

Complaint

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IN THE MATTER OF
STETSON CHINA COMPANY, INC.

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

Docket 4477. Complaint, Mar. 26, 1941—Decision, July 14, 1941

Where a corporation engaged in the interstate sale and distribution of dinnerware, including chinaware and glassware; by means of cards, letters, circulars, and other printed and written matter circulated generally among dealers and supplied to them for distribution to the purchasing public; directly or by implication—

- (a) Represented that certain of its said products were a reproduction of expensive imported chinaware; and
- (b) Represented that the prices at which such products were offered for sale represented special or reduced prices which were much less than those at which they were customarily offered and sold, through such statements as "Lady Evette Set. You may have one of these test sets at only \$9.95 for the entire 54 pieces, service for 8. This set was made to retail regularly at \$16.75. The complete 100-piece service is being specially priced at \$19.95 which is \$10 less than the regular retail price";

The facts being said chinaware was not a reproduction of imported or expensive chinaware, but was of ordinary grade and quality, and the prices at which they were offered for sale were the regular retail prices at which they were customarily offered and sold; \$9.95 was the customary retail price of the set in question which never sold for \$16.75, and the price of \$19.95 on the larger set did not represent any saving, but was the customary retail price;

With the effect of misleading and deceiving a substantial portion of purchasing public with respect to its products, and of placing in the hands of uninformed or unscrupulous dealers a means whereby they were enabled to mislead and deceive such public, and of causing substantial portion thereof to purchase substantial quantities of said products because of the erroneous belief thus engendered:

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

Mr. B. G. Wilson for the Commission.

Mr. J. L. Kaufmann, 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 Stetson China Co., Inc., a corporation, 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. Respondent Stetson China Co., Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business at 1801 West Seventy-fourth Street, Chicago, Ill.

PAR. 2. Respondent is now, and has been for more than 1 year last past, engaged in the business of selling and distributing dinnerware, including chinaware, glassware, and other tableware, in commerce between and among the various States of the United States and in the District of Columbia.

Respondent causes and has caused its said products, when sold, to be shipped or transported from its place of business in the State of Illinois to the purchasers thereof 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 its said products 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 its aforesaid business, and for the purpose of inducing the purchase of its products, the respondent has disseminated false and misleading statements and representations with respect to the character, quality, and prices of its products, such representations being made by means of cards, letters, circulars, and other printed and written matter circulated generally among dealers and supplied to dealers for distribution to the purchasing public. Among and typical of the false and misleading representations so used and disseminated as aforesaid are the following:

A fine reproduction of very expensive imported china.

Lady Evette Set. You may have one of these test sets at only \$9.95 for the entire 54 pieces, service for eight. This set was made to retail regularly at \$16.75.

The complete 100-piece service is being specially priced at \$19.95 which is \$10 less than the regular retail price.

PAR. 4. Through the use of the foregoing statements and representations, and others of similar import not specifically set out herein, the respondent represents directly or by implication that certain of its said products are a reproduction of expensive imported chinaware, and that the prices at which such products are offered for sale represent special or reduced prices which are much less than the prices at which such products are customarily offered for sale and sold in the usual and normal course of business.

PAR. 5. The foregoing statements and representations are grossly exaggerated, false, and misleading. In truth and in fact, the china-

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ware so designated is not a reproduction of imported or expensive chinaware, but is chinaware of ordinary grade and quality. The prices at which said products are offered for sale do not represent special or reduced prices but are the regular retail prices at which such products are customarily offered for sale and sold in the normal and usual course of business. The set of chinaware offered for sale at \$9.95 has never sold for \$16.75 but the customary retail price of such chinaware has been and is only \$9.95. The price of \$19.95 on the 100-piece set of said chinaware does not represent a saving of \$10 or any other amount from the regular retail price of such chinaware, but in fact the customary retail price of such set of chinaware is and has been \$19.95.

PAR. 6. This practice on the part of respondent serves also to place in the hands of uninformed or unscrupulous dealers a means and instrumentality whereby such dealers are enabled to mislead and deceive members of the purchasing public with respect to the value and customary retail prices of respondent's products.

PAR. 7. The use by the respondent of the acts and practices herein set forth has the tendency and capacity to, and does, mislead and deceive a substantial portion of the purchasing public with respect to the character, quality, and value of respondent's products, and to cause the purchasing public to purchase substantial quantities of respondent's products as a result of the erroneous and mistaken belief so engendered.

PAR. 8. 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 26th day of March 1941, issued and subsequently served its complaint in this proceeding upon respondent, Stetson China Co., Inc., a corporation, charging it with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. After the issuance of said complaint the respondent filed its answer admitting all the material allegations of fact set forth in the complaint and waiving all intervening procedure and further hearing as to said facts. Thereafter this proceeding regularly came on for final hearing before the Commission on the said complaint and the 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 Stetson China Co., Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business at 1801 West Seventy-fourth Street, Chicago, Ill.

PAR. 2. Respondent is now, and has been for more than 1 year last past, engaged in the business of selling and distributing dinnerware, including chinaware, glassware, and other tableware, in commerce between and among the various States of the United States and in the District of Columbia.

Respondent causes and has caused its said products, when sold, to be shipped or transported from its place of business in the State of Illinois to the purchasers thereof 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 its said products 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 its aforesaid business, and for the purpose of inducing the purchase of its products, the respondent has disseminated by means of cards, letters, circulars, and other printed and written matter circulated generally among dealers and supplied to dealers for distribution to the purchasing public various representations with respect to the character, quality, and prices of its products. Among and typical of the representations so used and disseminated as aforesaid are the following:

A fine reproduction of very expensive imported china.

