

IN THE MATTER OF  
THE B. F. GOODRICH COMPANY

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

*Docket 3985. Complaint, Jan. 2, 1940—Decision, June 18, 1941*

Where a corporation long engaged in the manufacture of automobile tires and tubes and in their sale and distribution through its company-owned stores and independent dealers, both of whom it supplied with price lists respectively designating and suggesting retail selling prices, including in its sales program a statement to the effect that an allowance up to 10 percent on the list price of any tire might be made when the consumer turned in old tires, its tires being sold variously at list prices, at prices less than list brought about by discounts to meet competition and by special sales, and at budget prices which, when service charge was taken into consideration, were higher than list prices—

In advertising its "Life Saver Silvertown Tire," "Silver-town R-4 Tire," its "Standard" tire and its "Commander" tire—relatively priced in that order at 90, 75, and 65 percent of first named tire—during nation-wide sales conducted immediately prior to July Fourth and Labor Day and at other periods, by means of advertising copy which it prepared and submitted to dealers and which was inserted by them in a large number of newspapers of general circulation—

- (a) Represented that its "Commander" tire was offered for sale at 50 percent off, and at savings designated, from the regular current retail selling prices, and that said "Commander" was its first quality tire, through advertising "GOODRICH COMMANDERS 50% OFF REGULAR TIRE PRICES," followed by list of sizes, with prices, including as example "6.00 x 16 Regular First Line Tire, Price \$15.95 Special Goodrich Commander Price \$7.97, You Save \$7.98. These prices include your old tires. \* \* \*";

Facts being that at the time of publication of such advertisement "Commander" tires, while they were offered for sale at 50 percent off the list price of the higher-priced first-line "Life Saver Silvertown Tire," were not at 50 percent off the list price of the "Commander," the list price of the 6.00 x 16 "Life Saver Silvertown" being \$15.95, and that of the comparable "Commander" only \$10.35, and the advertised saving consequently being 22.89 percent off the "Commander" price, which saving gave no credit for the customary trade-in allowance of 10 percent which would further reduce the actual saving on "Commander" tires to 14.25 percent; and the "Commander" was not, as claimed, its first-line tire;

- (b) Represented that it was offering all grades of its tires at the price of two for one; that its "Commander" tires were being sold at half their regular current retail selling price; and that the "Commander" was its first-line or first-grade tire, by advertisements reading "Two for One—Yes, 2 Goodrich Tires for the price of 1 First Line Tire \* \* \*" including "Regular First Line Tires Prices" for various sizes and the statement "These prices include your old tires";

Facts being that at the time of publication of said advertisement two "Commander" tires were offered for the current list price of one "Life-Saver Silvertown Tire" but not two for the regular price of one "Commander" tire, the current list price of which in the 6.00 x 16 size was \$10.35 and not \$15.95 as indicated; all grades or brands of its tires were not sold "2 for 1" and the advertised prices did not take into account the usual 10 percent trade-in allowance, giving effect to which would save 14.38 percent from the "Commander" list price upon the purchase of two "Commander" tires; and said "Commander" was not a first-line or first-grade tire, as claimed;

- (c) Represented that all grades of its tires were being offered at 50 percent off current retail selling prices, and that by purchasing one tire at the advertised sale price and a second tire at half such price, a saving of 50 percent and designated dollar savings would be afforded from current retail prices, by the statement "50% OFF ON BRAND NEW GOODRICH TIRES Buy One Tire At Regular Price And You Get Second Tire at HALF PRICE!! \* \* \*" followed by list of sizes with prices including, as example "6.00-16 Regular Goodrich Commander price \$10.35, Second Tire for \$5.18 You Save \$5.17;"

Facts being that at the time of publication of such advertisement it was offering one "Commander" tire at current list price and a second tire at one-half the list price, which did not provide 50 percent off for the reason that it was necessary to pay the full list price for the first tire in order to secure the second tire for half the list price, thus making the saving on two tires only 25 percent; the dollar savings of \$5.17 for size 6.00 x 16 were also based upon the sale of two tires rather than one and were computed upon the list price rather than on the regular retail price; the advertised saving did not take into account the usual 10 percent trade-in allowance, which would reduce the actual saving to \$3.10 on two tires or \$1.55 per tire, or a percentage saving of 16.64 percent; and all grades of its tires were not sold at one tire for the regular price and the second tire at one-half price;

- (d) Represented that all grades of its tires were offered for sale at 40 percent off current retail selling prices, and that by purchasing one tire at the advertised price and a second tire at 40 percent less, a saving of 40 percent and a designated dollar savings would be afforded from the regular retail selling price, through advertising "40% OFF ON GOODRICH STANDARD TIRES \* \* \* BUY ONE TIRE AT REGULAR PRICE AND YOU GET SECOND TIRE AT 40% DISCOUNT," followed by list of sizes with prices including, as example, "6.00-16 Regular Goodrich Standard Price \$11.95, Second Tire For \$7.17, You Save \$4.78";

When, with said 50 percent claimed saving, the saving from list price applied only on the second tire so that the saving on two was only 20 percent instead of 40 percent; the dollar saving of \$4.78 quoted was also based upon two tires rather than one and was computed upon the list price rather than the current retail selling price; and giving effect to the usual trade-in allowance of 10 percent would reduce the actual saving to \$2.39 for two tires and \$1.19 for one tire;

- (e) Represented similarly that it was offering its "Silvertown Tires" at a discount of 25 percent and that by purchasing them during said sale a 25 percent saving and a designated dollar saving would be afforded from regular current retail selling prices;

