

Complaint

IN THE MATTER OF

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

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

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

Appearances

For the Commission: *Joseph Hickman.*

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

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that American Thrift and Finance Plan, Inc., a corporation, and State Farm Acceptance, a corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

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

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

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

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

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

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

By and through use of loan disclosures, respondents:

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

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

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

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

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

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

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

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

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

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

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

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

ORDER

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

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

2. Failing, in any credit transaction, to include and to itemize the amount of premiums for credit life as part of the finance charge, unless the amount of such premiums is excluded from the finance charge because of appropriate exercise of the option available pursuant to Section 226.4(a)(5) of Regulation Z.

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

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

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

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

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

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

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

Initial _____ Date _____ Signature _____

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

I DO NOT DESIRE CREDIT LIFE OR DISABILITY INSURANCE

Date _____ Signature _____

I DESIRE CREDIT LIFE INSURANCE

Date

Signature

I DESIRE CREDIT DISABILITY INSURANCE

Date

Signature

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

It is further ordered, That respondents' corporation deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents' corporation notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

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

IN THE MATTER OF

HOWELL LIQUIDATING COMPANY, INC.

TRADING AS

HOWELL'S DISCOUNT FURNITURE, ET AL.

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

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

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

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

Appearances

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

For the respondents: *pro se*.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Howell Liquidating Company, Inc., a corporation, d/b/a Howell's Discount Furniture and C. Aubrey Cheatham as an officer of said corporation; Quality Discount Furniture, a copartnership, and W. Thurman Witt and C. Aubrey Cheatham, individually and copartners of Quality Discount Furniture also d/b/a Howell's Discount Furniture, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Howell Liquidating Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its office and principal place of business located at 2070 Gulf Street, Beaumont, Texas.

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

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

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

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

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

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

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

SALE ½ PRICE!

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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ORDER

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

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

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

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

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

5. Failing to maintain adequate records

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

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

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

6. Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondents' products and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

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

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

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

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

IN THE MATTER OF

LITTON INDUSTRIES, INC.

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

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

Appearances

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

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

ORDER

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

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

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

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

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

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

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

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

Commissioner Jones abstaining.

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

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

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

Appearances

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

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

ORDER REOPENING PROCEEDINGS AND MODIFYING ORDER OF
AUGUST 18, 1972

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

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

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

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

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

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

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

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

IN THE MATTER OF

MORRIS BADER & SONS, CORP., ET AL.

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

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

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

Appearance

For the Commission: *James Manos.*

For the respondents: *pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Morris Bader & Sons, Corp., a corporation, and Leonard Bader and George Bader, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Label-

ing Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Morris Bader & Sons, Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

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

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

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the rules and regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b) (1) of the Fur Products Labeling Act and the rules and regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products, but

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not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that certain of said fur products were invoiced to show that the fur contained therein was natural when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. Respondents furnished false guaranties under Section 10(b) of the Fur Products Labeling Act with respect to certain of their fur products by falsely representing in writing that respondents had a continuing guaranty on file with the Federal Trade Commission when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported and distributed in commerce, in violation of Rule 48(c) of said rules and regulations under the Fur Products Labeling Act and Section 10(b) of said Act.

PAR. 8. The aforesaid acts and practices of respondents as herein alleged, are in violation of the Fur Products Labeling Act and the rules and regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

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

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

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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 has reason to believe that the respondents have violated the said Acts, 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 Morris Bader & Sons, Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 352-7th Ave., New York, N.Y.

Respondents Leonard Bader and George Bader are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their address is the same as that of said corporation.

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 Morris Bader & Sons, Corp., a corporation, its successors and assigns, and its officers, and Leonard Bader and George Bader, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Representing directly or by implication on a label that the fur contained in such fur product is natural

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when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing any fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing directly or by implication on an invoice that the fur contained in such fur product is natural, when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further ordered, That Morris Bader & Sons, Corp., a corporation, its successors and assigns, and its officers, and Leonard Bader and George Bader, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

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 respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

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

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the business or employment in which they are engaged as well as a description of their 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

M. KOWLOWITZ, INC., ET AL.

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

Docket C-2468. Complaint, Oct. 17, 1973—Decision, Oct. 17, 1973.

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

Appearances

For the Commission: *James Manos.*

For the respondents: *pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that M. Kowlowitz, Inc., a corporation, and Benjamin Kowlowitz and Murray Kowlowitz, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling 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 M. Kowlowitz, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of N.Y.

Respondents Benjamin Kowlowitz and Murray Kowlowitz are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices of the corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their of-

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office and principal place of business located at 333 7th Ave., New York, N.Y.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the rules and regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that certain of said fur products were invoiced to show that the fur contained therein was natural when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. Respondents furnished false guaranties under Section

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10 (b) of the Fur Products Labeling Act with respect to certain of their fur products by falsely representing in writing that respondents had a continuing guaranty on file with the Federal Trade Commission when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported and distributed in commerce, in violation of Rule 48(c) of said rules and regulations under the Fur Products Labeling Act and Section 10(b) of said Act.

