

business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's 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 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

NEW ORLEANS MEATS, INC., doing business as HUTCHESON  
MEATS, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATIONS  
OF THE FEDERAL TRADE COMMISSION ACT, SECS. 5 & 12, AND THE  
TRUTH IN LENDING ACT

*Docket C-2496. Complaint, Mar. 20, 1974—Decision, Mar. 20, 1974*

Consent order requiring a Kenner, La., seller and distributor of beef and other meat products, among other things to cease using bait advertisements; misrepresenting the price, quality, and quantity of its products; and 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: *Creighton Chandler*.

For the respondents: *Harvey G. Gleason*, New Orleans, La.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that New Orleans Meats, Inc., a corporation, doing business as Hutcheson Meats, and Robert E. Brannan, individually and as officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending 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 New Orleans Meats, Inc., also doing

business as Hutcheson Meats is a corporation organized existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at 1636 Airline Highway, Kenner, La.

Respondent Robert E. Brannan, is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including 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 have been engaged in the advertising, offering for sale, sale and distribution of beef and other meat products which come within the classification of food, as the term "food" is defined in the Federal Trade Commission Act, to members of the purchasing public.

#### COUNT I

Alleging violations of Section 5 and 12 of the Federal Trade Commission Act, the charges of Paragraphs One and Two hereof are incorporated by reference herein as set forth verbatim.

PAR. 3. In the course and conduct of their aforesaid business, respondents have disseminated and caused the dissemination of certain advertisements in commerce, as "commerce" is defined in the Federal Trade Commission Act, including advertisements in daily newspapers of general circulation, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of food, as the term "food" is defined in the Federal Trade Commission Act, and have disseminated and caused the dissemination of advertisements as aforesaid, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of food in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, and at all times mentioned herein, respondents have been in substantial competition, in commerce, with firms and individuals in the sale of beef and other meat of the same general kind and nature.

PAR. 5. Typical but not all inconclusive of the statements appearing in the newspaper disseminated as aforesaid are the following:

SAVE LIKE NEVER BEFORE  
PHONE ANYTIME TO OPEN ACCOUNT

3 Bundles to choose from as low as \$6.40 per week for 17 weeks—same as cash—no finance or other charges added on approved credit

Bundle #1 U.S.D.A. INSPTD. RIB & CHUCK Consist of

Club Steak	Minute Steaks
Swiss Steak	Bar-B-Que Ribs
Delmonico Steak	Chuck Roasts
Prime Rib Steak	Pot Roasts

1421	Complaint	
Bar-B-Que Steak	Ground Beef	\$6.49 PER WEEK
10 Lbs. Chicken	5 Lbs Pork	FOR 17 WEEKS
EXAMPLE ONLY: 175 Lbs at 63¢ lb.		\$110.95
Avg. Wt. 175-225 lbs.		

Bundle #2 U.S.D.A. INSPTD. LOIN & RIB Consists of

Club Steak	T Bone Steak	
Rib Steak	Sirloin Steak	
Delmonico Steak	Filet	
Porterhouse Steak	Sirloin Tip	
Rib Roast	Roast	\$7.30 PER WEEK
Minute Steaks	10-12% Ground Beef	FOR 17 WEEKS
EXAMPLE ONLY: 180 Lbs. at 69¢ lb.		\$124.20
Avg. Wts. 170-225 lbs.		

Bundle #3 U.S.D.A. INSPTD. LOIN & ROUND Consists of

T-Bone Steak	Sirloin Tip	
Round Steak	Roast	
Porterhouse Steak	Minute Steaks	
10-12% Ground Steak	Rump Roast	
	Eye Roast	\$7.83 PER WEEK
	Round Roast	FOR 17 WEEKS
EXAMPLE ONLY: 185 Lbs. at 72¢ lb.		\$133.20
Avg. Wts. 175-225 lbs.		

U.S.D.A. CHOICE TENDER AND DELICIOUS BEEF SIDES

EXAMPLE ONLY: 300 LBS. AT 71¢ \$213.00 ONLY \$12.53 PER WEEK FOR 17 WEEKS, SAME AS CASH ON APPROVED CREDIT. 71¢ Lb.

AVG. WT. 300 to 400 LBS.