## Complaint

33 F. T. C.

Facts being that while the advertised saving of \$3.59 for size 6.00 x 16 "Silver-town" tires was 25 percent off the list price of \$14.35, the purchaser was required to turn in his used tire without any allowance therefor, allowance for which would result in a saving of 16.8 percent rather than 25 percent and a dollar saving of \$2.16 rather than \$3.59; and

- (f) Represented that by paying a designated sales price for three "Commander" tires the fourth tire would cost only 1 cent, and that by buying four tires at the advertised sales price, the designated amounts would be saved from their current retail selling prices;

Facts being that while it was offering three "Commander" tires at list price and a fourth tire at 1 cent, the prices charged were list prices and not current retail sales prices, which are customarily substantially lower than list prices due to part payment trade-in allowances for old tires and other discounts and reductions due to competition, with the result that the cost of the fourth tire would be substantially more than 1 cent and the savings on the combination sale substantially less than designated in the advertisement;

With tendency and capacity to mislead and deceive a substantial portion of the purchasing public, which understands and believes that any represented savings or discounts from list prices were reductions from regular retail selling prices of the same tires in effect immediately prior to such advertised sale, with respect to the savings and discounts actually offered and the kind and grade of tires offered for sale, and effect of inducing a portion of such public, because of its erroneous belief, to purchase its automobile tires:

*Held*, That such acts and practices were all to the prejudice and injury of the public, and constituted unfair and deceptive acts and practices in commerce.

*Mr. William M. King* for the Commission.

*Mr. J. L. McKnight* and *Mr. F. C. Leslie*, of Akron, Ohio, for respondent.

COMPLAINT<sup>1</sup>

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 The B. F. Goodrich Co., a corporation, herein referred to as respondent, has violated the provision 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. The respondent, The B. F. Goodrich Co., is a corporation organized under the laws of the State of New York and has its principal office and place of business in the city of Akron in the State of Ohio.

PAR. 2. Respondent is now, and for many years last past has been, engaged in the manufacture, sale, and distribution, among other

<sup>1</sup> Published as amended pursuant to stipulation dated June 10, 1941 to include par. 9(a).

products, of automobile tires. Said automobile tires are manufactured by respondent in factories owned and operated by it in the cities of Akron, Ohio; Los Angeles, Calif.; and Oaks, Pa.

In the course and conduct of its business the respondent sells the automobile tires manufactured by it by means of dealers located in the various States of the United States, and in the District of Columbia. Respondent causes its automobile tires to be shipped from its factories located in the several States as above described to its dealers located in various 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 automobile tires in commerce among and between various States of the United States, and in the District of Columbia.

PAR. 3. The respondent manufactures several grades of automobile tires which are distinguished as follows:

1. "Life-Saver Silvertown Tire," which is the respondent's best grade of first-line tire and is sold at retail at what is usually referred to in the industry as 100 level prices;

2. "Silvertown R-4 Tire," which is sold at 90 level prices, or 90 percent of the retail price of the "Life-Saver Silvertown Tire";

3. The "Standard" tire, which is sold at 75 level prices, or 75 percent of the retail price of the "Life-Saver Silvertown Tire";

4. The "Commander" tire, which is sold at 65 level prices, or 65 percent of the retail price of the "Life-Saver Silvertown Tire."

In the sale of these various grades of tires, it is customary and usual for respondent's dealers to make an allowance of 10 percent of the purchase price of the various grades of tires for old or used tires turned in by the customer. The respondent from time to time issues price lists designating the retail price or list price of its various grades of tires.

PAR. 4. For the purpose of inducing and stimulating the sales of its tires the respondent from time to time conducts nation-wide tire sales through its various dealers, during which sale period it advertises and causes its various dealers to advertise in various newspapers and other periodicals having a general circulation, by means of which advertisements it is falsely represented that the respondent's tires are being sold at various purported discounts from the regular and usual price of such tires. Such sales are usually conducted immediately prior to Memorial Day, July Fourth, Labor Day, and at other periods during the year. The advertising copy used by the various dealers of the respondent, in connection with such sales is prepared by the respondent and submitted to such dealers for insertion in local newspapers and other advertising media.

## Complaint

33 F. T. C.

PAR. 5. Among and typical of the false, misleading, and deceptive representations contained in the various advertisements disseminated by respondent as aforesaid is the following:

GOODRICH  
Fully Guaranteed COMMANDERS  
50% OFF Regular Tire Prices

Then follows list of various sizes with prices, of which the following is an example:

| Size      | Regular First<br>Line Price | Special Goodrich<br>Commander Price | You<br>Save |
|-----------|-----------------------------|-------------------------------------|-------------|
| 6.00 x 16 | \$15.95                     | \$7.97                              | \$7.98      |

These prices include your old tires.

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set out herein, the respondent represents that its "Commander" tires are first-line tires in that the alleged savings of 50 percent are based upon the price of its first-line tires, when in truth and in fact its "Commander" tire is its fourth-line tire. For example, the respondent represents that the list price of its fourth grade 65 level tire known as "Commander," size 6.00 x 16, is \$15.95 and that this tire is sold at a discount of 50 percent of the usual and customary price of said tire. In truth and in fact, the list price of said "Commander" tire is not \$15.95 and it is not sold at a discount of 50 percent. The regular list price of the 6.00 x 16 "Commander" tire in effect at the time of said advertisement was \$10.35 and consequently the advertised sale price of \$7.97 represented 22.89 percent off rather than 50 percent off. Furthermore, the advertised saving makes no allowance for the trade-in value of the customer's old tire. Giving effect to the 10 percent trade-in value of the old tire, as is the usual and customary practice, this would further reduce the actual saving on said "Commander" tire to 14.38 percent instead of 50 percent.

