

Complaint

84 F.T.C.

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.

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IN THE MATTER OF

## INTERNATIONAL SERVICE INDUSTRIES, INC., ET AL.

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

*Docket C-2539. Complaint, Sept. 5, 1974—Decision, Sept. 5, 1974*

Consent order requiring a Downey, Calif., operator of physical fitness and/or health salons, among other things to cease misrepresenting its promotional sales plans, services as free, limited offers, savings which purchasers may achieve, and guarantees.

*Appearances*

For the Commission: *William M. Rice, Jr.*

For the respondents: *Raymond Jackson*, Beverly Hills, Calif., *Kevin J. Quinn, Refkind & Sterling*, Beverly Hills, Calif.

## 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 International Service Industries, Inc., a corporation, and Sidney Craig and Allen Bergendahl, individually and as officers 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 International Service Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Utah, with its principal office and place of business located at 9132 East Stonewood Street, in the city of Downey, State of California.

Respondent Sidney Craig is an individual and an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices

hereinafter set forth. His address is the same as that of the corporate respondent.

Respondent Allen Bergendahl is an individual and an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

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

PAR. 2. Respondents are now, and for some time last past have been engaged in the operation of physical fitness and/or health salons, and in the advertising, offering for sale, and sale of memberships and related services to the public in said physical fitness and/or health salons. Respondents' physical fitness and/or health salons are operated under the name Gloria Marshall Figure Control Salons.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, memberships in their fitness and/or health salons to be advertised and sold 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 memberships and related services, 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 inducing the purchase of memberships in their fitness and/or health salons, and related services, respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers of general interstate circulation, by means of television broadcasts and in other promotional material. Typical and illustrative of the foregoing, but not all inclusive thereof, are the following:

Call your nearest salon for FREE figure analysis and complimentary treatment.

\* \* \* \* \*

Start Now You Can Lose 2 Bathing Suit Sizes in 1 month.

\* \* \* \* \*

Only \$2.50 per 1/2 hour treatment on any program.

\* \* \* \* \*

Pay Less Because You Reduce Faster.

\* \* \* \* \*

Quick Lasting Results.

\* \* \* \* \*

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, and through their salesmen, agents and representatives, the respondents have represented, and are now representing directly or by implication, that:

1. Prospective customers will receive free figure analyses and/or complimentary treatments without any obligation.

2. Purchasers will lose two bathing suit sizes or some substantial reduction in body size and weight within one month, or some similarly short period of time.

3. Purchasers may purchase a membership in one of respondents' health salons for two dollars and fifty cents (\$2.50) per treatment.

4. Respondents' program is the least expensive method of figure reduction, since it allows faster reductions than other reducing programs.

5. Weight and figure reduction accomplished through respondents' programs will last without any dietary restrictions.

PAR. 6. In truth and in fact:

1. Prospective customers do not receive free figure analyses and/or complimentary treatments; instead, when prospective customers are induced into respondents' salons by such offers, respondents' sales personnel expose them to sales pitches by which they attempt to sell and do sell them expensive health and weight programs.

2. Few, if any, purchasers are able to achieve a specified reduction in body size or in weight in a stated period of time.

3. Purchasers may not purchase treatments at two dollars and fifty cents (\$2.50) per treatment, but must purchase a minimum contract of one hundred forty (140) treatments.

4. Respondents' program does not permit purchasers to save money by their losing weight more quickly than in other programs. On the contrary, respondents' use of minimum contracts often requires customers to spend more money than necessary.

5. Purchasers losing weight as a result of respondents' programs cannot achieve lasting results without dietary restrictions.

Therefore, the statements, representations and practices 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 as aforesaid, respondents have made, and are now making numerous statements and representations that guaranteed weight reduction is assured to all purchasers of respondents' health salon programs without adequately disclosing: (1) the nature and extent of the guarantee, (2) conditions and

limitations on the guarantee, (3) which programs are guaranteed, (4) the duration of the guarantee, and (5) the manner in which the guarantor will perform.

PAR. 8. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and are now in substantial competition in commerce with corporations, firms and individuals in the sale of memberships and related services in their physical fitness and/or health salons, said memberships and related services being of the same general kind and nature as those sold by respondents.

PAR. 9. The use by respondents of the unfair, false, misleading and deceptive statements, representations and practices has had, and now has, a capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations are true, and into the purchase of memberships in respondents' physical fitness and/or health salons by reason of said erroneous and mistaken belief.

