

Complaint

IN THE MATTER OF

AMERICAN THRIFT AND FINANCE PLAN, INC., ET AL.
CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATIONS OF
THE FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2465. Complaint, Oct. 12, 1973—Decision, Oct. 12, 1973.

Consent order requiring two New Orleans, La., money lenders, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Joseph Hickman.*

For the respondents: *Patrick D. Breeden, Russell & DeRussy,*
New Orleans, La.

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 American Thrift and Finance Plan, Inc., a corporation, and State Farm Acceptance, a 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. Respondents American Thrift and Finance Plan, Inc., and State Farm Acceptance are corporations organized, existing and doing business under and by virtue of the laws of the State of Louisiana with their principal office and place of business located at 4039 Touro Street, in the city of New Orleans, State of La.

The aforementioned respondents cooperate and act together in carrying out the acts and practices herein set forth.

PAR. 2. Respondents are now and for some time last past have been, engaged in the business of lending money to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend and for some time last past have regularly extended consumer credit as "consumer

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

PAR. 4. Subsequent to July 1, 1969 respondents, in the ordinary course of their business as aforesaid, have caused and are causing to be extended consumer credit as "consumer credit" is defined in Regulation Z, and have caused and are causing consumers to execute binding small loan and discount loan agreements, hereinafter referred to as "loan disclosures." Respondents do not provide these consumers with any other consumer credit cost disclosures.

By and through use of loan disclosures, respondents:

(1) Fail to furnish the consumer with a duplicate of the instrument containing the disclosures or a statement by which the required disclosures are made, as required by Section 226.8 of Regulation Z.

(2) Fail to include the charges for credit life insurance in the finance charge when a specifically dated and separately signed affirmative written indication of the consumer's desire for such insurance has not been obtained as required by Section 226.4(a) 5 of Regulation Z.

(3) Fail to disclose the annual percentage rate, computed in accordance with Section 226.5 and Section 226.8(b) (2) of Regulation Z.

(4) Fail to disclose the dollar amount of the finance charge, charged in connection with the extension of credit, as required by Section 226.8(d) (3) of Regulation Z.

(5) Fail to disclose the correct total of payments, as required by Section 226.8(b) (3) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

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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 Dallas Regional Office proposed to present to the Commission for its consid-

eration and which, if issued by the Commission would charge respondents with violation of the Federal Trade Commission Act, and the Truth in Lending Act and the implementing regulation promulgated thereunder; and

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

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

1. Respondent American Thrift and Finance Plan, Inc., and State Farm Acceptance are corporations organized, existing and doing business under and by virtue of the laws of the State of La., with their office and principal place of business located at 4039 Touro Street, city of New Orleans, State of La.

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, American Thrift and Finance Plan, Inc., a corporation and State Farm Acceptance, a corporation, their successors and assigns and their officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any extension or arrangement for the extension of consumer credit or offer to extend or arrange for the extension of consumer credit, as consumer credit is defined in Regulation Z (12 C.F.R. §226) of the Truth in Lending Act (Pub. L. 90-312, 15 U.S.C. 1601 *et seq.*) do forthwith cease and desist from:

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1. Failing to furnish the consumers with a duplicate of the instrument containing the disclosures required by Section 226.8, or a statement by which the required disclosures are made, as prescribed by Section 226.8 (a) of Regulation Z.

2. Failing, in any credit transaction, to include and to itemize the amount of premiums for credit life 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.

3. Failing to disclose the annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as prescribed by Section 226.8 (b) (2) of Regulation Z.

4. Failing to disclose the finance charge determined in accordance with Section 226.4 of Regulation Z as prescribed by Section 226.8 (c) (8) (i) of Regulation Z.

5. Failing to disclose accurately the correct total of payments, in accordance with Section 226.6 (a) of Regulation Z, as prescribed by Section 226.8 (b) (3) of Regulation Z.

6. Failing in any consumer credit transaction in which the charges for credit life insurance and/or credit disability insurance are not included in the finance charge, to provide the following statements which shall be read to the consumer before consummation of any consumer loan transactions:

Credit Life Insurance and/or Credit Disability Insurance IS NOT REQUIRED to obtain this loan. No charge is made and no insurance is provided unless the borrower signs the appropriate statement(s) below.
cost of Credit Life Insurance is \$_____. Cost of Credit Disability Insurance is \$_____.

In conjunction with the above statements in conspicuous print the following statement, dated and signed by the consumer and initialled by respondents' employees:

I ACKNOWLEDGE BY MY SIGNATURE BELOW THAT THE ABOVE INSURANCE STATEMENT WAS READ BEFORE SIGNING.

