

IN THE MATTER OF
MILTON MEYER, TRADING AS REPUBLIC PRODUCTS
COMPANY AND INTER-COMMUNICATION SYSTEM OF
AMERICA

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 3537. Complaint, Aug. 16, 1938—Decision, Feb. 7, 1939

Where an individual engaged in sale and distribution in commerce of a line of dress materials, handkerchiefs, tableware, hosiery, quilting materials, and its "Flash-A-Call" intercommunicating system, to customers in other States and in the District of Columbia, in substantial competition with others likewise engaged in sale and distribution of such various goods and products in commerce among the various States and in said District, and including those who do not in any manner misrepresent their business status or the quality or character of the dress materials and other goods and articles dealt in by them, as aforesaid, but make truthful representations in connection with sale and distribution of their merchandise; in advertising his said goods and products through circulars, postcards, folders, and other media circulated throughout the United States, and through newspapers and periodicals of general interstate circulation—

- (a) Represented as a "Bargain Sale" and "Special Introductory Offer" to secure new customers, offer of certain designated merchandise, including, among other items, "5 YARDS" of "LOVELY LARGE PRINTS AND FLORAL DESIGN QUILT PIECES," and handkerchiefs, for \$1.23, and that, as "A Special Offer" and "AN EXTRA GIFT FOR PROMPTNESS" in sending order and including 10 names and addresses of friends living at a distance, he would include certain yardage of "DRESS MATERIAL EXTRA AS AN ADDED GIFT" and added further "LIMIT—NOT MORE THAN TWO ORDERS OF ABOVE TO ANY ONE PERSON," facts being said \$1.23 offer was not a special introductory one, but was a continuous and standing one, and such price was charged for designated merchandise at all times, and the dress material referred to was not included for prompt acceptance of the offer, but was sent to any and all customers and there was no limitation whatsoever on number of orders which one purchaser could obtain, and he did not include said print and floral design quilt pieces;
- (b) Represented as among the items and material included in aforesaid so-called special offer, "BEAUTIFUL SILK OR VELVET QUILT PIECES" and "EMBROIDERED HANDKERCHIEFS," facts being said pieces were not made up of silk or velvet materials, but were composed entirely of rayon, and handkerchiefs were not embroidered but were cheap, inexpensive, and unembroidered; and
- (c) Included in his said advertisements statement "We are the largest sole manufacturers of intercommunicating units" and "Formerly sold \$100.00 up," facts being he did not manufacture his said "Flash-A-Call" intercommunicating units, but purchased same from others who did, and said system never sold for \$100 or more, or for more than its current price of \$12.50;

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With effect of misleading substantial portion of purchasing public into erroneous and mistaken belief that said statements and representations were true, and with result that public, acting under mistaken and erroneous belief induced by such false and misleading statements and representations, purchased substantial volume of his said products and trade was diverted unfairly to him from his competitors who truthfully represent the dress materials and other goods and articles, as aforesaid, which they offer and sell:

Held, That such acts and practices were all to the prejudice and injury of the public and competitors and constituted unfair methods of competition and unfair and deceptive acts and practices.

Mr. S. Brogdyne Teu, II for the Commission.

Nash & Donnelly, of Chicago, Ill., for respondent.

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 Milton Meyer, an individual trading as Republic Products Co. and Inter-Communication System of America, hereinafter 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. Milton Meyer is an individual trading as Republic Products Co. and Inter-Communication System of America, with his principal office and place of business located at 2440 Lincoln Avenue, city of Chicago, State of Illinois.

PAR. 2. Respondent is now and for more than 1 year last past has been engaged in the business of distributing and selling a line of dress materials, handkerchiefs, tableware, hosiery, quilting materials and an intercommunicating system designated and sold under the trade name "Flash-A-Call." Respondent causes said products when sold to be transported from his place of business in the State of Illinois to his customers located in other States of the United States and in the District of Columbia.

Respondent maintains, and at all times mentioned herein has maintained, a course of trade in said products sold and distributed by him in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of his business, respondent is in active and substantial competition with other individuals and with partnerships and corporations engaged in the sale and distribution of dress materials, handkerchiefs, tableware, hosiery, quilting materials,

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and intercommunicating systems in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 4. In the course and conduct of said business and for the purpose of inducing the purchase of said dress materials, handkerchiefs, tableware, hosiery, quilting materials, and intercommunicating systems, respondent has made representations concerning the character, quality, and quantity of the products sold by him, and regarding his business status, by means of circulars, postcards, folders, and other advertising media circulated generally throughout the United States, and by means of advertisements inserted in newspapers and magazines having a general interstate circulation. Among said representations made by respondent the following are representative:

BARGAIN SALE! SPECIAL INTRODUCTORY OFFER!

DEAR MADAM:

To get new customers, we are offering the following for only \$1.23. We guarantee complete satisfaction or your money back. Send No Money! We will gladly ship C. O. D. plus postage.

YOU GET ALL THIS!

5 YARDS ($\frac{1}{8}$ lb.) LOVELY LARGE PRINTS AND FLORAL DESIGN QUILT PIECES

5 YARDS ($\frac{1}{8}$ lb.) BEAUTIFUL SILK OR VELVET QUILT PIECES.

Fast colors—excellent quality.

15 LOVELY PATTERNS

3 EMBROIDERED HANDKERCHIEFS

10 SPOOLS OF THREAD (State No. and Color)

1 SEWING OUTFIT

1 PAIR LADIES' PURE SILK HOSE (any size, any color)

This is A Special Offer

AN EXTRA GIFT FOR PROMPTNESS

For promptness in sending us your order and 10 names and addresses of your friends (All who live at a distance) we will include

4 YARDS OF BEAUTIFUL DRESS MATERIAL EXTRA AS AN ADDED GIFT

Suitable for Making Lovely Dresses



When sending in your order, mark

Yours truly,

here for the beautiful 3 Piece TABLEWARE SET. This will be sent with your order.

REPUBLIC PRODUCTS CO.

DEPT. 705,

Box 716

Chicago, Ill.

LIMIT—NOT MORE THAN TWO ORDERS OF ABOVE TO ANY ONE PERSON

* * * * *
We are the largest sole manufacturers of inter-communicating units.
Formerly sold \$100.00 up.

All the said statements, together with similar statements appearing in respondent's advertising literature and newspaper advertisements, purport to be descriptive of respondent's products, his busi-

ness status, and the price of respondent's products. In all of his said advertising literature and newspaper advertisements and through other means, respondent, directly or by inference, represents: That he is making a special offer of certain designated merchandise for the price of \$1.23; that 5 yards of large print and floral design quilt pieces are included in the special offer; that 5 yards of silk or velvet quilt pieces are included in the special offer; that embroidered handkerchiefs are included in the special offer; that for promptness in accepting the special offer and forwarding the names and addresses of 10 friends there will be included in the special offer 4 yards of beautiful dress material as an extra added gift; that not more than 2 orders will be accepted from any one person; that he is the largest sole manufacturer of intercommunicating units, and that his "Flash-A-Call" intercommunicating system formerly sold for \$100 and up.

PAR. 5. The aforesaid representations made by respondent with respect to his products are grossly exaggerated, false, misleading, and untrue. In truth and in fact, the respondent is not making a special introductory offer of certain designated merchandise for \$1.23. He does not include in his offer 5 yards of prints and floral design quilt pieces, nor does he include 5 yards of silk or velvet quilt pieces in his so-called special offer. Embroidered handkerchiefs are not included in the special offer. Four yards of dress material are not given as an added gift for prompt acceptance of the so-called special offer. More than two orders will be accepted from any one person. Respondent is not the manufacturer of intercommunicating units, and respondent's "Flash-A-Call" intercommunicating system did not formerly sell for \$100 or more.

PAR. 6. The true facts are, the so-called special offer of the respondent is not a special offer, but the \$1.23 is the price charged for the said products at all times. The 5 yards of so-called silk or velvet quilt pieces are not silk or velvet, but are rayon. The handkerchiefs are not embroidered handkerchiefs, but are cheap, inexpensive, unembroidered handkerchiefs. The respondent sends to any and all customers the so-called 4 yards of dress material whether the offer is promptly accepted or not. Anyone can place as many orders with respondent as they desire to do so, and the respondent does not limit any one purchaser to two orders. The respondent is not the largest manufacturer of intercommunicating units. He is not a manufacturer of intercommunicating units, but has the unit which he sells and distributes made for him by a manufacturer. The "Flash-A-Call" intercommunicating system of respondent never sold for more than the current price of \$12.50.

PAR. 7. There are among respondent's competitors many who do not in any way misrepresent the quality or character of their respective products or their business status.

PAR. 8. Each and all the false and misleading statements and representations made by the respondent in designating or describing his products and his business status as hereinabove set out were and are calculated to, and have had, and now have, a tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that all of said representations are true. On account of this erroneous and mistaken belief, a number of the consuming public have purchased a substantial volume of respondent's products with the result that trade has been diverted unfairly to respondent from competitors likewise engaged in the business of selling and distributing dress materials, handkerchiefs, tableware, hosiery, quilting materials, and intercommunicating systems, who do not misrepresent the character and quality of their respective products or their true business status. As a consequence thereof injury has been done and is now being done by respondent to competition in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 9. The aforesaid acts and practices of the respondent as herein alleged are all to the prejudice of the public and of respondent's competitors, and constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on August 16, 1938, issued, and on August 18, 1938, served, its complaint in this proceeding upon the respondent, Milton Meyer, trading as Republic Products Co. and Inter-Communication System of America, charging him with the use of unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of the provisions of said act. On September 7, 1938, the respondent filed his answer, in which he admitted all the material allegations set forth in said complaint and waived all intervening procedure and further hearings as to the facts. Thereafter, the proceeding regularly came on for final hearing before the Commission on the said complaint and answer thereto, and the Commission, having duly considered the matter, and being now fully advised in the premises, finds that this proceeding is in the interest of the public, and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Milton Meyer, is an individual trading as Republic Products Co. and Inter-Communication System of America, with his principal office and place of business located at 2440 Lincoln Avenue, city of Chicago, State of Illinois.

PAR. 2. Respondent is now and for more than 1 year last past has been engaged in the business of selling and distributing in commerce a line of dress materials, handkerchiefs, tableware, hosiery, quilting materials, and an intercommunicating system designated and sold under the trade name "Flash-A-Call." Respondent causes said products when sold to be transported from his place of business in the State of Illinois to his customers located in the State of Illinois and to his customers located in other States of the United States and in the District of Columbia.

The respondent maintains, and for more than 1 year last past has maintained, a course of trade in said products sold and distributed by him in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 3. In conducting his business, respondent is in active and substantial competition with other individuals and with partnerships, firms, and corporations who are likewise engaged in the sale and distribution of dress materials, handkerchiefs, tableware, hosiery, quilting materials, and intercommunicating systems in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 4. In the course of the operation of his business and in order to induce the purchase of said dress materials, handkerchiefs, tableware, hosiery, quilting materials, and intercommunicating systems, respondent has made and now makes representations concerning the character, quality, and quantity of the products sold by him. Respondent also makes certain representations regarding his business status. All of these representations are made by means of circulars, postcards, folders, and other advertising media circulated generally throughout the United States, and also by means of advertisements inserted in newspapers and magazines having a general interstate circulation.

Said representations made by respondent are as follows:

BARGAIN SALE! SPECIAL INTRODUCTORY OFFER!

DEAR MADAM:

To get new customers, we are offering the following for only \$1.23. We guarantee complete satisfaction or your money back. Send No Money! We will gladly ship C. O. D. plus postage.

Findings

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YOU GET ALL THIS!

5 YARDS ($\frac{1}{3}$ lb.) LOVELY LARGE PRINTS AND FLORAL DESIGN QUILT
PIECES

5 YARDS ($\frac{1}{3}$ lb.) BEAUTIFUL SILK OR VELVET QUILT PIECES

Fast colors—excellent quality

15 LOVELY PATTERNS

3 EMBROIDERED HANDKERCHIEFS

10 SPOOLS OF THREAD (State No. and Color)

1 SEWING OUTFIT

1 PAIR LADIES' PURE SILK HOSE (any size, any color)

This is A Special Offer

AN EXTRA GIFT FOR PROMPTNESS

For promptness in sending us your order and 10 names and addresses of your friends (All who live at a distance) we will include—

4 YARDS OF BEAUTIFUL DRESS MATERIAL EXTRA AS AN ADDED
GIFT

Suitable for Making Lovely Dresses



When sending in your order, mark here
for the beautiful 3 PIECE TABLEWARE
SET. This will be sent with your order.

Yours truly,
REPUBLIC PRODUCTS
CO.,
DEPT. 705,
Box 716, Chicago, Ill.

LIMIT—NOT MORE THAN TWO ORDERS OF ABOVE TO ANY ONE
PERSON

* * * * *

We are the largest sole manufacturers of Intercommunicating units.
Formerly sold \$100.00 up.

The Commission finds that all the above statements, together with similar statements appearing in respondent's advertising literature and newspaper advertisements, purport to be descriptive of respondent's products, his business status, and price of respondent's products.

The Commission further finds that in all of his said advertising literature, respondent, directly or by inference, has represented and now represents: That the offer to sell certain designated merchandise for the price of \$1.23 is a special offer; that 5 yards of large print and floral design quilt pieces are included in the special offer; that 5 yards of silk or velvet quilt pieces are included in the special offer; that embroidered handkerchiefs are included in the special offer; that for promptness in accepting the special offer and forwarding the

names and addresses of 10 friends there is included in the special offer 4 yards of beautiful dress material as an extra added gift; that not more than 2 orders are accepted from any 1 person; that he is the largest sole manufacturer of intercommunicating units, and that his "Flash-A-Call" intercommunicating system formerly sold for \$100 and up.

PAR. 5. The Commission finds that respondent's representations as set forth in paragraph 4 hereof are grossly exaggerated, false, misleading, and untrue.

In truth and in fact, the respondent's offer to sell certain designated merchandise for \$1.23 is not a special introductory offer. The offer to sell said designated merchandise for \$1.23 is a continuous and standing offer and the \$1.23 is the price charged for said certain designated merchandise at all times by respondent. Respondent does not include in said offer 5 yards of print and floral design quilt pieces, nor does he include 5 yards of quilt pieces which are composed of silk or velvet materials. The 5 yards of so-called silk or velvet quilt pieces referred to in respondent's so-called special offer are not made up of silk or velvet materials but are composed entirely of rayon material. The handkerchiefs which respondent offers as embroidered handkerchiefs are not embroidered but are cheap, inexpensive, and unembroidered handkerchiefs. Respondents does not include in said offer 4 yards of dress material for prompt acceptance of the offer, but sends the four yards of dress material to any and all customers. Respondent also accepts more than two orders from any one person and, in truth and in fact, no limitation whatsoever is placed on the number of orders one purchaser can obtain from respondent. Respondent does not manufacture inter-communicating units designated by respondent as "Flash-A-Call" but purchases said units from others who manufacture them. The "Flash-A-Call" intercommunication system of respondent never sold for the price of \$100 or more. In truth and in fact, said system never sold for more than the current price of \$12.50.

PAR. 6. There are among respondent's competitors individuals, firms, partnerships, and corporations who do not in any way misrepresent their business status or the quality and character of the dress materials, handkerchiefs, tableware, hosiery, quilting materials, and intercommunicating systems sold by them, but who make truthful representations in connection with the sale and distribution of their merchandise.

PAR. 7. The use by respondent of the acts and practices above found and set forth in offering for sale and selling his products, has had and now has, the tendency and capacity to, and does, mislead a

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substantial portion of the purchasing public into the erroneous and mistaken belief that said statements and representations are true. Acting under the mistaken and erroneous belief induced by the false and misleading statements and representations herein above set forth, the public has purchased a substantial volume of respondent's products with the result that trade has been diverted unfairly to respondent from his competitors who truthfully represent the dress materials, handkerchiefs, tableware, hosiery, quilting materials, and intercommunication systems they offer for sale and sell.

