchasers of respondents' chinchilla breeding stock will receive pedigreed or select quality chinchillas.

5. Each female chinchilla purchased from respondents

and each female offspring will produce at least four live young per year.

6. The number of live offspring produced per female chinchilla is any number or range of numbers; or representing, in any manner, the past number or range of numbers of live offspring produced per female chinchilla from respondents' breeding stock unless in fact the past number or range of numbers represented are those of a substantial number of purchasers and accurately reflect the number or range of numbers of live offspring produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

7. Each female chinchilla purchased from respondents and each female offspring will produce successive litters of one to five live offspring at 111-day intervals.

8. The number of litters or sizes thereof produced per female chinchilla is any number or range thereof; or representing, in any manner, the past number or range of numbers of litters or sizes produced per female chinchilla from respondents' breeding stock unless in fact the past number or range of numbers represented are those of a substantial number of purchasers and accurately reflect the number or range of numbers of litters or sizes thereof produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

9. Pelts from the offspring of respondents' chinchilla breeding stock sell for an average price of \$25 per pelt; or that pelts from the offspring of respondents' breeding stock generally sell from \$20 to \$60 each.

10. Chinchilla pelts from the offspring of respondents' breeding stock will sell for any price, average price, or range of prices; or representing, in any manner, the past price, average price or range of prices of pelts from chinchillas of respondents' breeding stock unless in fact the past price, average price or range of prices represented are those of a substantial number of purchasers and accurately reflect the price, average price or range of prices realized by these

purchasers under circumstances similar to those of the purchaser to whom the representation is made.

11. A purchaser starting with three females and one male will have, from the sale of pelts, an annual income, earnings or profits of \$20,250 in the fourth year after purchase.

12. Purchasers of respondents' breeding stock will realize earnings, profits or income in any amount or range of amounts; or representing, in any manner, the past earnings, profits or income of purchasers or respondents' breeding stock unless in fact the past earnings, profits or income represented are those of a substantial number of purchasers and accurately reflect the average earnings, profits or income of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

13. Breeding stock purchased from respondents is guaranteed or warranted without clearly and conspicuously disclosing in immediate conjunction therewith the nature and extent of the guarantee, the manner in which the guarantor will perform thereunder and the identity of the guarantor.

14. Respondents' chinchillas are guaranteed unless respondents do in fact promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in any guarantee or warranty applicable to each and every chinchilla.

15. Purchasers of respondents' chinchilla breeding stock will receive service calls from respondents' service personnel four times a year for the first year after purchase of the animals or at any other interval or frequency unless purchasers do in fact receive the represented number of service calls at the represented interval or frequency.

16. Purchasers of respondents' chinchilla breeding stock are given guidance in the care and breeding of chinchillas or are furnished advice by respondents as to the breeding of chinchillas unless purchasers are actually given the represented guidance in the care and breeding of chinchillas and are furnished the represented advice by respondents as to the breeding of chinchillas.

17. Chinchillas or chinchilla pelts are in great demand; or that purchasers of respondents' breeding stock can expect to be able to sell the offspring or the pelts of the offspring

of respondents' chinchillas because said chinchillas or pelts are in great demand.

18. Chinchilla mutation breeding stock has a market value of \$1,500 each or any other price or range of prices; or that the pelts of chinchilla mutants having a white, silver or beige color or any other color generally sell for \$75 to \$150 each or any other price, average price or range of prices.

19. Respondents doing business as Chinchilla Producers Association have been in the chinchilla business for 13 years; or misrepresenting, in any manner, the length of time respondents individually or through any corporate or other device have been in business.

20. The assistance or advice furnished to purchasers of respondents' chinchilla breeding stock by respondents will enable purchasers to successfully breed or raise chinchillas as a commercially profitable enterprise.

B. Using the word "Association" or any other word or term of similar import or meaning as part of the respondents' trade or corporate name or in any other manner; or misrepresenting, in any other manner, the nature or status of respondents' business.

C. 1. Misrepresenting, in any manner, the assistance, training, services or advice supplied by respondents to purchasers of their chinchilla breeding stock.

2. Misrepresenting, in any manner, the earnings or profits to purchasers or the quality or reproduction capacity of any chinchilla breeding stock.

D. Failing to deliver a copy of this order to cease and desist to all present and future salesmen and other persons engaged in the sale of the respondents' products or services and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said 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

77 F.T.C.

IN THE MATTER OF

BEAUTI-LOOM CARPET AND DRAPERY CO.,
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-1751. Complaint, June 23, 1970—Decision, June 23, 1970*

Consent order requiring a Kansas City, Mo., seller of carpets and draperies to cease misrepresenting its consumer credit arrangements by failing to state in terminology prescribed by Sec. 226.8 of Regulation Z of the Truth In Lending Act the cash price of the article offered for sale, the downpayment required, the number, amounts, and due dates of instalment payments, the annual percentage rate of the finance charge, and the deferred payment charge.