PAR. 6. Another and typical example of the false, misleading and deceptive representations contained in the various advertisements disseminated as aforesaid is the following:

2 FOR 1  
Yes, 2 Goodrich Tires for the  
Price of 1 First Line Tire

Then follows list of the various sizes with prices, of which the following is an example:

| Size      | Regular First<br>Line Tire Price | Special Price Two<br>Commander Tires |
|-----------|----------------------------------|--------------------------------------|
| 6.00 x 16 | \$15.95                          | \$15.95                              |

These prices include your old tires.

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set out herein, the respondent represents that all grades of its tires are sold upon the basis of two for the price of one. Respondent further represents that its "Commander" tires are first-line tires usually sold at the list price of its first-line 100 level tires. For example, respondent represents that the list price of its fourth grade 65 level tires known as "Commander," size 6.00 x 16, is \$15.95.

In truth and in fact, all grades of respondent's tires are not sold at two for the price of one. Its "Commander" tire is not a first-line 100 level tire and the regular list price of this tire in size 6.00 x 16 is not \$15.95, but instead at the time of such advertisement said list price on such size "Commander" tire was \$10.35. Furthermore, the sale price of two tires for the price of one does not give the purchaser the usual and customary discount of 10 percent of the purchase price as trade-in value of old tires turned in. The savings to the customer after taking into consideration the customary trade-in value of used tires is only 14.38 percent instead of 50 percent, as would appear in the sale of two tires for the price of one.

PAR. 7. Another and typical example of the false, misleading and deceptive representations contained in the various advertisements disseminated as aforesaid is the following:

50% OFF  
On Brand New GOODRICH TIRES  
Buy One Tire at Regular Price  
And You Get Second Tire At  
HALF PRICE.

Then follows list of the various sizes with prices, of which the following is an example:

| Size      | Regular Goodrich<br>Commander Price | Second Tire<br>for | You Save |
|-----------|-------------------------------------|--------------------|----------|
| 6.00 x 16 | \$10.35                             | \$5.18             | \$5.17   |

These prices include your old tires.

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set out herein, the respondent represents that all grades of its tires are sold at 50 percent off or a second tire at half price, when in truth and in fact only its "Commander" tires are so sold. Furthermore, its "Commander" tires are not sold at 50 percent off since it is necessary to buy one tire at the full price in order to purchase the second tire at half price, resulting in a percentage saving of only 25 percent rather than 50 percent, and a dollar saving on the size 6.00 x 16 as set out above of \$5.17 on the purchase price of two tires rather than on one.

## Complaint

33 F. T. C.

Furthermore, the advertised saving makes no allowance for the trade-in value of the customer's old tire. Giving effect to the 10 percent trade-in value of old tires, as is the usual and customary practice, further reduces the actual saving to the purchaser to \$3.10 on two tires or \$1.55 on each tire, or a percentage saving of 16.64 percent.

PAR. 8. Another and typical example of the false, misleading and deceptive representations contained in the various advertisements disseminated as aforesaid is the following:

40% OFF  
on  
GOODRICH STANDARD TIRES  
Buy One Tire at Regular Price  
And You Get Second Tire At  
40% Discount.

Then follows list of the various sizes with prices, of which the following is an example:

| Size      | Regular Goodrich<br>Standard Price | Second Tire<br>for | You save |
|-----------|------------------------------------|--------------------|----------|
| 6.00 x 16 | \$11.95                            | \$7.17             | \$4.78   |

Prices include your old tires.

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set out herein, the respondent represents that all grades of its tires are sold at 40 percent off, when in truth and in fact only its third-line 75 level tires known as "Standard" are so sold. Furthermore, its "Standard" tires are not sold at 40 percent off since it is necessary to buy one tire at the full price in order to purchase the second tire at 40 percent off, thus resulting in a percentage saving of 20 percent on the total purchase price rather than 40 percent and a dollar saving on the size 6.00 x 16 as set out above of \$4.78 on two tires rather than one tire. Further, the advertised saving makes no allowances for the trade-in value of the customer's old tire. Giving effect to the 10 percent trade-in value of the old tires, as is the usual and customary practice, further reduces the actual saving to the purchaser to \$2.39 for two tires or \$1.19 on each tire.

PAR. 9. Another and typical false, misleading, and deceptive representation contained in the various advertisements disseminated as aforesaid is the following:

25% OFF  
on  
Brand New Famous  
GOODRICH SILVERTOWN TIRES

## Complaint

Then follows list of the various sizes with prices, of which the following is an example:

| Size      | Regular Goodrich<br>Silvertown Price | You Save |
|-----------|--------------------------------------|----------|
| 6.00 x 16 | \$14.35                              | \$3.59   |

These prices include your old tires.

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set out herein, the respondent represents that its "Goodrich Silvertown Tires" are sold at a discount of 25 percent. In truth and in fact, the saving or discount to a purchaser on this sale is not 25 percent for the reason that no allowance is given for the used tire, as is customary and usual, and after taking into consideration the 10 percent discount ordinarily allowed for used tires, the saving to the purchaser would amount to only 16.8 percent rather than 25 percent as advertised.