Lady Evette Set. You may have one of these test sets at only \$9.95 for the entire 54 pieces, service for eight. This set was made to retail regularly at \$16.75.

The complete 100-piece service is being specially priced at \$19.95 which is \$10.00 less than the regular retail price.

PAR. 4. Through the use of the foregoing statements and representations, and others of similar import not specifically set out herein, the respondent represents directly or by implication that certain of its said products are a reproduction of expensive imported chinaware, and that the prices at which such products are offered for sale represent special or reduced prices which are much less than the prices

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at which such products are customarily offered for sale and sold in the usual and normal course of business.

PAR. 5. In truth and in fact, the chinaware so designated is not a reproduction of imported or expensive chinaware, but is chinaware of ordinary grade and quality. The prices at which said products are offered for sale do not represent special or reduced prices but are the regular retail prices at which such products are customarily offered for sale and sold in the normal and usual course of business. The set of chinaware offered for sale at \$9.95 has never sold for \$16.75 but the customary retail price of such chinaware has been and is only \$9.95. The price of \$19.95 on the 100-piece set of said chinaware does not represent a saving of \$10 or any other amount from the regular retail price of such chinaware, but in fact the customary retail price of such set of chinaware is and has been \$19.95.

PAR. 6. This practice on the part of respondent serves also to place in the hands of uninformed or unscrupulous dealers a means and instrumentality whereby such dealers are enabled to mislead and deceive members of the purchasing public with respect to the value and customary retail prices of respondent's products.

PAR. 7. The use by the respondent of the acts and practices herein set forth has the tendency and capacity to, and does, mislead and deceive a substantial portion of the purchasing public with respect to the character, quality, and value of respondent's products, and to cause the purchasing public to purchase substantial quantities of respondent's products as a result of the erroneous and mistaken belief so engendered.

CONCLUSION

The aforesaid acts and practices of the 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 the answer of respondent, in which answer respondent admits all the material allegations of fact set forth in said complaint, and states that it waives all intervening procedure and further hearing as to said facts, 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.

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Order

It is ordered, That the respondent, Stetson China Co., Inc., a corporation, its officers, representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of chinaware, glassware, and other tableware in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing as the customary or regular retail prices or values of respondent's products prices and values which are in excess of the prices at which such products are regularly and customarily sold at retail in the normal and usual course of business.

2. Representing that the prices at which respondent's products are offered for sale constitute a discount to the purchaser, or that such prices are special or reduced prices, when in fact such prices are the usual and customary prices at which such products are offered for sale in the normal and usual course of business.

3. Representing that respondent's chinaware is a reproduction of expensive imported chinaware.

4. Representing that the character, grade, or quality of respondent's products are other than the actual character, grade, or quality of such products.

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
WILBERT W. HAASE COMPANY, INC., NATIONAL AFFIL-
IATION OF WILBERT VAULT MANUFACTURERS, AND
ITS MEMBERS, ET AL.

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

Docket 3808. Complaint, June 6, 1939—Decision, July 15, 1941

Where three corporations and three individuals engaged variously in the licensing of others to construct and sell concrete burial vaults made under letters patent, in the manufacture of supplies and materials for such vaults and of the vaults themselves, and in interstate sale and distribution thereof, to wit:

I. A corporation which (1) was engaged in licensing others to construct and sell its Wilbert vaults, and in the lease or sale to such licensees of various materials and supplies for use in said manufacture, and, under the trade name of "National Affiliation of Wilbert Vault Manufacturers," in conducting advertising programs to promote the sale of its vaults, (2) sold, and furnished without charge, to its eighty-odd licensees located in many of the States, advertising brochures, pamphlets, advertising mats, circulars, catalogs, leaflets, printed, and illustrated materials, and placed advertisements of its said vaults in magazines and other publications of general circulation, (3) sold and distributed, also, to its licensees, miniature Wilbert vaults for display completely submerged in water, with arrangement for lighting and inspection of the interior, with the intent of causing purchasers to believe that said vaults had the characteristics below represented and (4) undertook, through periodical inspections of the plants of licensees, to maintain similar standards of manufacturing by all;

II. A corporation which was engaged as licensee of former in making and selling said vaults, and also in manufacturing or providing the materials and supplies leased or sold by former to other licensees; an individual who was president of and majority stockholder in both said corporations, and in active charge of their businesses; and a second individual who was secretary and treasurer of former corporation and actively engaged in the conduct of its business and of aforesaid advertising program; and

III. A corporation engaged as licensee of first concern in the manufacture and sale of said vaults, and an individual similarly engaged as licensee, which caused advertising materials to be transported from the Chicago place of business of said first-named licensing concern and from their places of business in Maryland, to prospective customers;

In said advertising material, circulated and displayed by said corporations and individuals, furnished by the licensees to their undertaker customers, and displayed by them to the purchasing public, and in other advertising materials prepared and circulated by the licensees themselves—

(a) Represented said Wilbert vaults as asphalt, through such statements as "Asphalt Waterproof Vault," and in the marking and designation thereof made use of phrase "Wilbert Asphalt Waterproof Inner Vault" in large letters, with words "United with Reinforced Concrete Outer Vault" in type