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

#### DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Chicago 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 sixty (60) days, now in further conformity with the procedure prescribed in Sec. 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent International Service Industries, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Utah, with its office and principal place of business located at 9132 East Stonewood Street, city of Downey, State of California.

Respondents Sidney Craig and Allen Bergendahl are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above address.

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

#### ORDER

*It is ordered,* That respondents International Service Industries, Inc., a corporation, its successors and assigns, and its officers, and Sidney Craig and Allen Bergendahl, individually and as officers of said corporation, and respondents' officers, agents, affiliates, franchisees, licensees, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, and sale of health salon memberships, or related services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, orally or in writing, that:

(a) Prospective purchasers will receive free figure analyses, complimentary treatments or similar inducements to visit respondents' health salons, without disclosing, clearly and conspicuously, in writing, that an attempt will be made to sell fitness and/or health salon memberships to said prospective customers.

(b) Membership in respondents' fitness and/or health salon programs and/or use of respondents' fitness and/or health salon facilities automatically means that every such member will alter his body size or configuration or will lose weight.

Decision and Order

(c) Respondents' fitness and/or health salon memberships are available for any period of time less than the shortest period for which a significant number of memberships are in fact sold to the public.

(d) Respondents' fitness and/or health salon programs will allow purchasers to save money, by producing weight reduction more rapidly than comparable weight reduction programs.

(e) Any reduction in body size or configuration or in weight will be lasting, without regard to dietary habits.

2. Representing that any of respondents' health salon programs or related services are guaranteed unless:

(a) Respondents disclose clearly, adequately and accurately in immediate conjunction therewith:

- (1) The nature and extent of the guarantee;
  - (2) The conditions and limitations on the guarantee;
  - (3) Which programs are guaranteed;
  - (4) The duration of the guarantee;
  - (5) The manner in which the guarantor will perform;
- and

(b) Respondents promptly and fully perform all of their obligations and requirements, directly or impliedly represented, under the terms of each such guarantee; and

(c) Respondents honor the guarantees of all purchasers who have substantially complied with the conditions of their guarantee, allowing flexibility for sickness and vacations.

*It is further ordered,* That respondents herein deliver by registered mail a copy of this decision and order to each of the present and future employees, salesmen, agents, solicitors, independent contractors, advertising agent, or to any other person who promotes, offers for sale, sells or distributes any health club membership or any other product or service offered by respondents.

*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 this order.

Complaint

84 F.T.C.

IN THE MATTER OF

MEYERS OUTFITTERS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION ACT*Docket C-2540. Complaint, Sept. 5, 1974—Decision, Sept. 5, 1974*

Consent order requiring a Newark, N.J., retailer of furniture and appliances, among other things to cease using bait advertising.

*Appearances*For the Commission: *William Popoff.*For the respondents: *Samuel March*, Livingston, N.J.

## 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 Meyers Outfitters, Inc., a corporation and Charles Adler, 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 Meyers Outfitters, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 78 Springfield Avenue, Newark, N.J.

Respondent Charles Adler is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now and for some time last past been engaged in the purchasing, offering for sale, sale and distribution of furniture, appliances and related products to the public at retail in the metropolitan New Jersey area.

PAR. 3. In the course and conduct of their business as aforesaid, and at all times mentioned herein, respondents have been and now are in substantial competition in commerce, as "commerce" is defined in the Federal Trade Commission Act, with corporations, firms and individuals in the sale of furniture, appliances and related products.

PAR. 4. In the course and conduct of their business as aforesaid, respondents regularly purchase furniture, appliances and other merchandise from suppliers and distributors in states other than New Jersey and then sell and offer to sell to residents of New Jersey said furniture, appliances and other merchandise and deliver said furniture, appliances and other merchandise to said residents of New Jersey. In the further course and conduct of their business, respondents also cause and have caused to be transmitted and received in the course of purchasing, selling, delivering and collecting payment for said furniture, appliances and other merchandise among and between the several States of the United States, checks, bills, letters, and other documents by the United States mails and other means in commerce.

PAR. 5. In the further course and conduct of their business, as aforesaid, respondents also disseminate and cause to be disseminated certain advertisements by the United States mail, and by various other means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including but not limited to, advertisements inserted in newspapers of interstate circulation, for the purpose of inducing and which are likely to induce, directly or indirectly, the sale of its said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 6. Respondents through their advertising as set forth in Paragraph Five are likely to induce directly or indirectly, residents of New York State to come into the State of New Jersey for the purpose of purchasing furniture from respondents to be delivered to their residences outside the State of New Jersey.