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 Beauti-Loom Carpet and Drapery Co., Inc., a corporation, and Alfred Nadler and Henry Nadler, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Beauti-Loom Carpet and Drapery Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 4534 Troost Avenue, Kansas City, Missouri. Respondents Alfred Nadler and Henry Nadler are officers of the corporate respondent. They formulate, direct and control the acts and practices hereinafter set forth. Their address is the same as the corporate respondent.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale of carpets and draperies to the public.

PAR. 3. In the ordinary course and conduct of their business, as aforesaid, respondents, in order to facilitate the sales of carpets and draperies, regularly extend or arrange for the extension of consumer credit as "consumer credit" is defined in Regulation Z, the imple-

menting regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. In order to promote the sale of their carpets and draperies, respondents have caused frequent advertisements to be placed in various media. Certain of these advertisements were published on October 19, 1969, and November 2, 1969, among numerous other dates, and the following are typical and illustrative but not necessarily all inclusive thereof.¹

PAR. 5. By and through the use of the advertisements set forth in Paragraph Four hereof, the respondents have represented in connection with an extension of consumer credit that no downpayment is necessary and that customers may repay the obligations in periods up to five years in length if the credit is extended, without disclosing, in the terminology prescribed by Section 226.8 of Regulation Z, the following additional items required by Section 226.10(d)(2) of Regulation Z:

1. The cash price;
2. The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
3. The amount of the finance charge expressed as an annual percentage rate; and
4. The deferred payment price of the item advertised.

PAR. 6. In the course and conduct of their business aforesaid, respondents have consummated credit sale contracts with various customers, in many of which they have failed to provide disclosure of the deferred payment price as required by Section 226.8(c)(8) of Regulation Z.

PAR. 7. By causing to be placed for publication the advertisements referred to in Paragraphs Four and Five hereof, and by failing to make the disclosure referred to in Paragraph Six hereof, respondents failed to comply with the requirements of Regulation Z, the implementing regulation of Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 105 of that Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondents 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

¹ Pictorial newspaper advertisements omitted in printing.

Decision and Order

77 F.T.C.

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 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 § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Beauti-Loom Carpet and Drapery Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 4534 Troost Avenue, Kansas City, Missouri. Respondents Alfred Nadler and Henry Nadler are officers of the corporate respondent. They formulate, direct and control the acts and practices hereinafter set forth. Their address is the same as 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 Beauti-Loom Carpet and Drapery Co., Inc., a corporation, and its officers, and Alfred Nadler and Henry Nadler, individually and as officers of said corporation, agents, representatives and employees, directly or through any corporate or other device, in connection with any advertisement or consumer credit sale of carpets and/or draperies or any other merchandise or service, as "credit sale" is defined in Regulation Z (12 CFR

226) of the Truth in Lending Act (P.L. 90-321, U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

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

(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.

2. Causing to be published any consumer credit advertisement without making all disclosures that are required by Section 226.10 of Regulation Z, in the manner and form therein prescribed.

3. Failing to furnish to each consumer credit customer all of the applicable disclosures required by Section 226.8 of Regulation Z, in the manner and form therein prescribed.

4. 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 of any of respondents' goods or services.

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

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

Order

77 F.T.C.

IN THE MATTER OF

LENOX, INCORPORATED

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 8718. Complaint, Oct. 10, 1970—Decision, June 24, 1970*

Order modifying a cease and desist order dated April 9, 1968, 73 F.T.C. 578, pursuant to a decision of the Court of Appeals, Second Circuit, dated October 10, 1969, 417 F. 2d 126 (8 S.&D. 1037), which held that Commission could not forbid respondent from making resale price maintenance agreements in States where such agreements are lawful; and further modifying the order, pursuant to a new judgment upon rehearing by the Court, dated March 10, 1970, by allowing respondent to enter into resale price maintenance contracts and providing for the repeal of one section if at the end of 2 years respondent can show competition has been restored.

ORDER MODIFYING ORDER TO CEASE AND DESIST

Respondent having filed in the United States Court of Appeals for the Second Circuit a petition to review and set aside the order to cease and desist issued herein on April 9, 1968 [73 F.T.C. 578]; and the Court having entered its opinion and judgment modifying and, as modified, affirming and enforcing said order to cease and desist; and the Court on December 18, 1969, having granted respondent's petition for rehearing and on March 10, 1970, having issued a new judgment further modifying said order to cease and desist; and the time allowed for filing a petition for certiorari having expired and no such petition having been filed;

Now, therefore, it is hereby ordered, That the aforesaid order of the Commission to cease and desist be, and it hereby is, modified in accordance with the said final decree of the court of appeals to read as follows:

It is ordered, That respondent, Lenox, Incorporated, a corporation, and its officers, agents, representatives, employees, successors, and assigns, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution of fine china dinnerware, giftware, and artware, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from hindering, suppressing, or eliminating competition or from attempting to hinder, suppress, or eliminate competition between or among dealers handling respondent's products by:

