

# FEDERAL TRADE COMMISSION DECISIONS

## Findings, Opinions and Orders

IN THE MATTER OF

EQUIFAX INC. (FORMERLY RETAIL CREDIT CO.)

DISMISSAL ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF  
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT AND SEC. 7 OF  
THE CLAYTON ACT

*Docket 8920. Final Order, July 7, 1978\*—Dismissal Order, July 14, 1981*

On remand from the U.S. Court of Appeals, Ninth Circuit, this order dismisses the March 9, 1978 complaint against a collector and seller of consumer credit information. The Commission concluded that further proceedings would not be in the public interest.

### *Appearances*

For the Commission: *Joseph S. Brownman.*

For the respondent: *J. Wallace Adair and Francis A. O'Brien,  
Howrey & Simon, Washington, D.C.*

### FINAL ORDER

This matter having been remanded to the Commission by the United States Court of Appeals for the Ninth Circuit, and the Commission having concluded that further proceedings would not be in the public interest,

*It is ordered,* That the complaint be dismissed.

By the Commission. Commissioner Dixon dissented.

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\* Complaint, Initial Decision, Opinion of the Commission and Final Order originally published at 92 F.T.C. 1.

IN THE MATTER OF  
INTERNATIONAL HARVESTER COMPANY

*Docket 9147. Interlocutory Order, July 15, 1981*

ORDER DENYING MOTION FOR STAY

On June 25, 1981, Administrative Law Judge Mathias certified to the Commission the question whether further proceedings in this matter are in the public interest.

On June 30, 1981, Judge Mathias refused respondent International Harvester Company's ("IH") request for a stay of further proceedings pending a Commission ruling on the certified question. On July 2, 1981, IH filed a motion for a stay with the Commission pursuant to Section 3.23(c) of the Commission's Rules of Practice. Complaint counsel opposed the motion for a stay in an answer filed on July 7, 1981. On July 9, 1981, IH moved for leave to file, and submitted, a reply memorandum to complaint counsel's answer. IH's reply memorandum is accepted. Because the active pretrial schedule begins on July 13, 1981, IH asks that the Commission grant a stay at the earliest possible time in order to avoid potentially unnecessary costs of litigation.

Section 3.23(c) of the Commission's Rules of Practice provides that an application for review and appeal shall not stay proceedings unless the ALJ or the Commission shall so order. This provision presumes that proceedings will continue unless a stay is appropriate in the opinion of the ALJ or the Commission. An important purpose of this provision is to facilitate discovery and trial with a minimum of interruption due to interlocutory issues that may arise. Generally speaking, the public interest in expeditious disposition of adjudicatory matters disfavors interlocutory suspensions of proceedings except in extraordinary circumstances. In addition, responsibility for resolving procedural questions of this type in adjudicatory matters generally has been left by the Commission to the sound discretion of the administrative law judges. The Commission does not lightly disturb their rulings on the course and conduct of the proceedings over which they preside.

IH argues that Judge Mathias' order places in serious issue whether this case is any longer in the public interest. In light of this development, IH argues that it would be wasteful to incur further costs of litigation during the pendency of Judge Mathias' order before the Commission. The Commission is in no position yet to judge the validity of the real premise for IH's motion for a stay, namely, that a decision to withdraw this matter from litigation is a likely

## Interlocutory Order

consequence of Judge Mathias' action and that further expense of litigation thus should be avoided. Until and unless the Commission finds such a likelihood or actually decides that this matter should be withdrawn from litigation, the public interest in expeditious completion of discovery and trial requires that the case go forward.

IH argues that the cost of pretrial litigation will be substantial, heightening the need for a stay. While the Commission is sensitive to IH's alleged financial difficulties and the added stress created by this case, Motion for Stay at 6-7, the cost of litigation, even if considerable, ordinarily is insufficient to support a stay.<sup>1</sup>

For these reasons, and because of the broad discretion our administrative law judges have on questions of this kind, the Commission does not believe that Judge Mathias' denial of IH's motion for a stay below should be set aside.<sup>2</sup>

*Accordingly, it is ordered* that respondent IH's motion for a stay filed with the Commission is hereby denied.

Commissioner Dixon voted in the negative.

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<sup>1</sup> Section 3.23 of the Commission's Rules is modeled after the appeal procedure of 28 U.S.C. 1292(b), in which interlocutory appeals do not stay further proceedings unless the district or appellate court so orders. Precedents under that provision thus can be useful to the Commission in interpreting its own rule governing stays pending appeal. The Commission notes that federal courts have rejected costs of litigation as a ground for a stay pending appeal. See, e.g., *Long v. Robinson*, 432 F. 2d 977, 980 (4th Cir. 1970), quoting *Virginia Petroleum Jobbers Association v. Federal Power Commission*, 259 F. 2d 921, 925, (D.C. Cir. 1958); *Reynolds Metal Co. v. Secretary of Labor*, 453 F. Supp. 4, 6-7 (W.D. Va. 1977).

<sup>2</sup> IH alleges that in denying a stay, Judge Mathias indicated that if the Commission felt the certified question raised a substantial issue, then the Commission was the appropriate body to issue a stay. Reply Memo at 2. To the extent IH is arguing that Judge Mathias suggested a stay is appropriate, we note that there is no recommendation for a stay in his order.

Complaint

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IN THE MATTER OF  
SPERRY CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF  
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

*Docket C-3068. Complaint, July 17, 1981—Decision, July 17, 1981*

This consent order requires a New York City manufacturer, among other things, to cease disseminating advertisements which misrepresent that the Black Man's Shaver or any other device or commercial treatment will cure or minimize "razor bumps." Further, respondent is barred from making statements which are inconsistent with accepted medical opinion or which misrepresent the efficacy, performance or superiority of any drug or device. The order also requires that the company contact previous customers and make refunds to those eligible.