PAR. 9 (a). Another and typical example of the false, misleading, and deceptive statements and representations contained in the various advertisements disseminated by the respondent, is the following:

1¢ TIRE SALE Buy Three  
GOODRICH COMMANDERS  
at Published List Price and  
Receive the 4th for 1¢ \* \* \*  
25% savings if you need only  
one or two tires \* \* \*

How to get a Tire for 1¢.

Then follows a list of sizes and prices, of which the following is an example:

| Size      | Published List<br>Price of 3 Tires. | Price of<br>4th Tire. | You save on<br>4 Tires. |
|-----------|-------------------------------------|-----------------------|-------------------------|
| 6.00 x 16 | \$35.85                             | 1¢                    | \$11.94                 |

Above price for cash and include your old tires. \* \* \*

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set forth herein, respondent represents that by buying three "Commander" tires at the published list price, a fourth tire will cost the purchaser only one cent, and that certain designated savings are afforded the purchaser upon the purchase of four tires, for example, \$11.94 for size 6.00 x 16. Such purported savings are exaggerated and untrue for the reason that they are based entirely upon the list prices and not upon the regular retail selling prices. Respondent's regular retail selling prices of such tires are customarily substantially lower than the list

## Findings

33 F. T. C.

prices due to part payment trade-in allowances and other discounts and reductions brought about by competition. The actual cost of the fourth tire would, therefore, be substantially more than one cent and the savings substantially less than those designated in the advertisement.

PAR. 10. The use by the respondent of the foregoing false, misleading, and deceptive statements, representations and advertisements disseminated as aforesaid with respect to the sales prices of its automobile tires has had and now has the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such false statements, representations, and advertisements are true, and that the respondent's tires are sold at the saving or discount advertised, and induces a portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondent's automobile tires.

PAR. 11. The aforesaid acts and practices of the respondent, as herein alleged, are all to the prejudice and injury of the public and constitute 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 the 2d day of January 1940, issued and thereafter served its complaint in this proceeding upon the respondent, The B. F. Goodrich Co., a corporation, charging, it with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. On May 4, 1940, the respondent filed its answer in this proceeding. Thereafter, pursuant to a stipulation entered into between the parties, it was agreed that, subject to the approval of the Commission, certain amendments might be made to the complaint, the respondent agreeing to said amendments but denying the charges as stated therein and waiving the issuance and service upon it of an amended and supplement complaint as well as the right to file an answer to the complaint so amended and supplemented, which stipulation has been approved, accepted, and filed. Thereafter, a stipulation was entered into whereby it was stipulated and agreed that a statement of facts signed and executed by the respondent and W. T. Kelley, Chief Counsel for the Federal Trade Commission, subject to the approval of the Commission, may be taken as the facts in this proceeding and in lieu of testimony in support of the charges stated in the complaint, or in opposition thereto, and that said Commission may proceed upon

said statement of facts to make its report, stating its findings as to the facts and its conclusion based thereon and enter its order disposing of the proceeding without the filing of a report upon the evidence by the trial examiner. Thereafter, this proceeding regularly came on for final hearing before the Commission on said complaint as amended, answer and stipulation, such stipulation as to the facts having been approved, accepted and filed, 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 its findings as to the facts and its conclusion drawn therefrom.

#### FINDINGS AS TO THE FACTS

PARAGRAPH 1. The respondent, The B. F. Goodrich Co., is a corporation organized under the laws of the State of New York and has its principal office and place of business in the city of Akron in the State of Ohio.

PAR. 2. Said respondent is now, and for many years last past has been, engaged in the manufacture, sale, and distribution, among other products, of automobile tires and tubes. Said automobile tires and tubes are manufactured by respondent in factories owned and operated by it in the cities of Akron, Ohio; Los Angeles, Calif.; and Oaks, Pa.

In the course and conduct of its business the respondent sells said automobile tires and tubes to the purchasing public through its company-owned stores and to independent dealers, for resale, both company-owned stores and independent dealers being located in the various States of the United States and in the District of Columbia. Said respondent causes its automobile tires and tubes to be shipped from said factories, located in the several States as above described, to its dealers located in various other States of the United States and in the District of Columbia. Said respondent maintains, and at all times mentioned herein has maintained, a course of trade in said automobile tires and tubes in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. Respondent manufactures automobile tires which, insofar as the following group is concerned and at the time mentioned herein, were distinguished as follows:

1. "Life-Saver Silvertown Tire" was respondent's highest priced tire and was listed and recommended to be sold at retail at published list prices by respondent;

2. "Silvertown R-4 Tire" was listed and recommended to be sold at retail at a price which price was approximately 90 percent of the list price of the "Life-Saver Silvertown Tire";

## Findings

33 F. T. C.

3. "Standard" tire was listed and recommended to be sold at retail at a price, which price was approximately 75 percent of the list price of the "Life-Saver Silvertown Tire";

4. "Commander" tire was listed and recommended to be sold at retail at a price, which price was approximately 65 percent of the list price of the "Life-Saver Silvertown Tire."