1. Requiring dealers, through a franchise agreement or other means, to agree that they will resell at prices specified by respondent or that they will not resell below or above specified prices;

2. Requiring prospective dealers to agree, through direct or indirect means, that they will maintain respondent's specified resale prices as a condition of buying respondent's products;

3. Requesting dealers, either directly or indirectly, to report any person or firm who does not observe the resale prices suggested by respondent, or acting on reports so obtained by refusing or threatening to refuse sales to the dealers so reported;

4. Harassing, intimidating, coercing, threatening or otherwise exerting pressure on dealers, either directly or indirectly, to observe, maintain, or advertise established resale prices;

5. Selling to dealers at a mark down or discount from a resale or retail price for a period of three years following the effective date of this order: *Provided, however,* That respondent may, two years following the effective date of this order, upon a showing that competition in the resale of its products has been restored, petition the Commission to repeal this provision;

6. Publishing, disseminating or circulating to any dealer, any price list, price book or other document indicating any resale or retail prices for a period of three years following the effective date of this order: *Provided, however,* That respondent may, two years following the effective date of this order, upon a showing that competition in the resale of its products has been restored, petition the Commission to repeal this provision;

7. Utilizing any other cooperative means of accomplishing the maintenance of resale prices fixed by respondent;

8. Requiring or inducing, by any means, dealers or prospective dealers to refrain, or to agree to refrain, from reselling respondent's products to any dealers or distributors;

9. Nothing hereinabove contained shall be construed to limit or otherwise affect any resale price maintenance contracts that respondent may enter into in conformity with Section 5 of the Federal Trade Commission Act, as amended by the McGuire Act (66 Stat. 632 [1952], 15 USC 45 [a]);

10. (a) Failing to sell or refraining from selling to any dealer who desires to purchase from respondent and who was terminated after January 1, 1960, for failing to maintain respondent's "suggested" resale prices and who is located in any

Complaint

77 F.T.C.

State of the United States in which resale price maintenance contracts are unlawful or in the District of Columbia;

(b) Failing to sell or refraining from selling to any dealer who desires to purchase from respondent who was terminated after January 1, 1960, for selling to another dealer for resale.

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

M. REINER & SONS, INC., ET AL.

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

Docket 8806. Complaint, Dec. 10, 1969—Decision, June 24, 1970

Order requiring a New York City manufacturing furrier to cease misbranding, falsely invoicing and deceptively guaranteeing its fur 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 M. Reiner & Sons, Inc., a corporation, and Jack J. Reiner and Seymour Reiner, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

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

Respondents Jack J. Reiner and Seymour Reiner are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 345 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 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, bleached, 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 under Section 10(b) of the Fur Products Labeling Act with respect to certain of their fur products by falsely representing in writing that respond-

Initial Decision

77 F.T.C.

ents had a continuing guaranty on file with the Federal Trade Commission when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported and distributed in commerce, in violation of Rule 48(c) of said Rules and Regulations under the Fur Products Labeling Act and Section 10(b) of said Act.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged in Paragraphs Three through Seven 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.

Mr. Frank W. Vanderheyden supporting the complaint.

Mr. Joseph H. Schindler, New York, N.Y., for respondents.

INITIAL DECISION BY WALTER K. BENNETT, HEARING EXAMINER

MARCH 31, 1970

PRELIMINARY STATEMENT

This is a proceeding brought under the Fur Products Labeling Act¹ by the issuance of a Federal Trade Commission complaint dated December 10, 1969.

¹The sections of the Fur Products Labeling Act (15 U.S.C. § 69) involved, are as follows:

Sec. 4. For the purposes of this Act, a fur product shall be considered to be misbranded—

(1) if it is falsely or deceptively labeled or otherwise falsely or deceptively identified, or if the label contains any form of misrepresentation or deception, directly or by implication, with respect to such fur product;

(2) if there is not affixed to the fur product a label showing in words and figures plainly legible—

(A) the name or names (as set forth in the Fur Products Name Guide) of the animal or animals that produced the fur, and such qualifying statement as may be required pursuant to section 7(c) of this Act;

(B) that the fur product contains or is composed of used fur, when such is the fact;

(C) that the fur product contains or is composed of bleached, dyed, or otherwise artificially colored fur, when such is the fact;

(D) that the fur product is composed in whole or in substantial part of paws, tails, bellies, or waste fur when such is the fact;

(E) the name, or other identification issued and registered by the Commission, of one or more of the persons who manufacture such fur product for introduction into commerce, introduce it into commerce, sell it in commerce, advertise or offer it for sale in commerce, or transport or distribute it in commerce;

(F) the name of the country of origin of any imported furs used in the fur product;

Sec. 5. (b) For the purpose of the Act, a fur product or fur shall be considered to be falsely or deceptively invoiced—

Footnote continued on following page.

