

# FEDERAL TRADE COMMISSION DECISIONS

FINDINGS, OPINIONS, AND ORDERS, JANUARY 1, 1972, TO JUNE 30, 1972

## IN THE MATTER OF SPIEGEL, INC.

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

*Docket C-2123.*

*Complaint, Jan. 2, 1972—Decision, Jan. 3, 1972*

Consent order requiring a Chicago, Ill., catalog retailer to cease violating the Truth in Lending Act by failing to disclose in its credit life and disability insurance its annual percentage rate, the method of computing its finance charges, and failing to comply with other provisions of Regulation Z of said Act.

### COMPLAINT

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

PARAGRAPH 1. Respondent Spiegel, 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 2511 West 23rd Street, in the city of Chicago, State of Illinois.

PAR. 2. Respondent is a catalog retailer and is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of clothing, household appliances, kitchenware, bedding, furniture, radios, luggage, tools, tires and various other articles of merchandise.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent regularly extends, and for some time in the past has

regularly extended, consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of its business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, respondent has caused to be delivered and is delivering to its customers periodic statements, as required by Section 226.7(b) of Regulation Z. By and through the use of these periodic statements, respondent:

1. For a period of time after July 1, 1969, sold credit life insurance to be written in connection with its credit sales:

(a) without obtaining a specific dated and separately signed affirmative written indication of the customer's desire for such insurance, and

(b) without disclosing the cost of such insurance to the customer in the insurance authorization signed by such customer.

Failing to provide for such authorization and disclosure pursuant to Section 226.4(a)(5) of Regulation Z, respondent was required to include the cost of such insurance in the amount of the finance charge, and by failing to do this, respondent failed to state the amount of the finance charge accurately, as required by Section 226.7(b)(4) of Regulation Z, and thereby also failed to state the annual percentage rate accurately, as required by Section 226.7(b)(6) of Regulation Z.

2. In some instances failed and is failing, to disclose the date by which or the period, if any, within which payment of the "New Balance" may be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z.

3. Failed to disclose the lower balance to which the periodic rate applied, when application of the periodic rate did not yield an amount equal to the minimum finance charge, as required by Sections 226.7(b)(5) of Regulation Z.

4. Arranges the sequence of certain disclosures on the face of the aforesaid periodic statements in the following manner:

By and through the use of this language and sequence of disclosures, respondent:

a. Represents, directly or by implication, that it computes the finance charge by applying a periodic rate to the previous balance after deducting payments and other credits made during the previous billing cycle. In fact, respondent computes the finance charge on the previous balance before deducting payments or credits. Therefore,

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respondent confuses or misleads the customer and obscures or detracts attention from a certain required disclosure (the method of computing finance charges which appears on the reverse side of the periodic statement), contrary to Section 226.7(c)(4) of Regulation Z.

b. Fails to make the disclosures required by Section 226.7(b) of Regulation Z in a meaningful sequence, as required by Section 226.6(a) of Regulation Z.

PAR. 5. In the ordinary course of its business as aforesaid, for a period of time subsequent to July 1, 1969, respondent caused advertisements to be published, as "advertisement" is defined in Regulation Z. These advertisements aided, promoted or assisted directly or indirectly extensions of consumer credit in connection with the sale of respondent's goods. By and through the use of the advertisements, respondent:

1. In its advertising supplement to the "Cincinnati Enquirer" and in other direct mail advertisements, by using the phrase "Send no money," stated directly or by implication that no downpayment was required, without also clearly and conspicuously setting forth, in terminology prescribed in Section 226.7(b) of Regulation Z, all items required by Section 226.10(c) of Regulation Z.

2. In a schedule of credit terms contained in all of its catalogs, failed and is failing to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.10(c)(4) of Regulation Z.

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

## DECISION AND ORDER

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

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agree-

ment is for settlement purposes only and does not constitute an admission by respondent 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 Spiegel, 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 2511 West 23rd Street in the city of Chicago, State of Illinois.