The respondent issued price lists for the use of its various retail stores which designate the retail selling price of its various grades and sizes of tires. Such price lists are commonly referred to in the industry as "list prices." List prices are also furnished to respondent's dealers as a suggested retail selling price of its products. Respondent's sales program contains a statement that an allowance up to 10 percent of the list price of new tires may be made when the customer turns in his old tires to said stores or dealers. A substantial portion of respondent's tires are sold at said list price. A substantial portion of said tires are sold at prices less than said list, such lesser prices being brought about by reason of discounts to meet competition and by special sales. The allowance for old tires turned in by the customer is based upon the value of said old tires. A substantial portion of respondent's tires are sold at budget prices, which, when service charge is taken into consideration, are higher than said list prices. Except in compliance with an advertisement, respondent's stores are not obligated to give a trade-in allowance for customers' used tires.

PAR. 4. During the year 1939, for the purpose of inducing and stimulating the sale of its tires, the respondent conducted nationwide sales through its various stores and recommended such sales to its dealers, during which sales periods it advertised and recommended that its various dealers advertise in a large number of newspapers having a general circulation by means of which advertisements it was represented that the said automobile tires were offered for sale at various discounts and savings from the regular and list prices of said tires. Such sales were held and conducted immediately prior to July Fourth, and Labor Day, and at other periods during the year.

Advertising copy used by its various dealers in connection with such sales, was prepared by the respondent and submitted to such dealers for insertion in local newspapers and other advertising media. A large number of company-owned stores and independent dealers inserted such advertising, in whole or in part, in numerous newspapers throughout the United States and in the District of Columbia.

PAR. 5. The following photostatic copy is typical of the advertisements prepared and promulgated by the respondent during said period:

# GOODRICH

(FULLY GUARANTEED)

# COMMANDERS

# 50% OFF!

## REGULAR TIRE PRICES

| SIZE           | Regular<br>First Line<br>Tire Price | Special<br>Goodrich<br>Commander<br>Price | YOU<br>SAVE |
|----------------|-------------------------------------|-------------------------------------------|-------------|
| 4.50-20.....   | \$10.70                             | \$5.35                                    | \$5.35      |
| 4.40-4.50-21.. | 11.10                               | 5.55                                      | 5.55        |
| 4.75-5.00-19.. | 11.45                               | 5.72                                      | 5.73        |
| 5.25-5.50-18.. | 13.35                               | 6.67                                      | 6.68        |
| 6.00-16.....   | 15.95                               | 7.97                                      | 7.98        |

These prices include your old tires.

● These are brand new, fully guaranteed Goodrich Tires. Every one carries a life-time guarantee by America's oldest tire maker. They are full dimension tires and built with an extra deep, extra wide tread. Act now. Take advantage of the greatest tire buy of the year! This offer expires midnight July 4.



## Findings

33 F. T. C.

The Commission finds that said respondent represented, through the use of the above statements and representations, that its "Commander" tire was offered for sale at 50 percent off and at the savings designated in said advertisement, from the regular current retail selling prices of said tires; and that said "Commander" tire was respondent's first-line or first-quality tire.

At the time of the publication of this advertisement "Commander" tires were being offered for sale at 50 percent off the list price of the higher-priced first-line "Life-Saver Silvertown Tire" but not at 50 percent off the list price of the "Commander" tire. For example, the list price of the 6.00 x 16 "Life-Saver Silvertown Tire" was \$15.95 and the list price of the "Commander" of the same size was \$10.35. The advertised saving of \$7.98, while 50 percent of the "Life-Saver Silvertown" price, was only 22.89 percent off the "Commander" price. The advertised saving gives no credit for the usual and customary part payment trade-in allowance of 10 percent credited to purchasers of new tires. Giving effect to such allowance would reduce the actual saving on "Commander" tires to 14.38 percent. Respondent's "Commander" tire was not its first-line tire.

PAR. 6. The following photostatic copy, page 325, is typical of the advertisements prepared and promulgated by the respondent during said period:

The Commission finds that said respondent represented, through the use of the above statements and representations, that it was offering all grades of its tires at the price of two for one; that its "Commander" tires were being sold at half the price of the regular current retail selling price of said tires; and that the "Commander" tire was respondent's first-line or first-grade tires.

At the time of the publication of this advertisement two "Commander" tires were offered for sale for the current list price of one "Life-Saver Silvertown Tire" but not two "Commander" tires for the regular price of one "Commander" tire. The current list price of the "Commander" tire for size 6.00 x 16 was \$10.35, and for the same size "Life-Saver Silvertown Tire" it was \$15.95. Two "Commander" tires were sold for \$15.95 but not for \$10.35. All grades or brands of respondent's tires were not sold upon the basis of two for one. The advertised sales prices did not take into account the usual and customary part payment trade-in allowance. Giving effect to a 10 percent trade-in allowance would afford a saving of 14.38 percent from the "Commander" list price upon the purchase of two "Commander" tires. The "Commander" tire was not a first-line or first-grade tire.

# 2 FOR 1

**Yes, 2 Goodrich Tires for the price of 1 First Line Tire**



## LIFETIME GUARANTEE!

These are brand new, fully guaranteed Goodrich Commander Tires. Every one carries a lifetime guarantee by America's oldest tire maker. They are full dimension tires and built with an extra deep, extra wide tread. Act quick. Take advantage of the greatest tire buy of the year. This offer expires midnight, July 4.

| SIZE            | Regular<br>First Line<br>Tire Price | Special Sale<br>Price<br>2 Commander<br>Tires |
|-----------------|-------------------------------------|-----------------------------------------------|
| 4.50-20.....    | <b>\$10.70</b>                      | <b>\$10.70</b>                                |
| 4.40-4.50-21... | <b>11.10</b>                        | <b>11.10</b>                                  |
| 4.75-5.00-19    | <b>11.45</b>                        | <b>11.45</b>                                  |
| 5.25-5.50-18..  | <b>13.35</b>                        | <b>13.35</b>                                  |
| 6.00-16 .....   | <b>15.95</b>                        | <b>15.95</b>                                  |