U.S.D.A. PRIME BEEF SIDES

EXAMPLE ONLY: 300 LBS. AT 77¢ \$231.00 ONLY \$13.59 PER WEEK FOR 17 WEEKS, SAME AS CASH ON APPROVED CREDIT. 77¢ Lb.

ALL MEAT SOLD HANGING WEIGHT & SUBJECT TO CUTTING & TRIMMING LOSS

PAR. 6. By and through the use of the aforesaid statements, and others of similar import and meaning not specifically set forth herein, respondents have represented directly or by implication that:

1. Offers set forth in said advertisements are bona fide offers to sell products of the kind therein described at the prices stated therein.
2. The advertised meat is high quality meat.
3. Meat advertised consists entirely or primarily of high quality cuts of meat including steaks.
4. Persons purchasing meat from respondents at a stated price per week or month are paying a significantly lower total price for meat than the price they had been paying.
5. Purchasers may arrange to make deferred payments for their purchases directly to respondents' retail store, and no interest and/or carrying charges will be made on such deferred payment obligation.

## PAR. 7. In truth and in fact:

1. The offers set forth in said advertisements, and other offers not set forth in detail herein, were not, and are not, bona fide offers to sell meat products at the advertised price, but, to the contrary were made in some instances to induce prospective purchasers to visit respondents' store and place of business for the purpose of purchasing meats other than the advertised meats. When prospective purchasers in response to said advertisements, attempt to purchase advertised beef, respondents and respondents' employees inform them that the advertised prices refer only to meat of low grade and quality, said meat being frequently below grade and quality of meat graded "U.S. Good" by the United States Department of Agriculture. Prospective purchasers are further informed that the said advertised meat because of its low grade and quality is subject to excessive weight loss in cutting and trimming. Respondents and their salesmen frequently display fat and unsightly beef as the advertised meat, disparaging it in a manner calculated to discourage the purchase thereof, and attempt to, and frequently do, sell much higher priced meats.

2. Persons who succeed in purchasing advertised beef products frequently find that their packaged orders contain ground beef in excess of 12% (per cent) of the total meat received.

3. Purchasers learn, contrary to respondents' advertising that payments on their installment contracts must be made to one of several finance companies with whom such contracts are placed by respondents for collection.

4. The stated prices per week do not represent a significant saving to prospective purchasers over the price of similar meat available at other retail outlets to such purchasers.

PAR. 8. Respondents by their advertisements disseminated as aforesaid have represented, and now represent, directly and by implication, and by failure to disclose the average weight loss in the meat purchased due to cutting, dressing and trimming that beef halves and hindquarters advertised will weigh approximately their advertised and/or hanging weight when cut and trimmed, and/or that other meat purchases when ready for home freezer storage will equal or approximate their total purchase weight.

Said representations were, and are contrary to the fact as beef halves, and other beef carcass sections, are sold by the pound at their carcass or uncut weight. The cutting, trimming and removal of fat, bone and waste materials greatly reduces the total weight, and a meat order when cut, trimmed and ready for home freezer storage is not equal to, nor does it approximate the total weight of said meat at the time of purchase.

Therefore, the advertisements referred to in Paragraphs Five, Six and Eight were and are misleading in material respects and have constituted, and constitute "false advertisements" as that term is defined in the Federal Trade Commission Act, and the representations referred to in Paragraphs Five, Six and Eight were and are, false, misleading and deceptive.

PAR. 9. 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 the aforesaid products, including higher priced products than those advertised by reason of said erroneous and mistaken belief.

PAR. 10. The aforesaid acts and practices of respondents, as herein alleged, including the dissemination by respondents of false advertisements as aforesaid, 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 and unfair and deceptive acts and practices in commerce in violation of Sections 5 and 12 of the Federal Trade Commission Act.

#### COUNT II

Alleging violation of the Truth in Lending Act and the implementing regulations promulgated thereunder, and of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count II as if fully set forth verbatim.

PAR. 11. Subsequent to July 1, 1969 in the ordinary course and conduct of their business as aforesaid, respondents arrange for, the extension of consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Respondents regularly place, and for some time last past have placed, for publication in newspapers of general circulation advertisements to aid, promote, and assist credit sales, as "credit sale" is defined in the aforesaid Regulation Z.