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

ORDER

*It is ordered,* That respondent, Spiegel, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or in connection with any advertisement to aid, promote, or assist directly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. §226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), shall cease and desist from:

1. Failing, in any credit transaction, to include and to itemize the amount of premiums for credit life and disability insurance as part of the finance charge, unless the amount of such premiums is excluded from the finance charge because of appropriate exercise of the option available pursuant to Section 226.4(a) (5) of Regulation Z.

2. Failing, on any periodic statement (except in the case of an account which it deems to be uncollectible or with respect to which delinquency collection procedures have been instituted),

(a) to clearly and conspicuously disclose the correct amount of the finance charge determined in accordance with Section 226.4 of Regulation Z, and to itemize and identify such finance charge as required by Section 226.7(b)(4) of Regulation Z;

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(b) to disclose the "annual percentage rate" computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.7(b)(6) of Regulation Z;

(c) to disclose the date by which or the period, if any, within which payment of the "new balance" may be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z; and

(d) to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.7(b)(5) of Regulation Z.

3. Separating the disclosures so as to confuse or mislead the customer or obscure or detract attention from the required disclosure of the method of computing finance charges, pursuant to Section 226.7(c)(4) of Regulation Z, by representing that it computes the finance charge in any manner other than that actually used by respondent.

4. Representing in any advertisement, catalog, or brochure, directly or by implication, that no downpayment is required without clearly and conspicuously setting forth, in the terminology prescribed in Section 226.7(b) of Regulation Z, each item required by Section 226.10(c) of Regulation Z, or, as an alternative to the foregoing,

Failing to refer to a schedule or statement of credit terms containing the disclosures required by Section 226.10(c) of Regulation Z by incorporating in immediate conjunction with the representation that no downpayment is required, pursuant to Section 226.10(b) of Regulation Z, a statement similar to the following:

If you elect credit, see credit terms on page —.

5. Failing, in a schedule of credit terms in any of its catalogs or other multiple page advertisements, to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.10(c)(4) of Regulation Z.

6. Failing, in any consumer credit transaction or advertisement, to make 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 and 226.10 of Regulation Z.

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*It is further ordered,* That respondent, in connection with each sale of credit life insurance written in connection with its credit sales on or after July 1, 1969, in which respondent failed to obtain a specific dated and separately signed affirmative written indication of the customer's desire for such insurance and thereafter failed to include the charges for such insurance in the amount of finance charge debited to the customer's account monthly, shall mail to each customer to whom such sale of credit life insurance was made and whose account is in open or current status, the following notice, and accompanying letter:

We hereby supply you with the following information concerning your credit life insurance policy:

1. The cost of credit life insurance which has been charged to you since you opened this account with Spiegel, Inc. is 13¢ per hundred dollars of the unpaid balance.

2. Such insurance was not and is not required as a condition to Spiegel's extending credit to you.

3. You have a right to request cancellation of this policy. You may exercise your right to cancel by signing (on line 1) that portion of the enclosed notice cancelling your credit life insurance policy and returning it to Spiegel, Inc., in the accompanying self-addressed envelope. Such cancellation is effective when received by Spiegel, Inc. You understand that once having cancelled you will have no rights under the policy even though the policy may have been in effect up to the time of cancellation.

4. If you desire to continue your credit life insurance policy, you should sign that portion of the enclosed notice (on line 2) which indicates your desire for insurance coverage and return it to Spiegel, Inc. in the accompanying self-addressed envelope.

#### Credit Life Insurance Notice

I hereby request cancellation of my credit life insurance covering the above account. I understand that upon receipt of this cancellation I will have no benefits under any insurance policy with respect to the above account.

(1) \_\_\_\_\_ Date \_\_\_\_\_  
(Signature of customer in whose name account is recorded)

I desire to continue my credit life insurance policy.

(2) \_\_\_\_\_ Date \_\_\_\_\_  
(Signature of customer in whose name account is recorded)

It is important that you return this notice before \_\_\_\_\_

Respondent's obligations under this provision shall not be fulfilled until each customer affected by it has returned the notice specified herein, provided that as long as respondent can demonstrate that any such customer cannot be contacted or that any such customer failed to reply after respondent expended reasonable efforts, in writing or orally, to effect such reply monthly for a period of four months after

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mailing the notice to such customer, respondent shall have complied with this provision.