*These prices include your old tires.*

## Findings

33 F. T. C.

PAR. 7. The following photostatic copy is typical of the advertisements prepared and promulgated by the respondent during said period:

# 50% OFF ON BRAND NEW GOODRICH TIRES

Buy One Tire at Regular  
Price and You Get  
Second Tire at

## HALF PRICE!!

THIS OFFER EXPIRES AT MIDNIGHT  
JULY 4th, 1939



| SIZE               | Regular<br>Goodrich<br>Commander<br>Price | Second<br>Tire<br>For | YOU<br>SAVE |
|--------------------|-------------------------------------------|-----------------------|-------------|
| 4.50-20.....       | \$6.95                                    | \$3.48                | \$3.47      |
| 4.40-4.50-21.....  | 7.20                                      | 3.60                  | 3.60        |
| 4.75-5.00-19.....  | 7.45                                      | 3.73                  | 3.72        |
| 5.25-5.50-18.....  | 8.65                                      | 4.33                  | 4.32        |
| 6.00-16.....       | 10.35                                     | 5.18                  | 5           |
| 6.25-6.50-16 ..... | 12.60                                     | 6.30                  | 6.30        |

These Prices Include Your Old Tires

The Commission finds that said respondent represented, through the use of the above statements and representations, that all grades of its tires are being offered for sale at 50 percent off the regular current retail selling prices of said tires and that by purchasing one tire at the advertised sales price and a second tire at half such price

a saving of 50 percent and the dollar savings designated in said advertisements would be afforded, from the regular current retail selling prices of said tires.

At the time of the publication of this advertisement respondent was offering one "Commander" tire at current list price and a second tire at one-half the list price. This did not provide 50 percent off, for the reason that it was necessary to pay the full list price for the first tire in order to secure the second tire for one half the list price. While the saving from the list price was 50 percent for the second tire, the saving on two tires was only 25 percent. The dollar savings of \$5.17 for size 6.00 x 16 were also based on the sale of two tires rather than one and were computed upon the list price rather than the regular current retail selling price. The advertised saving does not take into account the usual and customary part payment trade-in allowance for used tires. Giving effect to the customary allowance of 10 percent would reduce the actual saving to \$3.10 on two tires or \$1.55 per tire, or a percentage saving of 16.64 percent. All grades of respondent's tires were not sold at one tire for the regular price and the second tire at half price.

PAR. 8. The following photostatic copy, page 328, is typical of the advertisements prepared and promulgated by the respondent during said period:

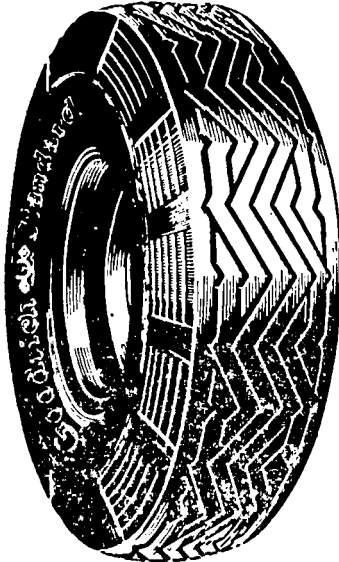
The Commission finds that said respondent represented, through the use of the above statements and representations, that all grades of its tires were offered for sale at 40 percent off the regular current retail selling price and that by purchasing one tire at the advertised price and a second tire at 40 percent off said price a saving of 40 percent and the dollar savings designated in said advertisement would be afforded, from the regular current retail selling prices on said tires.

At the time of the publication of this advertisement respondent was offering one "Standard" tire at current list price and a second tire at 40 percent off list price. This did not provide 40 percent off for the reason that it was necessary to pay the full list price for the first tire in order to secure the second tire at 40 percent off the list price. While the saving from list price was 40 percent for the second tire, the saving on two tires was only 20 percent. The dollar saving of \$4.78 for size 6.00 x 16 was also based upon two tires rather than one and was computed upon the list price rather than the current retail selling price. The advertised saving also does not take into account the usual and customary part payment trade-in allowance for used tires. Giving effect to the usual allowance of 10 percent would reduce the actual savings to \$2.39 for the two tires and \$1.19 for each tire.

# 40% OFF ON GOODRICH STANDARD TIRES

**NO SECONDS-ALL FIRST CLASS-FULLY GUARANTEED**

**By America's Oldest Tire Manufacturer**



**This Offer Expires At  
Midnight, July 4, 1939**

**BUY ONE TIRE  
AT REGULAR PRICE  
AND YOU GET SECOND  
TIRE AT 40% DISCOUNT**

| SIZE              | Regular<br>Goodrich<br>Standard<br>Price | Second<br>Tire<br>For | YOU<br>SAVE |
|-------------------|------------------------------------------|-----------------------|-------------|
| 4.40-4.50-21..... | \$8.35                                   | \$5.01                | \$3.34      |
| 4.75-5.00-19..... | 8.60                                     | 5.16                  | 3.44        |
| 5.25-5.50-18..... | 10.00                                    | 6.00                  | 4.00        |
| 5.25-5.50-17..... | 11.00                                    | 6.60                  | 4.40        |
| 6.00-16.....      | 11.95                                    | 7.17                  | 4.78        |
| 6.25-6.50-16..... | 14.50                                    | 8.70                  | 5.80        |

**Prices Include Your Old Tires**

PAR. 9. The following photostatic copy is typical of the advertisements prepared and promulgated by the respondent during said period:

# 25% OFF

## ON BRAND NEW FAMOUS

# GOODRICH

# SILVERTOWN

# TIRES

Now is your chance to get Golden Ply Blow-out Protection. Don't miss it! See us while prices are so low!

