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Order

representation and the insurer does in fact indemnify for residence in such a hospital.

10. Representing to insured individuals who file claims that the policy under which they claim does not cover injuries if the accident from which the injuries resulted was caused by the insured's negligence or intoxication unless the policy is in fact so limited and such limitations are clearly and conspicuously disclosed in the advertising material for the policy.

11. Representing that any policy provides for indemnification against disability or loss due to sickness, disease, accident or death, in any amount or for any period of time, unless a statement of all the conditions, exceptions, restrictions, limitations, costs and possible additional assessments affecting the indemnification actually provided is set forth conspicuously, prominently and in sufficiently close conjunction with the representation or representations as will fully relieve it of all capacity to deceive.

12. Omitting any material limitations in the coverage of any policy in any advertising which purports to describe the coverage in the policy.

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

 IN THE MATTER OF

CONSOLIDATED MORTGAGE COMPANY ET AL.

ORDER DISMISSING AN ORDER IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket 8723. Complaint, Dec. 8, 1966—Decision, Apr. 19, 1968

Order reopening an order dated February 19, 1968, page 376 herein, against a now dissolved Providence, R.I., mortgage loan company and its officers, and dismissing the complaint and setting aside the order as to the corporate respondent.

ORDER REOPENING AND DISMISSING COMPLAINT AND SETTING ASIDE
ORDER AS TO CORPORATE RESPONDENT

Respondents, on March 18, 1968, filed with the Commission a petition, requesting the Commission to reconsider its opinion and final order issued February 19, 1968, on the grounds that the Commission

Complaint

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assertedly failed or did not have the opportunity to consider respondents' submission of February 21, 1968, relating to a petition for dissolution filed in Superior Court of Rhode Island and that the Commission assertedly did not follow an interpretation of law as contained in certain cases referred to, and further requesting the Commission to grant respondents a reasonable time within which to submit to the Commission a final court order dissolving respondent corporation and to grant respondents an oral hearing on their petition. Complaint counsel, on March 25, 1968, filed an answer in opposition to the petition.

Subsequently, on April 8, 1968, respondents filed a letter with the Commission, enclosing a copy of the final decree of Superior Court of the State of Rhode Island, entered April 3, 1968, ordering that Consolidated Mortgage Company be dissolved. Complaint counsel filed a supplemental answer April 11, 1968, in which he states he is opposed to any reconsideration of the Commission's decision and final order but that he has no objection to the exclusion of the corporate respondent from the order to cease and desist in view of its dissolution.

In the circumstances, the Commission is of the opinion that this proceeding should be reopened pursuant to § 3.72(a) of the Commission's Rules of Practice, the complaint dismissed and the order set aside as to the dissolved corporate respondent. This action will render moot or irrelevant respondents' other specific requests. Accordingly,

It is ordered, That this matter be, and it hereby is, reopened.

It is further ordered, That the order to cease and desist as to respondent Consolidated Mortgage Corporation be, and it hereby is, set aside and that the complaint as to such respondent be, and it hereby is, dismissed.

IN THE MATTER OF

HEAD SKI CO., INC., ET AL.

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

Docket C-1323. Complaint, April 19, 1968—Decision, April 19, 1968

Consent order requiring two Maryland manufacturers of skis, ski accessories and ski clothing to cease using unlawful resale price fixing and price maintenance tactics in the sale of their products to franchise dealers.

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 the parties named in the caption hereof, and hereinafter more fully described, have violated and are now violating the provisions of Section 5 of the Federal Trade Commission Act (15 U.S.C. § 45), 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 as follows:

PARAGRAPH 1. Respondent Head Ski Co., Inc., hereinafter referred to as Head Ski, is a corporation organized and doing business under the laws of the State of Delaware, with its office and principal place of business located at 15 West Aylesbury Road, Timonium, Maryland.

Respondent Head Ski & Sports Wear, Inc., hereinafter referred to as Head Ski & Sports Wear, is a subsidiary of Head Ski which owns and controls over 80 percent of its stock. Head Ski & Sports Wear is a corporation organized and doing business under the laws of the State of Maryland, with its office and principal place of business located at 208 Wight Avenue, Cockeysville, Maryland.

PAR. 2. Head Ski is now, and has been for many years engaged in the manufacture, distribution, and sale of combination metal, plastic, and wood skis, ski poles, and various ski accessory products, including but not limited to, edge sharpeners, surface repair kits, tip protectors, spray bases, and pole rings.

Head Ski & Sports Wear is engaged in the marketing of ski pants, parkas, sweaters, and accessory products used for skiing and other outdoor activities.

PAR. 3. Respondents both sell and distribute their merchandise by means of a network of franchised retail dealers throughout the United States. These dealers offer such merchandise for resale or rental to the public, except in some instances, where respondent Head Ski reserves for itself the sole right to offer its products for sale to certain specified classes of purchasers.

PAR. 4. In the course and conduct of their business respondents are now and have been at all times referred to herein engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act. Respondents ship their products, or cause such products to be shipped, from States wherein they do business to purchasers located in other States. The dollar volume of net sales of skis and ski accessory products by respondent Head Ski has increased from over \$1,000,000 in 1957, to an amount in excess of \$9,000,000 in 1966. There is and has been at all times mentioned herein a continuous and increasingly substantial current of trade in commerce in such products between and among the several States of the United States and the District of Columbia.

PAR. 5. Except to the extent that competition has been hindered, frustrated, lessened, and eliminated as set forth in this complaint, respondents have been and are now in substantial competition with other corporations, individuals, and partnerships engaged in the sale and distribution of products similar to those described in Paragraph 2 hereinabove.