By and through the use of certain of said advertisements respondents have represented the amount of an installment payment, the number of installments, and the period of repayment without also disclosing the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

1. The cash price,
2. The amount of the downpayment required or that no down payment is required;

3. The amount of the finance charge expressed as an annual percentage rate; and

4. The deferred payment price.

PAR. 12. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure to comply with the provisions of Regulation Z constitutes a violation of that Act and, pursuant to Section 108 thereof, respondents thereby violated the Federal Trade Commission Act.

#### DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the 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 New Orleans Meats, Inc., doing business as Hutcheson Meats, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at 1636 Airline Highway, city of Kenner, State of Louisiana.

Respondent Robert E. Brannan, 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 respondent New Orleans Meats, Inc., a corporation, doing business as Hutcheson Meats, its successors and assigns, its officers and Robert E. Brannan, individually and as an officer of said corporation, respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with the offering for sale, sale or distribution of meat or other food products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Disseminating, or causing the dissemination of, any advertisement, or utilizing any sales presentation, which represents directly or by implication:

(a) That any products are offered for sale, when the purpose of such representation is not to sell the offered products, but to obtain prospects for the sale of other products at higher prices.

(b) That any product is offered for sale when such offer is not a bona fide offer to sell such product.

(c) That any meat offered for sale is high quality meat, which in fact is either ungraded or below the grades of "Prime" "Choice" and "Good," or which is yield grade 5 of the quality grade.

(d) That the meat a purchaser will receive or take home, when untrimmed beef sides, hindquarters, forequarters, or other untrimmed pieces, "Bundles," or "Packs" are sold, will consist, after cutting, dressing and trimming, entirely or primarily of steaks, or other high quality cuts, unless such is the fact.

2. Disseminating, or causing the dissemination of, any advertisement, or utilizing any sales presentation, which:

(a) Fails to disclose clearly, without ambiguity, and with prominence:

(1) That untrimmed beef sides, hindquarters, forequarters, or other untrimmed pieces, "Bundles," or "Packs," offered for sale, will suffer weight loss due to cutting, dressing and trimming.

(2) That the price charged for untrimmed meat is based on the hanging weight before cutting, dressing and trimming occurs.

- (3) That correct average percentage of weight loss of such untrimmed side, quarter, piece, "Bundle," or "Pack" due to cutting, dressing and trimming.
  - (b) Fails to include clearly and with prominence:
    - (1) When United States Department of Agriculture graded meat is advertised which is below the grade of "USDA Good," the meat will be identified as grades U.S. Standard and/or U.S. Commercial.
3. Disseminating, or causing the dissemination of, any advertisement, or utilizing any sales presentation, which misrepresents in any manner the price, quantity or quality of any meat or other food products, or savings available to purchasers thereof.
4. Disseminating, or causing the dissemination of, any advertisement, or utilizing any sales presentation, which represents directly or by implication, that the prices stated in such advertisements are not the regular and ordinary prices at which respondents offer for sale, and sell meat or other food products, but are instead "sale" or "special" prices, and therefore are lower than respondents' regular and ordinary prices, when, in fact, such advertised prices are the prices regularly and ordinarily charged by respondents for the products advertised and do not constitute a reduction or dollar saving from respondents' regular and ordinary prices.
5. Disseminating, or causing the dissemination of, any advertisement, or utilizing any sales presentation, which represents, directly or by implication:
  - (a) That purchasers may arrange for credit granted by respondents for purchases of meat or other food products when respondents do not in fact extend credit in the ordinary course and conduct of their business.
  - (b) That purchasers may arrange to make deferred payments for their purchases directly to respondents when, in the ordinary course and conduct of their business, respondents do not accept deferred payments but transfer purchasers' obligations to a finance company or other third party to whom such deferred payments must be made.
6. Disseminating, or causing the dissemination of, any advertisement, or utilizing any sales presentation, which fails to disclose clearly and with prominence that purchasers' obligations will be transferred to a finance company, or other third party, when, in the ordinary course and conduct of their business, such is respondents' practice.
7. Discouraging the purchase of, or disparaging in any manner,

any meat or other food products which are advertised or offered for sale.