**THIS OFFER EXPIRES MIDNIGHT, JULY 29, 1939**



| SIZE              | Regular<br>Goodrich<br>Silvertown<br>Price | YOU<br>SAVE | NET<br>COST |
|-------------------|--------------------------------------------|-------------|-------------|
| 4.40-4.50-21..... | \$10.00                                    | \$2.50      | \$7.50      |
| 4.75-5.00-19..... | 10.30                                      | 2.58        | 7.72        |
| 5.25-5.50-18..... | 12.00                                      | 3.00        | 9.00        |
| 5.25-5.50-17..... | 13.20                                      | 3.30        | 9.90        |
| 6.00-16.....      | 14.35                                      | 3.59        | 10.76       |
| 6.25-6.50-16..... | 17.40                                      | 4.35        | 13.05       |

*These Prices Include Your Old Tires*

The Commission finds that said respondent represented, through the above statements and representations, that it was offering its "Silvertown Tires" at a discount of 25 percent and that by pur-

## Findings

33 F. T. C.

chasing said tires during said sale a 25 percent saving and the designated dollar savings would be afforded, from the regular current retail selling prices of said tires.

At the time of the publication of this advertisement the list price of respondent's "Silvertown Tires" was \$14.35 for size 6.00 x 16. The advertised saving of \$3.59 is 25 percent off this price but is not a discount of 25 percent or a saving of \$3.59, since the purchaser was required to turn in his used tire but no allowance was given. Giving credit for the usual and customary allowance of 10 percent would provide a saving of 16.8 percent rather than 25 percent and a dollar saving of \$2.16 rather than \$3.59.

PAR. 10. The following photostatic copy, page 331, is typical of the advertisements prepared and promulgated by the respondent during said period:

The Commission finds that said respondent represented, through the use of the above statements and representations, that by paying the designated sales price for three "Commander" tires, the fourth tire would cost only 1 cent and that by buying four tires at the advertised sales price the amounts designated would be saved from the regular current retail selling prices of said merchandise.

At the time the publication of this advertisement, the respondent was offering three "Commander" tires at list price and the fourth tire at 1 cent. Such a combination sale would not provide a price of 1 cent for the fourth tire and afford the designated savings set out in this advertisement, for the reason that the prices charged for the three tires are list prices and not the regular current retail sales prices. The regular current retail sales prices are customarily substantially lower than list prices due to part payment trade-in allowances for purchasers' old tires and other discounts and reductions brought about by competition. The cost price of the fourth tire would therefore be substantially more than 1 cent and the savings on the combination sale would be substantially less than those designated in the advertisement.

PAR. 11. The Commission finds that substantial numbers of the purchasing public understand and believe that advertised savings or discounts are reductions from the regular retail selling prices charged for the same merchandise in the ordinary course of business immediately prior in point of time to such advertised sale; that they understand that "list prices" as used in tire advertising, referred to and meant the regular retail selling prices of the tires advertised for sale and that any represented savings or discounts from such list prices were reductions from the regular retail selling prices of the same tires in effect immediately prior in point of time to such advertised sale.



Who Is He?

If You Can't Go to the Game LISTEN TO  
**GOODRICH BASEBALL BROADCASTS**  
**STATION WAVE**

950 On Your Dial—  
 Every Other Night

If You Have **TIRE - BATTERY**  
 or **BRAKE TROUBLE**  
 Call **Wabash 4141**

# 1¢ TIRE Sale

**BUY 3  
 GOODRICH  
 COMMANDERS  
 AT PUBLISHED  
 LIST PRICE AND  
 RECEIVE THE  
 4<sup>th</sup> FOR 1¢**

**Lose No Time! Only Ten  
 Days to Share In This Extra-  
 Special One-Cent Sale!**

**SENSATIONAL?** You bet it is! Never before have we made such an offer on these big, husky Commanders. Think of it! Now you can equip your car with safe, new tires on **ALL 4 WHEELS** ... and you only pay one penny more than the published list price of 3 Commanders.

**25%  
 SAVINGS**  
 IF YOU NEED ONLY  
 ONE OR TWO TIRES

**LOOK!**  
 ONLY 10¢ **YOUR OWN LICENSE PLATE ON A KEY CHAIN**



**Lifetime Guarantee**

Every tire of our manufacture is guaranteed to be free from defects in workmanship and material without limit as to time or mileage.

## How To Get A Tire For 1¢

| SIZE         | Published List Price of 3 Tires | Price of 4th Tire | You Save on 4 Tires |
|--------------|---------------------------------|-------------------|---------------------|
| 4.40-4.50-21 | 26.85                           | 1¢                | 8.94                |
| 4.75-5.00-19 | 26.85                           | 1¢                | 8.94                |
| 5.25-5.50-18 | 31.95                           | 1¢                | 10.64               |
| 5.25-5.50-17 | 32.85                           | 1¢                | 10.94               |
| 6.00-16      | 35.85                           | 1¢                | 11.94               |
| 6.25-6.50-16 | 44.85                           | 1¢                | 14.94               |

Above prices for new and include post and wire. Prices subject to change without notice.