CONCLUSION

The aforesaid acts and practices of the respondent as herein found are all to the prejudice and injury of the public and of respondent's competitors, and constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answer of the respondent, in which answer respondent admits all the material allegations of fact set forth in said complaint, and states that he waives all intervening procedure and further hearing as to said facts, and the Commission having made its findings as to the facts and conclusion that said respondent has violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent, Milton Meyer, individually, trading as Republic Products Co. and Inter-Communications System of America, or under any other name, his representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of dress materials, handkerchiefs, tableware, hosiery, quilt material, and intercommunicating systems in interstate commerce or in the District of Columbia do forthwith cease and desist from:

1. Representing that his usual and customary method of doing business by means of various combination offers of merchandise is a special introductory or other special or unusual sale.
2. Representing that purchasers will receive a larger number of items or quantity of merchandise than the number or quantity actually sold and shipped, or will receive merchandise of a different character or quality than that actually sold and shipped.

3. Representing that items of merchandise which are regularly included in respondent's combination offer are given as an added inducement for prompt purchase or service rendered.

4. Representing that the handkerchiefs sold by him or included in any combination offer are embroidered.

5. Using the word "silk" or any other word or words of similar import or meaning, to describe or designate fabrics or products which are not composed wholly of unweighted silk, the product of the cocoon of the silkworm.

6. Using the word "velvet" or any other word or words of similar import or meaning, to describe or designate any fabric or product which is not composed wholly of silk, the product of the cocoon of the silkworm, unless such descriptive word or words are used to designate the type of weave or construction, in which case such word shall be qualified by using in immediate connection and conjunction therewith, in letters of at least equal size and conspicuousness, a word or words clearly naming or describing the fiber or materials from which said product or fabric is made.

7. Advertising, offering for sale, or selling fabrics or any other products composed in whole or in part of rayon without clearly disclosing the fact that such fabrics or products are composed of rayon, and when such fabrics or products are composed in part of rayon and in part of other fibers or materials, such fibers or materials, including the rayon, shall be named in the order of their predominance by weight, beginning with the largest single constituent.

8. Representing that he is a manufacturer of intercommunicating systems or that his intercommunicating systems formerly sold for prices up to \$100 or for any price in excess of \$12.50.

It is further ordered, That the respondent shall, within 60 days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with this order.

IN THE MATTER OF

ALBERT A. BACH AND JACK WALD, INDIVIDUALLY AND
TRADING AS NU-DEAL PREMIUM CO.COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 3578. Complaint, Sept. 9, 1938—Decision, Feb. 7, 1939*

Where two individuals engaged as partners in sale and distribution of bedding, clothing, dolls, chinaware, and numerous other articles of merchandise—
Distributed or caused to be distributed, in selling and distributing their said products by means of a game of chance, gift enterprise, or lottery scheme, to representatives and prospective representatives, among other advertising literature, sales circulars including list of number of items of merchandise and prices thereof and pull cards for use in distribution and sale of said products under a plan or scheme in accordance with which particular article of merchandise and price to be paid therefor and apparent value to be secured by purchasers of chance were dependent upon matter disclosed by removal of particular tab of cards selected by chance by purchaser and representative was compensated with premium for operation of card and sale of merchandise, and thereby supplied to and placed in the hands of others means of conducting lotteries in the sale of their merchandise in accordance with aforesaid sales plan involving game of chance or sale of a chance to procure article of merchandise at price much less than apparent normal retail price thereof, contrary to established public policy of the United States Government and in violation of criminal laws and in competition with many who are unwilling to adopt and use said or any method involving game of chance or sale of chance to win by chance or any method contrary to public policy and refrain therefrom;

With result that many persons were attracted by their said method and by element of chance involved in sale of their said merchandise as above described and were thereby induced to buy and sell such merchandise in preference to that offered and sold by their said competitors who do not use such or equivalent method, and of thereby unfairly diverting trade and custom to them from their competitors aforesaid; to the substantial injury of competition in commerce:

Held, That such acts and practices were all to the injury and prejudice of the public and competitors and constituted unfair methods of competition.

Before *Mr. Randolph Preston*, trial examiner.

Mr. Henry C. Lank and *Mr. D. C. Daniel* for the Commission.

Mr. Jack Desner, of New York City, for respondents.

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 Albert A. Bach