Initial _____ Date _____ Signature _____

7. Failing to place the following separate statements on the loan disclosure to be dated and signed by the consumer:

I DO NOT DESIRE CREDIT LIFE OR DISABILITY INSURANCE

Date _____ Signature _____

I DESIRE CREDIT LIFE INSURANCE

Date

Signature

I DESIRE CREDIT DISABILITY INSURANCE

Date

Signature

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

It is further ordered, That respondents' corporation 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, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents' corporation 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' corporation 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 provisions of this order.

IN THE MATTER OF

HOWELL LIQUIDATING COMPANY, INC.

TRADING AS

HOWELL'S DISCOUNT FURNITURE, ET AL.

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

Docket C-2466. Complaint, Oct. 12, 1973—Decision, Oct. 12, 1973.

Consent order requiring two furniture stores located in Beaumont and Port Arthur, Tex., among other things to cease misrepresenting the amount of savings accorded customers who purchase respondents' merchandise;

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misrepresenting prices as customary or regular when in fact they are not; representing themselves as authorized factory outlets; and failing to maintain adequate records to substantiate their claims.

Appearances

For the Commission: *Carl L. Swanson, Jr.* and *Creighton Chandler*.

For the respondents: *pro se*.

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 Howell Liquidating Company, Inc., a corporation, d/b/a Howell's Discount Furniture and C. Aubrey Cheatham as an officer of said corporation; Quality Discount Furniture, a copartnership, and W. Thurman Witt and C. Aubrey Cheatham, individually and copartners of Quality Discount Furniture also d/b/a Howell's Discount Furniture, 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 Howell Liquidating Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its office and principal place of business located at 2070 Gulf Street, Beaumont, Texas.

C. Aubrey Cheatham is an officer of the corporate respondent, Howell Liquidating Company, Inc. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Said individual respondent's address is the same as that of the corporate respondent.

Respondent Quality Discount Furniture is a copartnership organized, existing and doing business in the State of Texas, trading and doing business as Howell's Discount Furniture with its offices and principal place of business located at 3445 Gulfway Drive, Port Arthur, Texas.

Respondents C. Aubrey Cheatham and W. Thurman Witt are individuals and copartners of Quality Discount Furniture, d/b/a Howell's Discount Furniture, with their partnership offices and

principal place of business located at 3445 Gulfway Drive, Port Arthur, Texas. These individual respondents, at all times mentioned herein, participated in the formation, direction and control of the acts and practices of Quality Discount Furniture, d/b/a Howell's Discount Furniture, 3445 Gulfway Drive, Port Arthur, Texas.

PAR. 2. Respondents are now, and at all times material hereto have been, engaged in the business of operating furniture stores selling merchandise to members of the purchasing public.

PAR. 3. In the course and conduct of their business respondents have been and are engaged in disseminating and in causing to be disseminated in newspapers of interstate circulation, and in television broadcasts of interstate circulation, advertisements designed and intended to induce sales of their merchandise. The amount expended by respondents upon such advertising is approximately thirty-six thousand dollars per year.

PAR. 4. Among and typical, but not all inclusive, of the statements appearing in the advertisements described in Paragraph Three are the following:

SALE ½ PRICE!

Thousands Sold Nationally At Its Regular Price \$159.00. Two Days Only \$79.95 Set.

Regular \$159.00 a Set \$79.90 a Set Double or Twin Size.

King Size Sets regular \$319.95 now \$159.

PAR. 5. Through the use of the amount in connection with the words and terms "Regular Price" and "regular" respondents represented that said amounts were the prices at which they usually and customarily sold the merchandise referred to in the recent, regular course of business and through the use of the said amounts and the lesser amounts that the difference between said amounts and the lesser amounts represented savings from the prices at which the merchandise referred to had been sold by respondents in the recent, regular course of their business. Through the use of the terms "SALE ½ PRICE" respondents represented the actual selling price to be one-half of its regular price.

PAR. 6. In truth and in fact the amounts set out in connection with the words "Regular Price" and "regular" were in excess of the prices at which the merchandise referred to was usually and customarily sold by respondents in the recent, regular course of business and the difference between such amounts and the lesser amounts did not represent savings from the prices at which the

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merchandise had been usually and customarily sold in respondents' stores. In truth and in fact the price represented as "Sale 1/2 Price" was not one-half of respondents' usual and regular selling price.

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

PAR. 7. Respondents have also represented in their advertising that "Howell's is an authorized factory outlet."