PAR. 7. By virtue of the aforesaid acts and practices, respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 8. In the course and conduct of their business and for the purpose of inducing the sale and purchase of their merchandise, respondents have made and are now making numerous and various statements and representations in advertisements inserted in newspapers of general interstate circulation.

Typical and illustrative of the foregoing, but not all inclusive thereof, is the following:

3-Rooms New Furniture 3-Pc. Bedroom Set 3-Pc. Living Rm. 3-Pc. Dinette Set  
All 3 Rooms-\$179—Free Delivery

In addition to the aforesaid statements and representations, respondents and their sales representative have made, and are now making



numerous oral statements and representations to customers and prospective customers regarding the merchandise to be sold and delivered by the respondents.

PAR. 9. By and through the use of the aforesaid statements, representations and others of similar import and meaning not specifically set out herein, respondents and their sales representative represent directly or by implication that:

1. The offer set forth in said advertisements was and is a bona fide offer to sell the advertised furniture of the kind therein described.
2. Three rooms of new furniture capable of adequately performing the function or purpose for which the furniture is advertised is available for sale.

PAR. 10. In truth and in fact:

1. The offer set forth in said advertisements is not a bona fide offer to sell furniture at the advertised price and of the kind therein described.
2. The three rooms of new furniture offered for sale at the advertised price is not capable of adequately performing the function and purpose for which the furniture is advertised for sale.

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

PAR. 11. The use by the respondents of the aforesaid false, misleading and deceptive statements and representations, directly or by implication, 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 furniture from respondents' place of business by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of respondents, as alleged herein, were and are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

#### DECISION AND ORDER

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

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

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Meyers Outfitters, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 78 Springfield Avenue, Newark, State of New Jersey.

Respondent Charles Adler is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above stated address.

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

#### ORDER

*It is ordered,* That respondents Meyers Outfitters, Inc., a corporation, its successors and assigns, and its officers, and Charles Adler, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division or any other device in connection with the purchasing, advertising, offering for sale, sale and distribution of furniture and appliances, or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or indirectly that any product or services are offered for sale when such is not a bona fide offer to sell such products or services.

2. Advertising or offering any products for sale for the purpose of obtaining leads or prospects for the sale of different products unless the advertised products are capable of adequately performing the function for which they are offered, and respondents maintain an adequate and readily available stock of said products.

3. Disparaging in any manner, or refusing to sell any product advertised.

4. Using any advertising, sales plan or procedure involving the use of false, deceptive or misleading statements or representations designed to obtain leads or prospects for the sale of other merchandise.

5. Failing to maintain and produce for inspection and copying for a period of three years adequate records to document for the entire period during which each advertisement was run and for a period of six weeks after the termination of its publication in press or broadcast media:

- a. the cost of publishing each advertisement including the preparation and dissemination thereof;
- b. the volume of sales made of the advertised product or service at the advertised price; and
- c. a computation of the net profit from the sales of each advertised product or service at the advertised price.

*It is further ordered,* That respondents shall maintain for at least a one (1) year period, following the effective date of this order, copies of all advertisements, including newspaper, radio and television advertisements, direct mail and in-store solicitation literature, and any other such promotional material utilized in the advertising, promotion or sale of merchandise.

*It is further ordered,* That for a period of one year, respondents post in a prominent place in each salesroom or other area wherein respondents sell furniture or other products and services, a copy of this cease and desist order, with a notice that any customer or prospective customer may receive a copy on demand.

*It is further ordered,* That nothing contained in this order shall be construed in any way to annul, invalidate, repeal, terminate, modify or exempt respondents from complying with agreements, orders or directives of any kind obtained by any other municipal, state or federal agency or act as a defense to actions instituted by municipal, state or federal agencies.

*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 consumer credit transaction or in any aspect of preparation, creation, or placing of advertising, and to all personnel of respondents responsible for the sale or offering for sale of all products covered by this order, 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 individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his 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 he is engaged as well as a description of his duties and responsibilities.

*It is further ordered,* That the respondents herein 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.