8. Displaying any side, hindquarter, forequarter, or other portion of a beef carcass of inferior quality and unwholesome appearance, or of fatty, wasty yield grade, to prospective customers who have answered an advertisement or sales presentation of respondents, as the meat featured in such advertisement or presentation, so as to discourage such prospective customers from seeking to purchase the meat which was the subject of the advertisement or presentation.

9. Failing to maintain for a period of two (2) years adequate records, and to permit the inspection and copying thereof by Commission representatives:

(a) Which disclose the facts upon which are based price representations and statements as to the quality and the U.S.D.A. grade of meat offered for sale, savings claims, representations as to the percentage of steaks, or other high quality cuts in advertised meat, and similar representations from the type covered by this order, and from which the validity of such statements and representations can be established; and

(b) Records from which respondents' compliance with the requirements of this order can be ascertained.

*It is further ordered,* That respondents New Orleans Meats, Inc., doing business as Hutcheson Meats, its successors and assigns, its officers and Robert E. Brannan, individually and as an officer of said corporation, respondents' agents, representatives, salesmen and employees, directly or through any corporation, subsidiary, division or other device, in connection with any advertisement to aid, assist or promote, directly or indirectly, any extension of consumer credit, as "advertisement" and "consumer credit" are defined in Regulation Z of the Truth in Lending Act, do forthwith cease and desist from:

1. Stating in any advertisement the amount of the downpayment required or that no down payment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period or repayment, or that there is no charge for credit, unless there is also stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z, all of the following items—(i) the cash price; (ii) the amount of the down payment required or that no downpayment is required, as applicable; (iii) the number, amount, and due dates or period or repayments scheduled to repay

the indebtedness if the credit is extended; (iv) the annual percentage rate; and (v) the deferred payment price.

2. Making any disclosure not in accordance with the requirements of Section 226.10 of Regulation Z.

*It is further ordered,* That respondents deliver a copy of this order to cease and desist to all persons now engaged, or who become engaged, in the sale of meat or other food products as respondents' agents, salesmen, representatives or employees, and to secure from each of said persons a signed statement acknowledging receipt of a copy thereof.

*It is further ordered,* That respondents notify the Commission at least 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 respondent's 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 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  
DANCE WORLD, INC., ET AL.

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

*Docket C-2497. Complaint, Mar. 20, 1974—Decision, Mar. 20, 1974*

Consent order requiring sellers of memberships in dance and recreation clubs located in Dallas and Richardson, Texas, among other things to cease misrepresenting the prices and terms and conditions of their memberships.

*Appearances*

For the Commission: *Jim B. Brookshire.*

For the respondents: *Clay Scott, Jr., Dallas, Texas.*

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 Dance World, Inc., and Dance World Richardson, Inc., corporations, and Phyllis Francis Klein, individually and as an officer of said corporations, hereinafter sometimes 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 Dance World, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas with its principal office and place of business located at 1912½ Main Street, Dallas, Tex.

Respondent Dance World Richardson, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas with its principal office and place of business located at 412 Spanish Village, Richardson, Tex.

Respondent Ms. Phyllis Francis Klein is an officer of the corporate respondents. She formulates, directs, and controls the acts and practices of the corporate respondents including the acts and practices hereinafter set forth. Her address is 1912½ Main Street, Dallas, Tex.

PAR. 2. Respondents are now, and for some time last past, have been engaged in selling memberships in dance and recreation clubs.

PAR. 3. In the course and conduct of their business as aforesaid, respondents have disseminated, and caused the dissemination of certain advertisements concerning the said memberships and other services by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including but not limited to newspapers for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of said memberships and other services; and have disseminated and caused the dissemination of advertisements concerning said memberships and other services by various means, including but not limited to newspapers, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said memberships and other services in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Typical and illustrative of the statements and representations in said advertisements, disseminated as aforesaid, but not all inclusive thereof, is the following:

PARTY TIME 52 WEEKS A YEAR \* \* \* Get acquainted with Dallas. NEW ADULT CLUB. May Special, a \$60.00 membership now only \$5.00. Join the fun instead of watching it. You'll enjoy our daily mixers \* \* \* weekly socials \* \* \* dance lessons \* \* \* weekend trips \* \* \* "night on the town" parties in Dallas' finest supper clubs. Come meet some of the nicest people in town \* \* \* make new friends \* \* \* have fun 52 weeks a year! No escort needed. All applicants personally interviewed before being accepted as members.