*Appearances*

For the Commission: *Mark Allan Heller and Teresa A. Hennessy.*

For the respondent: *Roger A. Clark, Rogers & Wells, New York City.*

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 Sperry Corporation, formerly the Sperry Rand Corporation, (hereinafter "Sperry"), through its former Sperry-Remington Division, (hereinafter "Remington"), hereinafter at times referred to as respondent, has violated the provisions of the 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. "Sperry" 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 1290 Avenue of the Americas, New York, New York.

PAR. 2. "Sperry" has engaged in the business of manufacturing, advertising, and offering for sale, various products, including but not limited to, Remington's Black Man's Shaver, a product advertised for treating the shaving problems of Black men, to wit pseudofolliculitis barbae (hereinafter "razor bumps"), a disease primarily induced by shaving.

Complaint

PAR. 3. In connection with the manufacture and marketing of the Black Man's Shaver, respondent has disseminated, published and distributed advertisements and promotional material for the purpose of promoting the sale of the Black Man's Shaver for human use. As advertised, this product is a "device" within the meaning of Section 12 of the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its said business, the respondent has disseminated and caused the dissemination of certain advertisements concerning the Black Man's Shaver through the United States mail and by various means in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, including but not limited to, the insertion of advertisements in magazines with national circulations and the placement of advertisements with radio and television stations with sufficient power to broadcast across state lines and into the District of Columbia for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of the Black Man's Shaver; and has disseminated and caused the dissemination of advertisements concerning the said product by various means, including but not limited to the aforesaid media, for the purpose of inducing and which are likely to induce, directly or indirectly, the purchase of the said product in commerce.

PAR. 5. Typical of the statements and representations in said advertisements, disseminated as previously described, but not necessarily inclusive thereof, are the following:

I used to have a shaving problem. Ingrown hairs that caused ugly razor bumps. Yeah, you know what that's like. But then, Remington came up with the answer. The Black Man's Shaver. The Black Man's Shaver cuts off my tough, curly whiskers to help prevent them from growing back into my skin and becoming those ugly bumps. \* \* \* They're so sure the Black Man's Shaver will help reduce razor bumps, that they'll give you your money back if you're not completely satisfied. Man, that's a guarantee! So thanks to Remington, I said, 'so long messy depilatories. . .farewell beard. . .and bye bye bumps.' \* \* \* The Black Man's Shaver by Remington. It's the answer to a black man's tough shaving problems.

\* \* \* \* \*

If you're black like I am, shaving may cause problems. You know, those ugly razor bumps. You can camouflage them with a beard. Or mess with depilatories. But there's never been a real solution. Until now. Because now, Remington has created a revolutionary new shaving system called the Black Man's Shaver. \* \* \* The Black Man's Shaver works so well, Remington guarantees it will help prevent razor bumps or they'll give you your money back. \* \* \* The Black Man's Shaver by Remington. It's the first *real* answer to a Black man's shaving problem.

PAR. 6. Through the use of said advertisements referred to in

Paragraphs Four and Five and others, respondent represented directly or by implication that:

- a. Use of the Black Man's Shaver will eliminate "razor bumps" for persons with that condition.
- b. Growing a beard only camouflages "razor bumps" and has no therapeutic value in the treatment of that condition.
- c. The Black Man's Shaver is the only effective means of treating "razor bumps."
- d. Thirty (30) days is an adequate time period for consumers to evaluate the Black Man's Shaver's efficacy and to have a fair opportunity to take advantage of Remington's money back guarantee.

PAR. 7. In truth and in fact:

- a. Use of the Black Man's Shaver will not eliminate "razor bumps" for persons with that condition.
- b. Growing a beard is considered by accepted medical opinion the preferred method of treating "razor bumps", and therapeutic beards are prescribed often for the treatment of that condition.
- c. Regardless of whether the Black Man's Shaver is effective for the treatment of "razor bumps", there are other methods of treating that condition which are effective.
- d. Thirty (30) days is an inadequate time period for many consumers to evaluate the efficacy of the Black Man's Shaver, and many consumers are without a fair opportunity to take advantage of Remington's money back guarantee.

Therefore, the advertisements referred to in Paragraphs Four and Five were and are misleading in material respects, and constituted and now constitute false advertisements, and the representations set forth in Paragraph Six were and are false, deceptive, or unfair.

PAR. 8. Through the use of the said advertisements referred to in Paragraphs Four and Five and others, respondent represented directly or by implication, that the Black Man's Shaver is effective in the treatment of "razor bumps."

PAR. 9. There existed at the time of the first dissemination of the representation contained in Paragraph Eight no materials that provided a reasonable basis for the making of that representation. Therefore, the making and dissemination of the said representation as alleged, constituted, and now constitutes unfair or deceptive acts or practices in commerce.

PAR. 10. In the course and conduct of its aforesaid business, and

at all times mentioned herein, respondent has been in substantial competition in or affecting commerce with corporations, firms, and individuals representing or engaged in the manufacture or marketing of shaving products, shaving accessories and health-related devices.

PAR. 11. The use by respondent of the aforesaid unfair or deceptive representations and the dissemination of the aforesaid false advertisements has had, and now has, the capacity and tendency to mislead members of the consuming public into the erroneous and mistaken belief that said representations were and are true.

PAR. 12. The aforesaid acts and practices of respondent, as herein alleged, including the dissemination of the aforesaid false advertisements, were and are all to the prejudice and injury of the public and respondent's competitors, and constituted, and now constitute, unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, in violation of Sections 5 and 12 of the Federal Trade Commission Act.

#### DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the bureau proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violations of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of such 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 Rule; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission