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IN THE MATTERS OF

LEONARD F. PORTER, INC., ET AL.—DOCKET 8964  
INDIAN ARTS & CRAFTS, INC., ET AL.—DOCKET 8965  
J.L. HOUSTON, INC., ET AL.—DOCKET 8966  
WESTERN NOVELTY CO., ET AL.—DOCKET 8967  
HERMAN KRUPP, TRADING AS OCEANIC TRADING  
COMPANY—DOCKET 8968  
HEINZ LANGE, TRADING AS NORTHWEST ARTS AND  
CRAFTS—DOCKET 8969

*Interlocutory Order, Sept. 11, 1974*

Order denying motion of complaint counsel to amend Rule 4.2(c). However, requirements of rule waived to extent that not more than 20 copies of notice of intention to appeal and of briefs before the Commission need be filed and no more than 10 copies of all other documents except notices of appearances and reports of compliance.

Complaint

84 F.T.C.

*Appearances*

For the Commission: *David R. Pender, Michael A. Katz and Thornton P. Percival.*

For the respondents: *Carl Pruzan, of Casey & Pruzan, Seattle, Wash.*

ORDER DENYING MOTION TO AMEND RULES OF PRACTICE AND  
LIMITING NUMBER COPIES OF DOCUMENTS REQUIRED TO BE FILED

By order of Aug. 30, 1974, the administrative law judge certified to the Commission the motion of complaint counsel in *Leonard F. Porter, Inc., et al.*, that Section 4.2(c) of the Rules of Practice be amended by lessening the number of copies of documents required for filings under that section. While it would be inappropriate to modify a rule of general applicability on the basis of the particular facts of a single case or group of cases, it has been determined that a lesser number of copies will suffice in the *Porter* matter and the other captioned cases here. Accordingly,

*It is ordered,* That the motion to amend Rule 4.2(c) be, and it hereby is, denied.

*It is further ordered,* That the requirements of this rule be, and they hereby are, waived in these matters to the extent that no more than twenty (20) copies of a notice of intention to appeal and of briefs before the Commission need be filed, and that no more than ten (10) copies of all other documents will be required except for notices of appearances and reports of compliance, as to which only two (2) copies are required to be filed.

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IN THE MATTER OF

GRAYCO CHEMICAL CORP., ET AL.

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

*Docket C-2541. Complaint, Sept. 11, 1974—Decision, Sept. 11, 1974*

Consent order requiring two affiliated Westwood, N.J., wholesale merchandisers from using exaggerated earnings claims and other misrepresentations to recruit salesmen for their products.

*Appearances*

For the Commission: *James Manos.*

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 Grayco Chemical Corp. and Grayco Industries, Inc., corporations, and Alvin Serkez, individually and as an officer of said corporations, 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 Grayco Chemical Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 336 Old Hook Road, Westwood, N.J.

Respondent Grayco Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 336 Old Hook Road, Westwood, N.J.

Respondent Alvin Serkez is an officer of the corporate respondents. He formulates, directs and controls the acts and practices of the corporate respondents, including those hereinafter set forth. His address is the same as that of the corporate respondents.

PAR. 2. Respondents are now, and for some time past have been engaged in the advertising, offering for sale, sale and distribution of various products at the wholesale level to persons who act as salesmen of these products to the public. Products sold by respondents have included, *inter alia*, personal protection sprays and cleaning cloths for car and household use. Sales of such merchandise to salesmen are induced by advertisements in national publications and by promotional materials sent by mail.

PAR. 3. Respondents, in the course and conduct of their business have been and are now engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act. Respondents promote their products and their product distribution plans by the use of advertisements in magazines of national circulation and by advertisements sent through the United States mail. Merchandise of substantial value is sold by respondents and is shipped from respondents' place of business in New Jersey to purchasers located in various other States of the United States and in the District of Columbia.

PAR. 4. In the course and conduct of their business, and in order to recruit salesmen to sell respondents' products to the general public,

respondents have disseminated, or caused the dissemination of, advertisements through the United States mails or printed in magazines or other print media. In conjunction therewith, respondents have published certain statements and representations respecting the large demand for respondents' products, the ease with which salesmen can sell them, and the high earnings which can be made by respondents' salesmen. Typical and illustrative of the statements and representations published by respondents in said advertisements, but not all inclusive thereof, are the following:

**\$2.00 PRICE CHANGE CAN PUT \$2,000.00 INTO YOUR POCKET—\* \* \* THIS COMING MONTH—AND EACH MONTH AFTER!**

**HERE'S HOW TO MAKE MORE MONEY THAN YOU CAN SPEND \* \* \* AND GET A NEW CADILLAC FREE!**

We've barely introduced 3 unique new products and already sales and the demand are booming beyond our wildest expectations.

