

Complaint.

4 F. T. C.

FEDERAL TRADE COMMISSION
v.
NATIONAL FURNITURE COMPANY.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5
OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket 765—March 13, 1922.

SYLLABUS.

Where a retail furniture dealer advertised "No extra charge for credit," notwithstanding the fact that it gave purchasers for cash a substantial discount from its marked or quoted prices; with a tendency and capacity thereby to cause the purchasing public to buy its goods on a credit basis in the mistaken belief that no better price would obtain for cash purchases:

Held, That such false and misleading advertising, under the circumstances set forth, constituted an unfair method of competition.

COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it that the National Furniture Company, hereinafter referred to as respondent, has been and is using unfair methods of competition in interstate commerce, in violation of the provisions of Section 5 of an Act of Congress approved September 26, 1914, entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in that respect on information and belief as follows:

PARAGRAPH 1. That the respondent is a corporation organized under the laws of the District of Columbia, with principal place of business at Washington, in said District.

PAR. 2. That respondent is engaged in the business of selling furniture and general house furnishing goods at retail, in the District of Columbia, and carries on such business in direct, active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 3. That respondent, in the course of its business as described in paragraph Two hereof, causes advertisements to be published in newspapers of general circulation, published in the District of Columbia, which advertisements contain certain deceptive and misleading statements of and concerning the terms of sale of goods sold by respondent; that among such deceptive and misleading statements is a statement that respondent makes "no extra charge for credit,"

whereas respondent gives and has given in all instances, to customers paying cash for goods, a substantial discount from the quoted or marked prices; that goods sold by respondent are quoted or marked at prices which are to prevail if such goods be sold on a credit basis, but with a substantial discount from such prices when goods are sold for cash.

PAR. 4. That by reason of the facts recited, the respondent is using an unfair method of competition in commerce, within the intent and meaning of Section 5 of an Act of Congress entitled, "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

Pursuant to the provisions of an Act of Congress approved September 26, 1914, the Federal Trade Commission issued and served a complaint upon the respondent, the National Furniture Company, charging it with the use of unfair methods of competition in commerce, in violation of the provisions of said Act.

The respondent having entered its appearance by its attorney, and filed its answer herein, an agreed statement of facts was thereupon executed by counsel for both parties, and duly filed in this cause, said agreed statement of facts being in lieu of evidence, no testimony being taken or other evidence offered herein.

The respondent, by such agreed statement of facts, waived the presentation of argument and consented that the Commission should thereupon make and enter its report of findings as to the facts, and its order, disposing of this cause.

And thereupon the Commission, having duly considered the record, and being now fully advised in the premises, makes this its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That respondent, National Furniture Company, is, and was, at and during all the times herein mentioned, a corporation organized and existing under and by virtue of the laws of the District of Columbia, having its office and principal place of business in the City of Washington, in said District, and that at and during all of the times herein mentioned the said respondent was engaged in the business of selling furniture and other merchandise at retail in the District of Columbia, in active competition with other persons, firms and corporations similarly engaged.

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PAR. 2. In conducting its business during the past year, the respondent has, from time to time, caused advertisements to be published in newspapers published and generally circulated in the District of Columbia, which advertisements have contained the following statement: "No extra charge for credit." In carrying on its said business it is the respondent's general business practice to cause all its goods to be quoted or marked at prices which are to prevail if such goods are sold on a credit basis. When goods so quoted or marked are sold for cash, the respondent causes a substantial discount therefrom to be given all cash customers.

PAR. 3 That the advertisement, "No extra charge for credit," under the conditions and circumstances set forth above, was false and misleading and had the tendency and capacity to cause the purchasing public to buy respondent's goods on a credit basis under the belief that no better price would obtain if said goods were purchased for cash.

CONCLUSION.

The practice of the respondent, under the conditions and circumstances described in the foregoing findings, is an unfair method of competition in commerce and constitutes a violation of the Act of Congress approved September 26, 1914, entitled, "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

ORDER TO CEASE AND DESIST.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of respondent, and upon agreed statement of facts herein whereby it was duly stipulated and agreed that such statement of facts should be taken as the facts in this case, and the Commission on the date hereof having made and filed its report, findings of fact and conclusion that respondent has violated the Act of Congress approved September 26, 1914, entitled, "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," which said report is referred to and made a part hereof, now therefore,

It is ordered, That the respondent, National Furniture Company, its officers, directors, agents, servants, and employees, cease and desist from inserting advertisements in newspapers, or by circulating in any manner the statement "No extra charge for credit" or any statement of similar import, unless in truth and in fact the respondent's prices to cash and credit customers are one and the same.

Memorandum.

It is further ordered, That the respondent within thirty (30) days after the date of the service upon it of this order file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the order to cease and desist hereinbefore set forth by the Commission.

The Commission also made similar findings and order in the case of Julius Lansburgh Furniture Co., Inc. (of Washington, D. C., Dock. 766), decided March 13, 1922, in which the facts involved appear to have been identically or substantially identical with those in the preceding case.

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FEDERAL TRADE COMMISSION DECISIONS.

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FEDERAL TRADE COMMISSION

v.

N. SHURE COMPANY.