This offer is good for new members only!

PAR. 5. By and through the use of said advertisements and others of similar import but not specifically set forth herein, respondents have represented and are now representing, directly and by implication, that:

A one-year membership may be purchased for \$5.00.

PAR. 6. In truth and in fact, respondents do not sell a one-year membership for \$5; the initial month's membership is \$5 and the charge thereafter is \$5 per week.

Therefore, the advertisements referred to in Paragraph Four were and are false, misleading and deceptive, and the representations referred to in Paragraph Five were and are false, misleading, and deceptive.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts 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 amounts of respondents' memberships and other services by reason of said erroneous and mistaken belief.

PAR. 8. The acts and practices of the respondents as set forth above 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 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 Dallas 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. Respondents Dance World, Inc. and Dance World Richardson, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Texas, with their offices and principal places of business located at 1912¼ Main Street, city of Dallas, State of Texas, and 412 Spanish Village, city of Richardson, State of Texas.

Respondent Ms. Phyllis Francis Klein, is an officer of said corporation. She formulates, directs and controls the policies, acts and practices of said corporation, and her principal office and place of business is located at the above stated addresses.

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 Dance World, Inc. and Dance World Richardson, Inc., corporations, their successors and assigns, and their officers, and Phyllis Francis Klein, individually and as an officer, and respondents' agents, representatives and employees directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, and sale of dance club or social club memberships or services or any other services or products in commerce as "commerce" is defined in Federal Trade Commission act, do forthwith cease and desist from:

1. Representing, directly or by implication that any memberships may be purchased in respondents' dance clubs without clearly and conspicuously disclosing the period of time to which the membership relates and,

2. Advertising any price without also clearly and conspicuously disclosing the terms and conditions of continuing a membership beyond the initial advertised period of membership.

*It is further ordered,* That the individual respondent named herein promptly notify the Commission of the discontinuance of her present business or employment and of her affiliation with a new business or

employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which she is engaged as well as a description of her duties and responsibilities.

*It is further ordered*, That in the event that respondent merges with another corporation or transfers all or a substantial part of its business or assets to any other corporation or to any other person, respondent shall require said successor or transferee to file promptly with the Commission a written agreement to be bound by the terms of this order; *Provided*, That if respondent wishes to present to the Commission any reasons why said order should not apply in its present form to said successor or transferee, it shall submit to the Commission a written statement setting forth said reasons prior to the consummation of said succession or transfer.

*It is further ordered*, That the respondent corporation shall forthwith distribute a copy of this order to each officer of the corporation, member of the board, organization manager, and each employee, now and in the future, involved in the writing or placement of advertising or sales.

*It is further ordered*, That respondents notify the Commission at least 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.

---

IN THE MATTER OF

CARPET BAZAAR, INC., ET AL.

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

*Docket C-2498. Complaint, Mar. 20, 1974—Decision, Mar. 20, 1974*

Consent order requiring a Berwyn, Ill., retailer and installer of home carpeting, among other things to cease misrepresenting the price at which it will carpet a home and the prices of carpet remnants; that its prices are sale or reduced or that savings will be afforded to purchasers; and to cease its failure to maintain adequate records to support savings claims.

Complaint

*Appearances*

For the Commission: *Douglas P. Wilson.*

For the respondents: *Alton, Jurlander & Wise, Chicago, Ill.*

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 Carpet Bazaar, Inc., a corporation, and Allen R. Greenberg, 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 Carpet Bazaar, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 7050 West Cermak Road, Berwyn, Ill.

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

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale, distribution and installation of carpeting and floor coverings to the public.

PAR. 3. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their carpeting and floor coverings, respondents have made, and are now making, numerous statements and representations by repeated advertisements inserted in newspapers of interstate circulation, and by oral statements and representations of their salesmen to prospective purchasers with respect to their products and services.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

CARPET YOUR ENTIRE HOME REGARDLESS OF THE NUMBER OF ROOMS  
\$549 BUYS IT ALL

\* \* \* \* \*

JANUARY CARPET CLEARANCE

IT'S A SALE!