You can make as much money as this \* \* \* Mr. Coffey made \$88.00 in 3 hours—\$600.00 in 10 days. Mr. Davis made \$991.00 in one day. Mrs. Kemmer a grandmother made \$210.00 in one day. A woman in Georgia sold \$180.00 worth in 2 minutes. Mr. James McCue made \$300.00 in one day. I'm sure if you try, you will do well too.

And you can get into this rich business today without risking one penny.

**EXTRA—LET ME HELP YOU GET A BRAND NEW CADILLAC—FREE!** As an extra incentive, you enjoy a Free Cadillac Promotion with VACU-SHINE. Just accumulate 300 points and a brand new Cadillac (or \$6,800.00 in cash) is yours free and clear \* \* \* **YOU CAN GET UP TO 101 POINTS ON YOUR STARTING ORDER!**

One of the most amazing things about distributing these wonderful products is the ease and simplicity with which you can make MONEY! \* \* \* Not just "nickles and dimes" but an honest-to-goodness HIGH INCOME. There's only one thing that can limit the amount of money you make with an opportunity like this—that's yourself!

We have a unique EXCLUSIVE DISTRIBUTORSHIP PROGRAM for ambitious people. Unique—because there are no franchise fees, no hidden costs. Territories are awarded Free to ambitious people \* \* \* with the privilege of obtaining merchandise at the below wholesale cost.

**HOW IT SELLS: "I MADE \$645.00 IN ONE DAY—\$1,560.00 IN ONE WEEK \* \* \* PART TIME.** When I show people this product, they tell me—**THAT I NEED.**" (Testimonial of a Mr. Fleetwood)

"I reordered over \$5,000.00 worth my first month!" (Testimonial of a Mr. D. Wicklund)

"I MAKE \$30.00 PER HOUR—PART TIME. Almost everyone is interested in buying!" (Testimonial of a Mr. M. Mathews)

"I'm making approximately \$3,000.00 more per month now, than I was making before!" (Testimonial of a Mr. J. D. D.)

"I MADE \$100.00 IN 2 1/2 MINUTES. It used to take me three days to make as much money as I now make in one day—and the customers thank me." (Testimonial of a Mr. T. Sanders)

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

1. Any person selling respondents' products may reasonably expect to regularly earn \$2000 or more per month.
  2. There is a substantial demand for respondents' products.
  3. Respondents have a reasonable basis from which to conclude that their products can be sold by salesmen easily, quickly, and in substantial quantities.
  4. Respondents' salesmen can obtain exclusive territories without any fees, obligations, or hidden costs.
  5. Respondents' salesmen will not incur any risk of loss when dealing with respondents' products.
  6. A participant in respondents' program who is reasonably diligent will be awarded a free Cadillac by respondents.
  7. The earnings made by certain of respondents' salesmen, as advertised by respondents, accurately represent the net earnings, after costs and operating expenses, made by such salesmen.
  8. The value of merchandise purchased from respondents by certain salesmen, as advertised by respondents, reflects the wholesale value of such purchases.
  9. The earnings, sales or wholesale purchases made by certain of respondents' salesmen, as advertised by respondents, accurately represent:
    - (a) earnings, sales or wholesale purchases continuously made over a substantial period of time, and
    - (b) earnings, sales or wholesale purchases which are average and typical of all sellers of respondents' products in the usual and ordinary course of business.
  10. Each representation of earnings, sales or wholesale purchases made by certain of respondents' salesmen is based on a separate testimonial letter, received by respondents recently and without solicitation.
- PAR. 6. In truth and in fact:
1. Persons selling respondents' products can not reasonably expect to regularly earn \$2,000.00 or more per month. Such earnings are gross exaggerations and are greatly in excess of the average earnings of persons selling respondents' products.
  2. There is not a substantial demand for respondents' products.
  3. Respondents have no reasonable basis from which to conclude that their products can be sold by salesmen easily, quickly, and in substantial quantities.
  4. Respondents' salesmen can not obtain exclusive territories without any fees, obligations, or hidden costs. A salesmen is given an exclusive territory only as long as he buys a stated minimum quantity of merchan-