PAR. 8. In truth and in fact the respondent's stores are not authorized factory outlets.

Therefore, the statement and representation as set forth in Paragraph Seven is false, misleading and deceptive.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 10. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, said merchandise, when sold, to be shipped from their place of business in the State of Texas to purchasers thereof located in the State of Louisiana and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

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

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the New Orleans Regional Office proposed to present to the Commission for its

consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The 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 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 Howell Liquidating Company, Inc., d/b/a Howell's Discount Furniture, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal place of business located at 2070 Gulf Street, Beaumont, Texas.

Respondent C. Aubrey Cheatham is an individual and is president of Howell Liquidating Company, Inc., d/b/a Howell's Discount Furniture. He formulates, directs and controls the acts and practices of said corporations including the placing of newspaper advertisements having interstate circulation.

2. Respondent Quality Discount Furniture, d/b/a Howell's Discount Furniture, 3445 Gulfway Drive, Port Arthur, Texas is a partnership owned and operated as equal partners by C. Aubrey Cheatham and W. Thurman Witt.

Respondents C. Aubrey Cheatham and W. Thurman Witt, individually and as copartners formulate, control, and direct the acts and practices of Quality Furniture, d/b/a Howell's Discount Furniture, 3445 Gulfway Drive, Port Arthur, Texas.

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

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ORDER

It is ordered, That respondent Howell Liquidating Company, Inc., a corporation, d/b/a Howell's Discount Furniture and Quality Discount Furniture, a partnership, d/b/a Howell's Discount Furniture, and C. Aubrey Cheatham, individually and as an officer of the said corporation and W. Thurman Witt and C. Aubrey Cheatham individually and as copartners in the said partnership, and respondents' agents, representatives, employees, successors and assigns, directly or through any corporation, subsidiary, division or other device, in connection with the offering for sale, sale or distribution of furniture, in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "Regular Price" and "Regular" or any other words of similar import and meaning, to refer to any amount which is in excess of the price at which such merchandise has been sold or offered for sale in good faith by respondents for a reasonably substantial period of time in the recent, regular course of their business and unless respondents' business records establish that said amount is the price at which such merchandise has been sold or offered for sale in good faith by respondents for a reasonably substantial period of time in the recent, regular course of their business.

2. Using the words "one-half price," or representing, in any manner, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respondents' stated price and respondents' former price unless such merchandise has been sold or offered for sale in good faith at the former price by respondents for a reasonably substantial period of time in the recent, regular course of their business.

3. Misrepresenting, in any manner, the amount of savings available to purchasers or prospective purchasers of respondents' merchandise at retail.

4. Representing, in any manner, that respondents' stores are authorized factory outlets.

5. Failing to maintain adequate records

(a) Which disclose the facts upon which any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in Paragraphs 1-3 of this order are based, and

(b) From which the validity of any savings claims,

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including former pricing claims and comparative value claims, and similar representations of the type described in Paragraphs 1-3 of this order can be determined.

6. 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 respondents' products and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

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

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

It is further ordered, That respondents distribute a copy of this order to all firms and individuals involved in the formulation and implementation of advertising of respondents' products.

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

IN THE MATTER OF

LITTON INDUSTRIES, INC.

Docket 8778. Interlocutory Order, Oct. 16, 1973.

Order denying complaint counsel's application for interlocutory review of law judge's ruling upon scope of hearings to be conducted on remand; and denying complaint counsel's motion for withdrawal of Commission's order remanding for hearings on issue of relief.

Appearances

For the Commission: *Murray L. Lyon, Harold G. Munter and Joseph J. O'Malley.*

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For the respondent: *Theodore F. Craver*, Litton Industries, Inc., Beverly Hills, Calif. and *Howrey, Simon, Baker & Murchison*, Wash., D.C.

ORDER

This matter is before the Commission upon (1) an order dated September 20, 1973, of the administrative law judge certifying a motion by complaint counsel that the Commission withdraw its order remanding for hearings on the issue of relief, and (2) complaint counsel's application for interlocutory review under Rule 3.23(b) of the administrative law judge's ruling upon the scope of hearings to be conducted on remand.¹

On May 16, 1973, after the Commission had previously held that respondent had violated Section 7 of the Clayton Act and should divest itself of the acquired company, the Commission, upon petition of respondent, reopened and remanded the proceeding "solely for the purpose of reexamining the question of relief in its entirety." [82 F.T.C. 1424] The Commission directed that the administrative law judge "shall examine the question of appropriate relief in its entirety, and upon completion of the hearings, he shall furnish the Commission with his findings on the issue of relief and his recommendations."