THOUSANDS OF REMNANTS AND WALL TO WALL TO \*\*\*

SAVE 30 to 60% ON LUXURIOUS BROADLOOM CARPETING WHILE OUR  
JANUARY SALE LASTS.

\* \* \* \* \*

SAVE 29% to 57% TODAY ON 3,000 1st QUALITY REMNANTS.

\*            \*            \*            \*            \*            \*

REG. \$219.00—\$88 12 x 13 to 12 x 15

REG. \$118.00—\$59 7 x 12 to 9 x 12

\*            \*            \*            \*            \*            \*

INDOOR OUTDOOR HERCULON REG. \$4.95 NOW \$2.39 SQ. YD.

\*            \*            \*            \*            \*            \*

PAR. 4. 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, respondents have represented, and are now representing, directly or by implication, that:

1. Respondents will carpet an entire home, regardless of the number of rooms, for \$549.

2. By and through the use of the word "sale," and other words of similar import and meaning not set out specifically herein, that said carpeting and floor covering may be purchased at special or reduced prices, and purchases are thereby afforded savings from respondents' regular selling prices.

3. Purchasers of respondents' floor coverings are afforded savings of 30 to 60 percent and 29 to 57 percent of the prices at which such floor coverings are usually and customarily sold at retail.

PAR. 5. In truth and in fact:

1. Respondents will not carpet an entire home, regardless of the number of rooms, for \$549. To the contrary, respondents impose limitations on the amount of carpeting they will sell and install for the advertised price.

2. Respondents' merchandise is not being offered for sale at special or reduced prices. To the contrary, the price respondents regularly advertise and their so-called advertised "sale" price are identical and are used to mislead prospective customers into believing there is a saving from a bona fide regular selling price.

3. Purchasers of respondents' carpet remnants and rugs are not afforded savings of 30 to 60 percent or 29 to 57 percent of the prices at which such carpet remnants and rugs are usually and customarily sold at retail. To the contrary, the percentage price comparison is based on prices for quantities of carpeting required for wall-to-wall installation rather than the advertised carpet remnants or rugs which are usually sold for less than wall-to-wall prices.

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

PAR. 6. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition in commerce, with corporations, firms and individuals in the sale and distribution of rugs, carpeting and floor coverings of the same general kind and nature as those sold by respondents.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts 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 complete, and into the purchase of substantial quantities of respondents' products and services by reason of said erroneous and mistaken belief.

PAR. 8. 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 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 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:

## Decision and Order

1. Respondent Carpet Bazaar, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 7050 West Cermak Road, Berwyn, Ill.

Respondent Allen R. Greenberg 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 Carpet Bazaar, Inc., a corporation, its successors and assigns, and its officers, and Allen R. Greenberg, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, or other device, in connection with the advertising, offering for sale, sale or distribution of carpeting and floor coverings, or any other article of merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Advertising or otherwise representing that respondents will carpet an entire home, regardless of the number of rooms, for "\$549" or any other stated amount, unless such is the fact.

2. Using the word "Sale," or any other word or words of similar import or meaning not set forth specifically herein unless the price of such merchandise being offered for sale constitutes a reduction, in an amount not so insignificant as to be meaningless, from the actual bona fide price at which such merchandise was sold or offered for sale to the public on a regular basis by respondents for a reasonably substantial period of time in the recent, regular course of their business.

3. (a) Representing, directly or indirectly orally or in writing, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respondents' advertised sale 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.

(b) Representing, directly or indirectly, orally or in writing, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respon-

dents' advertised sale price and a regular price for said merchandise in respondents' trade area unless a substantial number of the principal retail outlets in the trade area regularly sell said merchandise at such regular price.

(c) Representing, directly or indirectly, orally or in writing, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respondents' advertised sale price and a regular selling price for comparable merchandise, unless substantial sales of merchandise of like grade and quality are being made in the trade area at the stated regular price or a higher price and unless respondents have in good faith conducted a market survey or obtained a similar representative sample of prices in their trade area which establishes the validity of said regular price and it is clearly and conspicuously disclosed that the regular price is applicable to merchandise of like grade and quality.