*It is further ordered,* That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent at its general offices in Chicago who are engaged as head of the particular department, in the extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said copy of this order from each such person.

*It is further ordered,* That the respondent notify the Commission at least thirty (30) days prior to any proposed change in its corporate form, 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 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.

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 IN THE MATTER OF

## STEWART BROTHERS &amp; ALWARD COMPANY, ET AL.

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

*Docket C-2124. Complaint, Jan. 3, 1972—Decision, Jan. 3, 1972*

Consent order requiring a Newark, Ohio, dealer in furniture and appliances to cease violating the Truth in Lending Act by failing to properly use on its installment contracts the terms "finance charge," "cash down payment," "unpaid balance of cash price," "deferred payment price" and other disclosures required by Regulation Z of said Act.

## COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation 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 Stewart Brothers & Alward Company, a corporation, and Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner,

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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 Stewart Brothers & Alward Company, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 21 West Church Street, Newark, Ohio.

Respondents Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner are officers of the corporate respondent. They equally formulate, direct, and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. The addresses of the said officers are: Walter T. Brown, 407 Springs Drive, Columbus, Ohio; Floyd F. Layman, 201 North Columbus Street, Lancaster, Ohio; Helen (NMI) Reitter and Howard W. Kraner, the same as the corporate respondent.

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

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents offer to extend and extend credit to natural persons for personal, family or household purposes, which credit, pursuant to an agreement, is payable in more than four installments. Respondents thereby extend "consumer credit."

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 their customers to execute Security Agreements, hereinafter referred to as "the contract," which contain certain consumer credit cost disclosures. Respondents make no consumer credit cost disclosures other than on the contract.

By and through the use of the contract, respondents:

(1) Fail to print the term "FINANCE CHARGE" more conspicuously than other terminology where such term is required to be used, as required by Section 226.6(a) of Regulation Z;

(2) Fail to make full disclosures before the transaction is consummated and to furnish the customers with a duplicate of the



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instrument or a statement by which the required disclosures are made, as required by Section 226.8(a) of Regulation Z;

(3) Fail to disclose the amount of any odd monthly payment, as required by Section 226.8(b)(3) of Regulation Z;

(4) Fail to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payment, as required by Section 226.8(b)(4) of Regulation Z;

(5) Fail to employ the term "CASH DOWNPAYMENT" to describe downpayment in money and to disclose the amount of the "TOTAL DOWNPAYMENT," using that term, as required by Section 226.8(c)(2) of Regulation Z;

(6) Fail to describe the difference between the cash price and the total down payment as the "UNPAID BALANCE OF CASH PRICE," as required by Section 226.8(c)(3) of Regulation Z;

(7) Fail to employ the term "AMOUNT FINANCED" to describe the balance financed and to disclose such amount, as required by Section 226.8(c)(7) of Regulation Z;

(8) Fail to employ the term "DEFERRED PAYMENT PRICE" to describe the sum of the cash price, all other charges which are included in the amount financed but are not a finance charge under Section 226.4 of Regulation Z, and the total amount of the finance charge, if any, as required by Section 226.8(c)(8)(ii) of Regulation Z;

(9) Fail to make the disclosures to the extent applicable as prescribed under Section 226.8 of Regulation Z, when an existing obligation is increased, as required by Section 226.8(j) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid and in connection with their credit sales as "credit sale" is defined in Regulation Z, have caused and are causing their customers to execute Promissory Notes, hereinafter referred to as "Note," which contain a confession of judgment clause.

By and through the use of the note, respondents retain or will retain or acquire a security interest in real property which is used or is expected to be used as the principal residence of the customer and, respondents:

(a) Fail to give notice of the customer's right to rescind the transaction by furnishing the customer with two copies of the notice in the form as set forth in Section 226.9(b) of Regulation Z, as required by Section 226.9 of Regulation Z.

