

any other obligation, or agreeing to any other act or condition; and offering any product for sale when all of the terms and conditions of the offer are not explained fully and clearly and set forth conspicuously on any order form furnished with the offer to be used to order the product.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondent 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 successor corporations, the creation or dissolution of subsidiaries, or any other change in the corporations which may affect compliance with this order.

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 in which they have complied with this order: *Provided, however:* That with respect to those portions of Paragraphs I(A)(1) and (I)(B)(4) which cover the disclosure of odds, a second such report shall be filed within sixty (60) days after December 1, 1971, the date on which the portions of the aforesaid paragraphs which cover the disclosure of odds shall take effect.

IN THE MATTER OF

HELIX MARKETING CORPORATION, ET AL.

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

*Docket C-2076. Complaint, Nov. 3, 1971—Decision, Nov. 3, 1971**

Consent order requiring a New York City seller of articles of wearing apparel and nine affiliated firms in other cities who sell their goods to individuals, some 3000 'personal shoppers,' who in turn sell to the consuming public to cease misrepresenting the amount of money respondents' customers can earn, failing to disclose the liability of the customer for the goods in his possession, making threats of legal action against delinquent debtors through the use of spurious documents and by phone calls and letters, and failing to maintain adequate records documenting any matter covered in this order.

*Spanish translation of decision and order follows English version of order.

Complaint

79 F.T.C.

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 Helix Marketing Corporation, a corporation, Gramont Company, Inc., a corporation, The Helix Company, Inc., a corporation, Royal Crown Hosiery Company of Illinois, Incorporated, a corporation, Royal Crown Hosiery Company, a corporation, Gramont Company Incorporated of Philadelphia, a corporation, Gramont Company Incorporated, a corporation, Gramont Company, Inc. of St. Louis, a corporation, The Helix Co., Inc., a corporation, Royal Crown Company, Inc., a corporation, William T. Comfort, Jr. and Jacob M. Levine, individually and as officers or directors of certain 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 Helix Marketing Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business at 264 West 35th Street, New York, New York. Said corporate respondent controls and dominates the acts and practices of its wholly-owned subsidiary, corporate respondent Gramont Company, Inc. and the wholly-owned subsidiaries of Gramont Company, Inc.; The Helix Company, Inc., Royal Crown Hosiery Company of Illinois, Incorporated, Royal Crown Hosiery Company, Gramont Company Incorporated of Philadelphia, Gramont Company Incorporated, Gramont Company, Inc. of St. Louis, The Helix Co., Inc., and Royal Crown Company, Inc.

Respondent Gramont Company, 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 place of business at 264 West 35th Street, New York, New York. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Helix Marketing Corporation.

Respondent The Helix Company, 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 place of business at 61 West 23rd Street, New York, New York. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Royal Crown Hosiery Company of Illinois, Incorporated, is a corporation organized, existing and doing business under

and by virtue of the laws of the State of Illinois, with its principal place of business at 210 West Madison, Chicago, Illinois. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Royal Crown Hosiery Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Michigan, with its principal place of business at 19 Clifford Street, Detroit, Michigan. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Gramont Company Incorporated of Philadelphia is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal place of business at 1005 Market Street, Philadelphia, Pennsylvania. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Gramont Company Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal place of business at 630 South Wabash, Chicago, Illinois. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Gramont Company, Inc. of St. Louis is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business at 808 Washington Avenue, St. Louis, Missouri. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent The Helix Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal place of business at 2082 East 4th Street, Cleveland, Ohio. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent Royal Crown Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia with its principal place of business at 1319 F Street, N.W., Washington, D.C. Said corporate respondent is a wholly-owned subsidiary of corporate respondent Gramont Company, Inc.

Respondent William T. Comfort, Jr. is an individual and is a member of the board of directors of Helix Marketing Corporation and Gramont Company, Inc. He is an officer of Helix Marketing Corporation. His business address is 264 West 35th Street in the city of New York, State of New York.

Respondent Jacob M. Levine, is an individual and was, until January 31, 1971, an officer of Helix Marketing Corporation. He was until the above date, an officer and member of the board of directors of Gramont Company, Inc., The Helix Company, Inc., Royal Crown Hosiery Company of Illinois, Incorporated, Royal Crown Hosiery Company, Gramont Company Incorporated of Philadelphia, Gramont Company Incorporated, Gramont Company, Inc. of St. Louis, The Helix Co., Inc., and Royal Crown Company, Inc. He is currently a member of the board of directors of Gramont Company, Inc. His business address is 264 West 35th Street in the city of New York, State of New York.

The individual respondents, William T. Comfort, Jr. and Jacob M. Levine formulate, direct and control the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth.

PAR. 2. Respondents are engaged in the sale and distribution, through a number of branches or outlets, of articles of wearing apparel and other products, to some 3000 "personal shoppers" or "customers" who thereafter sell and distribute such products to the consuming public. Respondents recruit said "personal shoppers" from among housewives, including many welfare recipients, to sell such products at retail to relatives, acquaintances and other members of the consuming public. Respondents assist in the sales effort of said "personal shoppers" by extending short term financing in varying amounts, depending upon the individual, by allowing credit on the return of unsold merchandise, and by furnishing them with instructions as to methods of selling said products and collecting payment therefor.

PAR. 3. In the course and conduct of their business, respondents cause said articles of wearing apparel and other products to be shipped and distributed from the places of origin or storage of said products in various states, to places of storage or distribution in other states, for sale and distribution to respondents' customers and to ultimate consumers located in various other States of the United States. Respondents also cause checks, sales memoranda, policy directives, instructions, and other documents and communications to be transmitted by means of the United States mails and other interstate mechanisms, to and from respondents' principal and other offices and places of business located in various States of the United States. Respondents disseminate, or cause to be disseminated advertisements published in various newspapers and other publications of interstate circulation to recruit customers of said products for resale, and to induce the sale of the said products to said customers for resale to ultimate consumers located in various States of the United States. Respondents furnish means, instru-

mentalities, services and facilities to purchasers for resale of their said products located in various states in connection with and to further the resale of said products to, and payment therefor by, ultimate consumers of such products located in various States of the United States.