4. Advertising or otherwise representing a regular price or compared value price for carpet remnants or rugs (a) unless the carpet remnants or rugs being advertised are of the same grade and quality as the carpets with which such advertised prices are compared; and (b) without disclosing in immediate conjunction therewith that the regular selling price or compared value price is based on the wall-to-wall price of carpeting of the same grade and quality.

5. Representing, directly or by implication, orally or in writing, that purchasers of respondents' merchandise will save any stated dollar or percentage amount without fully and conspicuously disclosing in immediate conjunction therewith, the basis for such savings representations.

6. Failing to maintain and produce for inspection or copying for a period of three (3) years, adequate records (a) which disclose the facts upon which any savings claims, sales claims and other similar representations as set forth in Paragraphs One, Two and Four of this order are based, and (b) from which the validity of any savings claims, sale claims and similar representations can be determined.

*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 for the purpose of obtaining leads for the sale of carpeting or floor coverings, or utilized in the advertising, promotion or sale of carpeting or floor coverings and other merchandise.

*It is further ordered,* That respondents, for a period of one (1) year from the effective date of this order, shall provide each advertising

agency utilized by respondents and each newspaper publishing company, television or radio station or other advertising media which is utilized by respondents to obtain leads for the sale of carpeting or floor coverings and other merchandise, with a copy of the Commission's news release setting forth the terms of this order.

*It is further ordered,* That respondents shall forthwith distribute a copy of this order to each of their operating divisions.

*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 respondent's 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 respondents notify the Commission at least 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 of their compliance with this order.

---

IN THE MATTER OF

ATLANTIC CONSTRUCTION & SUPPLY CO., ET AL.

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

*Docket C-2499. Complaint, Mar. 20, 1974—Decision, Mar. 20, 1974*

Consent order requiring a Mt. Rainier, Md., seller and distributor of home improvement products and services, among other things to cease misrepresenting prices as reduced or special, the savings afforded purchasers, offers as limited or restricted as to time; disparaging or refusing to sell any product or service advertised; using deceptive or misleading representations to obtain prospective purchasers; misrepresenting the price of products or services; representing prices for products or services without showing in an estimate or contract each separate item included in the price; representing prices for a complete remodeling service without disclosing the additional costs to complete the remodeling service; including misleading illustrations in advertisements; contracting for any sale in the form of legal papers binding on the buyer prior to midnight of the 3rd day; failing to furnish buyers with completed receipts or copies of contracts or notices of cancellation in the same language used in oral sales

presentation; failing to inform buyers orally of or misrepresenting their right to cancel and to honor valid notices of cancellation; transferring customers' notes to other parties prior to midnight of the fifth day following the day the contract was signed; and failing to keep for two years copies of advertisements or promotional material.

#### *Appearances*

For the Commission: *David W. Bushong.*

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 Atlantic Construction & Supply Co., a corporation, and Norman Glaser and Stuart Schulman, individually and as officers of said corporation, hereinafter sometimes 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 Atlantic Construction & Supply Co. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia with its principal office and place of business 207 Varnum Street, Mt. Rainier, Md.

Respondents Norman Glaser and Stuart Schulman are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Their business addresses are the same as that of the corporate respondent.

The 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 advertising, offering for sale, sale and distribution of home improvement products and services to the general public.

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

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their home improvement

products and services, respondents and their salespersons or representatives have made, and are now making, numerous statements and representations in advertising and promotional material and through oral statements and representations with respect to their prices and their purchasers' savings.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

After Holiday Event

All Prices Reduced

We must keep our craftsmen busy for the winter season

REC. ROOM SPECIAL \$588 CASH PRICE 12 x 15 Includes Tile Floor, Acoustic Ceiling, Georgia Pacific Paneling, Closed Under Stairway, All Necessary Trim, Larger Size Rooms Proportionally Higher Depending on Materials Selected

ADDITIONS NOW \$588 CASH PRICE 10' x 12' FOR GROUND LEVEL EXTRA BEDROOM, GAME ROOM or REC. ROOM SIZE 10 x 12 Plate over existing Masonry Wall-Sheathing for the Walls-Studding for the Walls-Rafters for the Roof-Sheathing for the Roof-All carpentry, labor and materials-furnished for the above work.