PAR. 6. For many years, and continuing to the present time, it has been the practice and policy of Head Ski, and recently of Head Ski & Sports Wear to establish, maintain, and enforce a merchandising or distribution program and policy under which contracts, agreements, understandings, and arrangements are entered into with their retail dealers which have the purpose and effect of fixing, establishing, and maintaining the prices, terms, and conditions of sale or rental of their products.

PAR. 7. Respondents require their dealers annually to execute a contract or agreement under the terms of which such retail dealers agree, among other things:

Not to display, advertise, offer for sale, or sell directly or indirectly, merchandise purchased from respondents at prices less than, or under terms or conditions other than those established and provided by respondents:

That products shipped to them by respondents will, under no circumstances, be transferred or sold, by retail sale or otherwise to any other shop or dealer not an authorized Head Ski Dealer:

To resell to respondents any unsold stock of respondents' products in the event that business relations between respondents and the dealers are terminated.

PAR. 8. Head Ski requires its dealers to refrain from selling its products to certain designated classes of retail customers including, but not limited to, ski schools, ski instructors, professional skiers, and ski patrol members. As to these classes, respondent insists that it alone make such sales.

PAR. 9. Head Ski urges, advocates, induces, compels, and aids and abets its franchised retail dealers to combine for the purpose of agreeing upon uniform policies and prices with regard to such matters as rental fees, binding mounting charges, trade-in allowances, and the application or applicability of a rental charge to the purchase price of new skis.

PAR. 10. Respondents have established a system of policing their dealers in order to ascertain deviations by such dealers from the provisions of respondents' merchandising programs. Respondents conduct

such policing by various means and methods including, but not limited to, the following:

Affixing serial numbers on all skis shipped by Head Ski to its dealers for the purpose, among others, of tracing sales violating respondent's merchandising programs and to unauthorized retail outlets;

Requiring and soliciting from their dealers assistance and cooperation in securing and reporting information to respondents as to the failure of other dealers to support, observe, or comply with respondents' merchandising programs;

Circulating notices to their dealers informing them of dealers added or dropped within the dealer's general area for the purpose, among others, of providing such dealers with a current listing of other dealers whom they are to police; and

Directing their area representatives and other employees to secure and report information as to the failure of their dealers to observe and comply with respondents' merchandising programs.

PAR. 11. Respondents, upon learning of deviations by their dealers from the prices, terms, or conditions established under their merchandising programs, enforce their programs and policies by various means and methods of which the following are examples:

Contacting such deviating dealers and securing, or attempting to secure assurances from such dealers, that they will observe and comply with respondents' merchandising programs;

Threatening to discontinue doing business with such dealers who fail to observe and comply with their merchandising programs; and

Terminating dealerships by refusing to sell to such dealers.

PAR. 12. The foregoing programs and policies and respondents' acts and practices in furtherance thereof, have had and do now have a dangerous tendency or effect of unduly hindering, lessening, restraining or eliminating competition and trade in the sale and distribution of skis, ski equipment, and accessory and related products.

PAR. 13. The foregoing programs and policies, and acts and practices, as alleged, are prejudicial and injurious to the public and constitute unfair acts and practices and unfair methods of competition in commerce within the meaning and intent 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 hereof 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 accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of 30 days, now in further conformity with the procedure prescribed in § 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 Head Ski Co., 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 15 West Aylesbury Road, in the city of Timonium, State of Maryland.

Respondent Head Ski & Sports Wear, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its office and principal place of business located at 208 Wight Avenue, in the city of Cockeysville, State of Maryland.

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

I. *It is ordered*, That respondent Head Ski Co., Inc., a corporation, its subsidiaries, successors, assigns, officers, directors, agents, representatives, and/or employees, individually or in concert, directly or through any corporate or other device, in connection with the manufacture, distribution, offering for sale, sale, or rental of skis, ski poles or ski accessory products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Establishing, maintaining, or enforcing any merchandising or distribution program, plan or policy under which contracts, agreements, understandings, arrangements, or planned common courses of action or courses of dealing are entered into with its dealers which have the purpose or effect of fixing, establishing, maintaining or enforcing the prices, terms, or conditions of sale or rental at which its skis, ski poles or ski accessory products, are to be resold or rented. This paragraph shall apply regardless of whether or not such contracts, agreements, understandings, or arrangements are otherwise lawful under the statutes, laws, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia.

For the purposes of this Order the phrase "terms, or conditions of sale or rental" shall mean service charges, rental fees, trade-in allowances, methods of payment, time restrictions on sale and customer restrictions.

B. Entering into, continuing or enforcing, or attempting to enforce any contract, agreement, understanding, or arrangement, or any provision therein, which is inconsistent with subparagraph (A) above or subparagraph (C) below.

C. Engaging in any one or more of the following acts or practices:

1. Prior to selling to a prospective dealer, requiring assurances, whether by understanding, agreement, or otherwise, from such person or persons that they will agree to abide by, and will abide by the provisions of any merchandising or distribution program or policy inconsistent with the provisions of this Order;

2. Requiring, directly or indirectly, any dealer to resell to respondent any unsold stock of respondent's products in the event that business relations between respondent and the dealer are terminated: *Provided*, That respondent shall not be prohibited from repurchasing such unsold stock at the request of a dealer or from obtaining an option from a dealer to repurchase such unsold stock in the event that the dealer is unable to meet his financial obligations to respondent;

3. Preventing, encouraging, restraining, regulating, interfering with or limiting, in any manner, or for any reason, any dealers from reselling, renting, exchanging, or transferring products purchased from respondent to any other dealers whether or not such other dealers are dealers of respondent except that this provision shall not prevent respondent, Head Ski Co., Inc., from excluding from the scope of its warranty or guarantee, defects caused by faulty service or improper mounting of bindings on its products by persons other than franchised dealers;