All of the aforesaid acts and practices have been engaged in, in the course and conduct of respondents' business and all such acts and practices have a close and substantial relationship to the interstate flow of respondents' business. Respondents now have, and at all times mentioned herein have had, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business as aforesaid, respondents induce a substantial number of persons to purchase their products for resale to ultimate consumers, by means of statements published in newspapers and other publications, and by means of oral statements of respondents or their agents and representatives during personal interviews.

Among and typical of said statements and representations, but not all inclusive thereof, are the following:

1. Advertisements appearing in "Help Wanted" sections and under other classifications or headings in various newspapers, stating, *inter alia*:

Our Women Average \$68 Weekly
 No Canvassing Necessary . . .
FILL OUR CUSTOMERS ORDERS
 * * * * *
CAN EARN \$72 WEEKLY * * *
 * * * * *

Can Earn \$3 Hr. and More Filling Our Customer Orders No Canvassing * * *

2. Statements made by respondents or their agents or representatives during the course of personal interviews with prospective "personal shoppers" responding to said advertisements, such as:

- (a) "When you become a Personal Shopper, we sent out announcement cards to people in your neighborhood to let them know that they can give orders to you."
- (b) "Give me your address so I can see if we need someone in your neighborhood. What is your zip code? I'm so glad you called, we need someone right there."

PAR. 5. Through the use of the aforesaid statements and others similar thereto; but not included herein, respondents have represented, directly or indirectly that:

1. Persons answering said advertisements are likely to earn the

amounts set forth in said advertisements and that customers are not required to solicit orders in order to make sales.

2a. Announcement cards will be sent by the respondents to neighbors of the prospective customer, and that these cards may produce sales.

b. A prospective customer will be the exclusive merchandiser in that person's neighborhood.

PAR. 6. In truth and in fact:

1. The earnings figures set forth in said advertisements are far in excess of the amounts a substantial portion of prospective customers are likely to earn. Additionally, it is necessary for respondents' customers to canvass in order to obtain sales.

2a. Announcement cards are seldom, if ever, sent out by respondents.

b. Respondents do not grant exclusive sales territories.

Therefore, respondents' statements, representations, acts and practices, as referred to in Paragraphs Four and Five hereof were, and are, false, misleading and deceptive.

PAR. 7. In the course and conduct of their business, respondents require persons recruited as "personal shoppers" to secure the signature of two other persons on an instrument or form which is represented by respondents or their agents and representatives to be used for tracing or locating missing personal shoppers. In truth and in fact, the said instrument or form is used by respondents to hold the signatories thereto as guarantors, who may be personally liable for any monies which may be due or owing to respondents should the "personal shopper" refuse or be unable to pay respondents for credit extended. Respondents' use of said instrument or form, their representations as to its purpose and use, and their failure to disclose material facts as to the actual purpose and use of said instrument or form, as aforesaid, were and are false, misleading, deceptive and unfair acts or practices.

PAR. 8. In the further course and conduct of their business, and in an effort to collect accounts respondents have elected to treat as delinquent, and by means of letters and telephone calls, respondents or their representatives and agents have made certain statements of which the following are typical, but not all inclusive:

(a) HELIX Collection Department

DEAR -----:

Your above listed employee owes the amount stated * * *.

If payment is not made promptly, we shall be compelled to sue your employee and, when judgment has been obtained, to institute GARNISHMENT PROCEEDINGS * * *.

By

Collection Dept.

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Complaint

(b) ROYAL CROWN Collection Department

DEAR _____ :

We regret to inform you that your account is being released to the Small Claims Court for collection.

Within the next five days you will be receiving a summons to appear in Court regarding your debt to the Gramont Company of New York, New York.

We hope that within this period of time you will realize the extra cost, embarrassment, garnishment of wages to you or your husband, or both, and also the fact that your name will be sent to the Credit Bureau * * *

By

Collection Manager

(c) FINAL NOTICE BEFORE SUIT

----- creditor
----- address
----- debtor

Amount due \$-----

TO THE DEBTOR'S ABOVE NAMED

TAKE NOTICE (1) that the above named creditor has a valid claim against you * * * for the amount mentioned above and affidavit supporting said claim is herein below annexed * * *.

* * * * *

(3) That unless remittance is received by the above named creditor * * * within 5 days from date, suit will be brought immediately for the total amount due, with interest, together with cost of said action.

Dated at this day of 19

Signed by -----

(d) Stuart Babitch, Attorney at Law, 396 Broadway, New York, New York 10013.

DEAR _____ :

I have been advised by my client Helix Co., Inc. that you have defaulted. * * *

This is to inform you that unless the amount due is paid to my client directly * * *. I shall proceed to prosecute suit against you as scheduled.

Very truly yours,

STUART N. BABITCH.

(e) ROYAL CROWN Collection Department

DEAR _____ :

We have been retained by the Helix Co. to recover the unpaid balance due them on your account.

You committed a serious legal offense in opening that account, as the APPLICATION FOR CREDIT you furnished to the Helix Co. supposedly bears the signature of ----- who has advised that the signature was forged.

Forgery is a criminal offense and can result in arrest, prosecution and imprisonment. Before swearing out a Warrant for your arrest on charges of forgery, we are giving you one more opportunity to settle your account.

Unless we hear from you immediately, this matter will be turned over to the police.

By Collection Agent