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PAR. 6. Subsequent to July 1, 1969, respondents have caused advertisements to be published, within the meaning of Section 226.10 of Regulation Z, which advertisements aid, promote, or assist directly or indirectly the extension of consumer credit. By and through the use of these advertisements, respondents state the amount of the downpayment required and that there is no charge for credit without also stating, in terminology prescribed under Section 226.8 of Regulation Z, all of the following items, as required by Section 226.10(d) (2) of Regulation Z:

- (a) the rate of the finance charge expressed as an annual percentage rate;
- (b) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (c) the deferred payment price.

PAR. 7. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with Regulation Z constitute violations of that Act and pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

## DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Commission's staff 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 conform-

ity 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. The respondent, Stewart Brothers & Alward Company, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 21 West Church Street, Newark, Ohio. The respondent Walter T. Brown is the president, Floyd F. Layman is the vice president, Helen (NMI) Reitter is the secretary, and Howard W. Kraner is the treasurer-manager of the said corporation. They equally formulate, direct, and control the policies, acts, and practices of said corporation, and their business addresses are: Walter T. Brown, 407 Springs Drive, Columbus, Ohio; Floyd F. Layman, 201 North Columbus Street, Lancaster, Ohio; Helen (NMI) Reitter and Howard W. Kraner, same as that of the 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 Stewart Brothers & Alward Company, a corporation, and its officers, and Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote, or assist directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

(1) Failing to print the term "FINANCE CHARGE" more conspicuously than other terminology where such term is required to be used, as required by Section 226.6(a) of Regulation Z;

(2) Failing to make full disclosures before the transaction is consummated and to furnish the customers with a duplicate of the instrument or a statement by which the required disclosures are made, as required by Section 226.8(a) of Regulation Z;

(3) Failing to disclose the amount of any odd monthly payment, as required by Section 226.8(b)(3) of Regulation Z;

(4) Failing to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Section 226.8(b)(4) of Regulation Z;

(5) Failing to employ the term "CASH DOWNPAYMENT" to describe any downpayment in money and to disclose the amount of the "TOTAL DOWNPAYMENT," using that term, as required by Section 226.8(c)(2) of Regulation Z;

(6) Failing to employ the term "UNPAID BALANCE OF CASH PRICE" to describe the difference between the cash price and total downpayment, as required by Section 226.8(c)(3) of Regulation Z;

(7) Failing to employ the term "AMOUNT FINANCED" to describe the balance financed and to disclose such amount, as required by Section 226.8(c)(7) of Regulation Z;

(8) Failing to employ the term "DEFERRED PAYMENT PRICE" to describe the sum of the cash price, all other charges which are included in the amount financed but are not a finance charge under Section 226.4 of Regulation Z, and the total amount of the finance charge, if any, as required by Section 226.8(c)(8)(ii) of Regulation Z;

(9) Failing to make the disclosures to the extent applicable as prescribed under Section 226.8 of Regulation Z, when an existing obligation is increased, as required by Section 226.8(j) of Regulation Z;

(10) Failing to give notice of right to rescind in credit transactions 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 by furnishing two copies of such notice in the form as set forth in Section 226.9(b) of Regulation Z, as required by Section 226.9 of Regulation Z;

(11) Stating in advertising 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, 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) of Regulation Z:

(i) The cash price.

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

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(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.

(12) 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 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 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 the order to cease and desist contained herein.

*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

## GARRISON PRINTING DIVISION, INC., ET AL

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

*Docket C-2125. Complaint, Jan. 3, 1972—Decision, Jan. 3, 1972*

Consent order requiring Bennington, Vt., wholesalers and retailers of greeting cards to cease preticketing their merchandise or furnishing others the means to mislead purchasers as to the prices of respondents' products.

## Complaint

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## 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 Garrison Printing Division, Inc., a corporation, and Carrie W. Garrison, 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 Garrison Printing Division, Inc., is a corporation organized, existing and doing business under any by virtue of the laws of the State of New York with its principal office and place of business located at Water Street, Bennington, Vermont.

Respondent Carrie W. Garrison is an individual and officer of the corporate respondent and participates in formulation of the policies, acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Her address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution to wholesalers and retailers of greeting cards for resale to the purchasing public.

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

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

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

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