PAR. 8. The aforesaid acts and practices of respondents as herein alleged, are in violation of the Fur Products Labeling Act and the rules and regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

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

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

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1. Respondent M. Kowlowitz, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 333—7th Avenue, New York, N.Y.

Respondents Benjamin Kowlowitz and Murray Kowlowitz are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their address is the same as that of said corporation.

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 M. Kowlowitz, Inc., a corporation, its successors and assigns, and its officers, and Benjamin Kowlowitz and Murray Kowlowitz, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Product Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Representing directly or by implication on a label that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing any fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b) (1) of the Fur Products Labeling Act.

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2. Representing directly or by implication on an invoice that the fur contained in such fur product is natural, when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further ordered, That M. Kowlowitz, Inc., a corporation, its successors and assigns, and its officers, and Benjamin Kowlowitz and Murray Kowlowitz, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

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 respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

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

It is further ordered, That 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

ROBERT TRAGER, INC., ET AL.

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

Docket C-2469. Complaint, Oct. 17, 1973—Decision, Oct. 17, 1973.

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Consent order requiring a New York City manufacturer of fur products, among other things to cease falsely invoicing and misbranding or mislabeling its fur products.

Appearances

For the Commission: *James Manos.*

For the respondent: *pro se*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Robert Trager, Inc., a corporation and Robert Trager, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling 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 Robert Trager, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Robert Trager is an officer of the corporate respondent. He formulates, directs and controls the policies, acts and practices of the corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 352 Seventh Avenue, New York, N.Y.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur con-

tained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the rules and regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b) (1) of the Fur Products Labeling Act and the rules and regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that certain of said fur products were invoiced to show that the fur contained therein was natural when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 5(b) (2) of the Fur Products Labeling Act.

PAR. 7. The aforesaid acts and practices of respondents as herein alleged, are in violation of the Fur Products Labeling Act and the rules and regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

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 York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would

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charge respondents with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been 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 has reason to believe that the respondents have violated the said Acts, 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 Robert Trager, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 352 Seventh Avenue, New York, N.Y.

Respondent Robert Trager is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his address is the same as that of said corporation.

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 Robert Trager, Inc., a corporation, its successors and assigns, and its officers, and Robert Trager, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, adver-

tising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Representing directly or by implication on a label that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing any fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing directly or by implication on an invoice that the fur contained in such fur product is natural, when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

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 respondent corporation shall forthwith distribute a copy of this order to each of its 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 the respondents herein shall, within sixty (60) days after service upon them of this order file with the

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

Docket C-2470. Complaint, Oct. 17, 1973—Decision, Oct. 17, 1973.

Consent order requiring a San Francisco, Calif., manufacturer of refined petroleum products, among other things to cease entering into or enforcing agreements which induce or compel new car dealers to purchase all or substantially all of their petroleum products from respondent or prevents dealers from purchasing, handling, or selling petroleum products distributed by sources other than respondent. Further, respondent must renegotiate and amend all contracts between itself and its dealers so as to conform with the order within ninety (90) days from the effective date of the order.

Appearances

For the Commission: *Ronald Dolan.*

For the respondent: *David McKean, Whitehead & Wilson, Wash., D.C., and Wallace L. Kaapcke, James O'M. Tingle, John E. Hartman of Pillsbury, Madison & Sutro, San Francisco, Cal.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Standard Oil Company of California, hereinafter referred to as "Standard," has violated 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 this complaint, and states its charges as follows:

PARAGRAPH 1. Standard Oil Company of California is a corporation organized and existing under the laws of the State of Delaware, with its principal office and principal place of business at 225 Bush Street, San Francisco, Cal.

PAR. 2. During 1970, Standard had net sales of approximately \$4.2 billion, ranking as the fifth largest petroleum company in the United States. Standard's net income for 1970 totaled approximately \$455 million.

PAR. 3. Standard manufactures a variety of refined petroleum

products and markets them in the United States to over 2,400 franchised new car dealers (hereinafter referred to as "dealers") under the trade names "Standard," "Chevron," "RPM," "Zero-lene," "Dextron," and "Parapet." These dealers sell such petroleum products to the general public as part of new car preparation and warranty work, and in the course of general automotive service and maintenance.

PAR. 4. Standard is engaged in "commerce" within the meaning of the Federal Trade Commission Act (15 U.S.C. § 44) in that it manufactures, distributes and sells petroleum products and other merchandise through service stations, franchised new car dealerships, and other retail outlets located in various States of the United States.

PAR. 5. In the course and conduct of its business, Standard, except to the extent limited by the acts, practices and methods of competition hereinafter alleged, has been and is now in competition with other corporations, firms, partnerships and persons engaged in the manufacture, processing, distribution, and sale of lubricants and other refined petroleum products in commerce.