BAR INCLUDED WITH DE LUX REC. ROOM

PAR. 5. By and through the use of the aforesaid statements and representations, and others of similar import and meaning but not specifically set out herein, separately and in connection with oral statements and representations of their salespersons or representatives, respondents have represented, and are now representing, directly or by implication, that:

1. Their home improvement products and services are being offered for sale at special or reduced prices, and savings are thereby afforded purchasers because of reductions from respondents' regular selling prices.

2. Their offer is made for a limited time only.

3. A bona fide offer is being made to sell the advertised products and services at the prices, or proportionate prices, and on the terms and conditions specified in the advertisements.

4. They are offering complete basement recreation room and room addition remodeling services for the prices shown in the advertisements for those remodeling services.

5. A bar is included in the basement recreation room remodeling service for the price shown in the advertisement for that service.

PAR. 6. In truth and in fact:

1. Respondents' products and services are not being offered for sale at special or reduced prices, and savings are not thereby afforded purchasers because of reductions from respondents' regular selling prices. In fact, respondents do not have regular selling prices but the

prices at which respondents' products are sold vary from customer to customer depending on the resistance of the prospective purchaser.

2. Respondents' advertised offer is not made for a limited time only. Said products and services are advertised regularly at the represented prices and on the terms and conditions therein stated.

3. The offers made in respondents' advertisements are not bona fide offers to sell the advertised products and services at the prices, or proportionate prices, and on the terms and conditions specified in the advertisements in that:

a. Respondents' offers are made for the purpose of obtaining leads to persons interested in the purchase of respondents' products and services. After obtaining such leads, respondents' salespersons or representatives call upon such persons at their homes and, according to their established mode of operation, respondents' salespersons or representatives disparage the advertised product or service and otherwise discourage the purchase thereof and attempt to sell, and frequently do sell, a different and more expensive product or service instead of the advertised product or service for which the customer was originally solicited.

b. In many cases, the prices charged for respondents' products and services exceed the advertised prices, or proportionate prices.

c. Remodeling products and services are sold at a single contract price which includes all material, labor and other costs. Since no itemized estimate or contract is provided, persons who respond to the advertisements and purchase remodeling products and services have absolutely no means of knowing what price they are paying for the advertised items.

4. The respondents do not offer complete basement recreation room and room addition remodeling services for the prices shown in the advertisements for those remodeling services. The format of respondents' advertisements, and the prominent manner in which the prices are set forth, leads a substantial number of prospective purchasers to the impression that the prices shown are the full prices for complete remodeling services. This mistaken impression is enhanced by the fact that in many instances homeowners are not aware of the quantity and cost of the additional material and labor necessary for a complete remodeling service. Respondents' failure to disclose in their advertisements the quantity and cost of such additional material and labor as is normally necessary for a complete remodeling service further enhances the capacity and tendency of said advertisements to lead prospective purchasers to believe that a complete remodeling service is being offered.

5. A bar is not included in the basement recreation room remodeling service for the price shown in the advertisement for that service.

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

PAR. 7. In the further course and conduct of their business and in furtherance of a sales program for inducing the purchase of their home remodeling and expansion services, respondents and their salesmen or representatives have engaged in the following additional unfair, false, misleading and deceptive acts and practices:

In a substantial number of instances, through the use of the false, misleading and deceptive statements, representations and practices set forth in Paragraphs Four through Six, above, respondents or their representatives have been able to induce customers into signing a contract upon initial contact without giving the customer sufficient time to carefully consider the purchase and consequences thereof.

PAR. 8. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of home improvement products and services of the same general kind and nature as those sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts 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 accurate and into the purchase of substantial quantities of respondents' home improvement products and services 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 Washington, D.C. 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 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 Atlantic Construction & Supply Co. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 2207 Varnum Street, Mt. Rainier, Md.

Respondent Norman Glaser and Stuart Schulman 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 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 Atlantic Construction & Supply Co., a corporation, its successors and assigns and its officers, and Norman Glaser and Stuart Schulman, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of home improvement products and services, or any other product or service, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "All Prices Reduced" or "Special" or any other word or words of similar import or meaning not set forth specifically herein, unless the price of such product or service being offered for sale constitutes a reduction, in an amount not so insignificant as to be meaningless, from the actual bona fide price at