At prehearing conferences following the remand order, the parties took different views as to the scope of the hearings to be conducted on remand, and in an "Order Ruling Upon Scope of Hearings to be Conducted on Remand" issued August 17, 1973, the law judge made a number of rulings. Among those which are contested by complaint counsel is the law judge's rejection of complaint counsel's argument that consideration of relief must under the order of remand be limited to the *form* of divestiture and may not encompass the question whether divestiture itself may be required. The law judge's ruling that he will allow evidence bearing on the question of whether divestiture should be ordered at all is clearly correct.

We have also examined the other rulings made by the law judge on the scope of remand, as set forth in his August 17 order and as

¹These matters were submitted to the Commission on September 20, 1973, in the form of an order entitled "Order Certifying Motion of Complaint Counsel that the Commission Withdraw its Order of Reconsideration dated May 16, 1973, and Alternative Appeal from Ruling of Administrative Law Judge Upon Scope of Hearings to be Conducted on Remand," accompanied by a 10-page "Appeal" of complaint counsel dated September 4, 1973. By previous order, the Commission indicated it would treat the latter document as an application for review filed with the Commission under Rule 3.23(b). Respondent has filed an answer in opposition to the application.

further commented upon by him in his order of September 20, 1973, and we find no reason to disturb his rulings. Accordingly,

It is ordered, That the application for interlocutory review be, and it hereby is, denied.

It is further ordered, That complaint counsel's motion that the Commission withdraw its order remanding for hearings on the issue of relief be, and it hereby is, denied.

Commissioner Jones abstaining.

IN THE MATTER OF
UNITED SYSTEMS, INC., ET AL.

Docket C-2271. Order, Oct. 16, 1973.

Order reopening proceedings and modifying consent order entered August 18, 1972, 81 F.T.C. 267, to allow respondents to represent that it will handle or secure financing when such financing is made available to all prospective purchasers.

Appearances

For the Commission: *Joan Bernstein*, acting director, Bureau of Consumer Protection.

For the respondents: *Alex M. Clark, Clark & Clark*, Indianapolis, Ind. and *James M. Nicholson, Nicholson & Carter*, Wash., D.C.

ORDER REOPENING PROCEEDINGS AND MODIFYING ORDER OF
AUGUST 18, 1972

By a petition filed September 10, 1973, United Systems, Inc. (sometimes hereinafter referred to as United), respondent in Docket No. C-2271 petitioned the Commission to reopen the proceedings for the purpose of modifying the consent order to cease and desist entered on August 18, 1972 [81 F.T.C. 267].

Respondent operates a private truck driver school and recruits students for their course by means of advertising on television and in newspaper classified sections. Respondent seeks to modify Paragraph 8(c) of the order which prohibits it from representing in any manner that it "will handle or secure the financing of any portion of the cost of respondents' course."

Prior to the issuance of the order, respondent represented that it would finance contracts of students who purchased respondent's course. According to the original complaint, respondent seldom if

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ever provided financing for the students of respondent's course. Petitioner now contends that it is its practice to provide financing to all students who wish to defer payments for respondent's course.

The acting director of the bureau of consumer protection does not oppose this petition to modify the consent order.

In view of these changed conditions of fact, the Commission, in its discretion, has determined to grant the petition to reopen, and to modify the order, as hereinafter provided:

It is ordered, That the proceedings in this matter be reopened and that Paragraph 8(c) of the order to cease and desist issued against respondent on August 18, 1972, be modified to read as follows:

Representing, directly or by implication, orally or in writing that respondents will handle or secure the financing of any portion of the cost of respondents' course unless such financing is, in fact, made available to all prospective purchasers.

IN THE MATTER OF

MORRIS BADER & SONS, CORP., ET AL.

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

Docket C-2467. Complaint, Oct. 17, 1973—Decision, Oct. 17, 1973.

Consent order requiring a New York City retailer of fur products, among other things to cease falsely invoicing and misbranding of mislabeling its fur products, and furnishing false guaranties.

Appearance

For the Commission: *James Manos.*

For the respondents: *pro se.*

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 Morris Bader & Sons, Corp., a corporation, and Leonard Bader and George Bader, 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 Label-

ing 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 Morris Bader & Sons, Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

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

Respondents are retailers of fur products with their office and principal place of business located at 352 - 7th Avenue, New York, N.Y.

PAR. 2. Respondents are now and for some time last past have been engaged in the 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 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

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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 certain of 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 respondents 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, 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.

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

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