PAR. 6. Standard uses, and has used for some time, a credit card system whereby a customer holding a credit card issued or accepted by Standard can use the card to charge the purchase price of refined petroleum products, other merchandise and services from dealers from whom Standard has agreed to accept such charges. Periodically, the invoices evidencing these credit card transactions are remitted to Standard by participating dealers, and Standard pays the full face value of the invoices to the dealer. Standard assumes the responsibility and risk of collecting all such charges from the cardholders. As of December 31, 1970, Standard had 5,142,000 credit card accounts. During 1970, \$975 million was charged on Standard's credit card.

PAR. 7. During 1968, Standard expanded its credit card program whereby it authorized dealers to accept, in addition to Standard's own credit card, BankAmericard, Master Charge, and American Express credit cards (hereinafter referred to as "Bank/Travel cards") for credit purchases of merchandise and services. Under this expanded program, the dealers periodically remit to Standard all invoices representing credit card transactions on the Bank/Travel cards and Standard pays the dealer the full amount of the face value of the Bank/Travel card invoices, thereby absorbing the discount charged pursuant to the Bank/Travel card programs. The discounts charged by the issuers of

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the Bank/Travel cards range from 2½ percent to 5 percent of the face value of the invoices.

PAR. 8. Beginning on or about July 1, 1971, Standard modified the terms of its credit card program. It now imposes no service charge as long as the dealer's average monthly dollar volume of purchases of Standard products over the preceding three months equals or exceeds one-third of the dollar value of the credit charges on the Bank/Travel cards, cards of other oil companies, and Standard's card for which the dealer seeks reimbursement in any given month. To the extent that the monthly amount of credit charges exceeds three times the aforesaid average monthly amount of purchases from Standard, Standard imposes a service charge of 3 percent of the face value of the invoices representing such credit charges.

PAR. 9. The aforesaid acts, practices and methods of Standard have induced, and do now induce, a substantial number of dealers who were or could be customers of those of Standard's competitors who do not have a credit card program of their own, or cannot economically initiate such a program, or both, to discontinue or to refrain from purchasing said competitors' petroleum products, and to handle, stock and dispense Standard's petroleum products exclusively or preferentially. The tendency and effect of said acts, practices and methods, are, and have been to hinder, hamper and restrain competing manufacturers in disposing of their petroleum products to dealers, and to lessen, eliminate, restrain, hamper and suppress competition in the sale of petroleum products for motor vehicles in California, Washington, Oregon, and other Western States.

PAR. 10. The aforesaid acts and practices of Standard, as herein alleged, constitute unfair methods of competition and unfair acts or practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent 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 respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an ad-

mission by the respondent 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 respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of 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 in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Standard Oil Company of California 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 225 Bush Street, city of San Francisco, State of California.

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

ORDER

I.

For purposes of this order, the following definitions shall apply:

"Petroleum products" shall mean motor oils, greases and automatic transmission fluid.

"Dealer" shall mean a new passenger automobile dealer dealing in the sale and in the service, repair or maintenance of new passenger automobiles other than through a branded service station or other outlet primarily engaged in selling gasoline at retail to the general motoring public under one of respondent's trademarks. For purposes of subparagraphs (b) and (c) of Paragraph II and Paragraphs III and IV of this order "dealer" shall be limited to such dealers located in Alaska, Arizona, California, Hawaii, Nevada, Oregon, Washington, and in any of the following counties of Idaho, *i.e.*, Boundary, Bonner, Kootenai, Shoshone, Benewah, Latah,

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Clearwater, Nez Perce, Lewis, Idaho, Adams, Washington, Payette, Gem, Canyon, Valley, Ada and Boise.

“Agreement” shall mean agreement, contract or understanding, written or oral, express or implied, formal or informal.

II.

It is ordered, That respondent, Standard Oil Company of California, a corporation, its successors and assigns, and respondent's officers, agents, representatives and employees directly or through any corporation, subsidiary, division, or other device, in or in connection with the merchandising, offering for sale and sale or distribution of petroleum products in commerce, as “commerce” is defined in the Federal Trade Commission Act, shall not:

(a) Enter into or enforce any agreement with any dealer or induce or compel or attempt to induce or compel, by any means whatever, any dealer to enter into any agreement which requires such dealer to purchase all or substantially all of its requirements of petroleum products from respondent, or which prevents such dealer from purchasing, handling or selling petroleum products distributed by sources other than respondent.

(b) Enter into, renew or initiate an offer to enter into or renew any agreement with a dealer to accept credit charges on credit cards issued by respondent or any other company for a term of less than one (1) year; *Provided, however,* Such agreement may provide for termination by respondent prior to the expiration of such term upon written notice but only for good cause and shall provide for termination by a dealer prior to the expiration of such term for any reason upon written notice. Good cause shall mean a material breach of any of the provisions of such agreement or of any instructions or regulations periodically published in connection therewith: *Provided,* That good cause shall not include any failure by dealer to purchase, stock or sell respondent's petroleum products and shall not include dealer's purchase, handling or sale of petroleum products distributed by sources other than respondent.

(c) During the term of any agreement referred to in subparagraph (b) hereof, threaten to terminate or to not renew any such agreement except for good cause as defined in subparagraph (b) hereof; *Provided,* That in the absence of