**LONG - EASY TERMS**

**USE OUR BUDGET PLAN**

**GOODRICH SILVERTOWN STORE**

Order

33 F. T. C.

PAR. 12. The use by the respondent of the foregoing statements, representations and advertisements, disseminated as aforesaid, with respect to the sales prices of its automobile tires and with respect to the kind and quality of the tires offered for sale has had the tendency and capacity to mislead and deceive a substantial portion of the purchasing public with respect to the savings and discounts actually offered and the kind and grade of tires offered for sale and induced a portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondent's automobile tires.

#### CONCLUSION

The aforesaid acts and practices of respondent, as herein found, are all to the prejudice and injury of the public and constitute 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 a stipulation as to the facts entered into between the respondent and W. T. Kelley, Chief Counsel for the Commission, which provides, among other things, that without further evidence or other intervening procedure the Commission may issue and serve on the respondent findings as to the facts and conclusion based thereon and an order disposing of this proceeding, and the Commission having made its findings as to the facts and its conclusion that said respondent has violated the provisions of the Federal Trade Commission Act.

*It is ordered*, That the respondent, The B. F. Goodrich Company, a corporation, its officers, representatives, agents, and employees, directly or through any corporate or other device, in advertising in newspapers or other recognized advertising media, in connection with the offering for sale, sale and distribution of its automobile tires and tubes to the general public, in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "List Price" or any other term of similar import or meaning to designate, describe or refer to prices which are not, in fact, the bona fide regular established selling prices of the tires or tubes advertised and offered for sale, as established by the usual and customary sales in the normal course of business.

2. Representing, directly or indirectly, that any specified amount is the customary, regular or usual price of any tire or tube advertised and offered for sale when such amount is not, in fact, the bona fide

actual selling price of such tire or such tube as established by the usual and customary sales in the normal course of business.

3. Representing, directly or indirectly, any specified amounts or percentages as savings or discounts which are not actual savings or discounts computed on the bona fide, usual, and customary selling price for such tires or such tubes in effect immediately prior in point of time to such representation.

4. Representing, directly or indirectly, that any specified savings or discounts are offered a purchaser upon the purchase of certain of its tires or tubes when such savings or discounts are computed upon the regular selling or list prices of its higher priced tires or tubes.

5. Representing, directly or indirectly, that a specified tire or tube is offered for sale when such tire or tube is not so offered but instead another tire or tube of different kind or brand.

6. Representing, directly or indirectly, that specific savings or discounts are afforded a purchaser upon the purchase of tires or tubes when such savings or discounts do not take into account the trade-in allowances usually and customarily made to purchasers in the sale of such tires or such tubes in the ordinary course of business.

*It is further ordered*, That the respondent shall, within 60 days after 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 this order.

IN THE MATTER OF  
SEARS, ROEBUCK & COMPANY

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

*Docket 4033. Complaint, Feb. 15, 1940—Decision, June 18, 1941*

Where a corporation long engaged in the manufacture, among other products, of automobile tires and tubes, and in interstate sale and distribution thereof through its retail stores located in various states; issuing list prices for the use of such stores which, while usually offering such products at certain savings and discounts from said list prices, did not usually sell its tires at prices so designated but varied prices at their discretion, under its authority, on the basis of such price lists, and which customarily made allowances of up to 25 percent of list prices of new tires as a trade-in allowance for purchasers' old tires;

In advertisements of its best grade "Allstate Safety Tread Tire," its "Allstate Non-Skid or Rib-Tread Tire"—also listed by it as a first line tire but sold for less than the former—its second grade "Allstate Standard Tire," and its third line "Allstate Crusader Tire" in connection with Nation-wide tire sales, prepared and published in various newspapers and other periodicals of general circulation by said retail stores under authority granted by it—in which advertisements, as more fully set out below, it made representations with respect to various discounts and savings from regular retail selling prices, from the list prices, and from competitors' list prices, and with respect to grade and quality of a certain tire—

(a) Represented, as illustrative, that insofar as the purported discounts might be interpreted as meaning a discount from the regular retail price, its "Crusader" tires were being sold at a discount or saving of 30 percent to 35 percent, by the statement "Save 30 percent to 35 percent on 'Fleet Tested' Allstate CRUSADER TIRES \* \* \*," followed by list of sizes with prices;

Facts being that such purported savings were exaggerated and untrue for the reason they were not computed on the regular retail price or on any other current price of said tire and the advertised sale prices for the respective sizes of tires provided percentage savings based upon the list prices of 10.8 percent, 10.1 percent, 9.45 percent, 9.8 percent, 10.7 percent, and 10.1 percent, rather than the advertised saving of 30 percent to 35 percent, and if based upon the regular retail selling prices the percentage savings would be even less;

(b) Represented that a 25-percent trade-in allowance for old tires was an extra trade-in allowance and resulted in a 25 percent discount from the regular retail prices; when in fact such a trade-in allowance for old tires was always made, and by most of its stores, and therefore did not provide 25 percent discount from the regular retail selling price;

(c) Represented "HALF PRICE TIRE SALE Buy One All-State At Its Regular Price! Get another at HALF PRICE \* \* \* these prices include the old tires," facts being it was not in effect offering to sell its tires on the basis of two for one and one-half the regular price of one, since a trade-in allowance for old tires was always made, and generally up to 25 percent of list price of new tires, and, computed upon such basis, the sales price of two