

IN THE MATTER OF
H. L. ROBINSON COMPANY

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

Docket 4906. Complaint, Feb. 12, 1943—Decision, May 2, 1944

Where an individual engaged in the manufacture of neon electrical display signs and in the leasing and installation thereof at the business places of purchasers in various States and in the District of Columbia, contacting, either personally or through salesmen, prospective lessees, many of whom, proprietors of small businesses such as filling stations and road-side restaurants, with only limited business experience, were unwilling to enter into leases for more than five years, or to enter into any fixed period lease until a trial satisfied them it would be profitable to do so, or preferred to purchase on the installment plan, and with whom it was the practice of said individual and his salesmen promptly to agree to whatever terms of lease or purchase were desired, telling the purchaser that the matter would be arranged to permit cancellation after trial, or installment purchase or whatever was desired—

- (a) Made use of lease agreements, bound in triplicate, which, regardless of verbal agreements, provided on their face for a five-year lease, and on the reverse side, concealed further by the carbons interposed, contained many important contractual provisions of which the other parties were carefully kept in ignorance, including provision "in Bible print" that if the user or his assignees were "in business at the expiration of the initial 60-month period, or any extension thereof as herein provided, this agreement . . . shall automatically . . . be extended for an additional like period of 60 months"; and, having written various matters on the face of the top sheets and obtained the signatures of the other parties thereon, refused to furnish copies until after the signs' installation and endeavored by every means at their command to induce the other parties not to read the face of the contracts upon which their signatures were placed, falsely representing that the contract was in accordance with the verbal understandings;

With the result that through said acts and practices and said forms of agreement, which were traps for the unwary and inexperienced, baited with the various representations of said individual and his salesmen, many persons were induced to enter into lease agreements as to the terms and conditions of which they had been intentionally misled, deceived and kept in ignorance; and

- (b) Made it their practice, in connection with certain of the agreements which provided that payment of rental for the signs was to be made by depositing coins in meters installed by said individual, to install such meters in a fashion which deprived the users of electric current for their entire establishments unless the said meters were fed at the times and in the amounts required by the lease, thus compelling users to pay rent for the signs as a prerequisite to obtaining electric current for other purposes:

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

Mr. Randolph W. Branch for the Commission.

Cookingham & Hanley, of Portland, Ore., 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 Hubert L. Robinson, an individual, trading under the name of H. L. Robinson Company, hereinafter referred to as respondent, has violated the provisions 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. Respondent, Hubert L. Robinson, trading under the name H. L. Robinson Company, is an individual with his office and principal place of business at 1447 Northwest Sandy Boulevard, city of Portland, State of Oregon.

PAR. 2. Respondent is now, and has been for more than four years last past, engaged in the business of manufacturing and leasing electrical display signs, commonly known as Neon Signs, and installing them at the places of business of the purchasers thereof. Respondent causes said signs, when sold, to be transported from his aforesaid place of business in the State of Oregon, to said purchasers in various 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 signs in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of his said business, respondent has made and caused to be made numerous deceptive and misleading statements and representations with respect to the terms and conditions upon which said signs could be leased or acquired and has concealed and caused to be concealed from prospective lessees and purchasers the true terms and conditions of his lease agreements by reason of which many persons have been induced to sign them without being aware of the true import and terms thereof.

PAR. 4. Respondent's contact with prospective lessees of his signs is made either personally or through salesmen. Many of such prospects are proprietors of small businesses, such as gasoline filling stations and roadside restaurants, with only limited business experience. Many of such prospective lessees are unwilling to enter into leases of signs for more than limited terms of less than five years. Many others are unwilling to enter into leases for any fixed term until, after a period of trial, they are satisfied that it would be profitable so to do by reason of increased business due to the signs. Many others are unwilling to lease such signs but prefer to purchase them on the installment plan and many others do not desire lease terms in excess of five years. To whatever terms of lease or purchase the prospects desire, respondent and his salesmen promptly agree. If, for example, a three year lease is desired the prospect is assured that the lease will be so prepared. If a period of trial with a right to cancellation is desired, it is agreed to. If an installment purchase contract is desired, the purchaser is told that after a specified number of payments the sign would belong to him.

Having verbally agreed to whatever conditions are sought to be imposed by prospective lessees or purchasers, their signatures to lease-agreements are obtained. The said agreements are bound in pads or blocks, containing a number of such agreements, each in triplicate, each

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copy being of a different color. Carbon paper is inserted between the top and middle and middle and bottom sheets so that the three copies are made simultaneously. In preparing the agreements, respondent and his salesmen write various matters on the face of the top sheets and obtain the signatures of the other parties thereon, the two other copies being made through the carbon paper. Respondent and his salesmen so conduct the transaction that the other parties are never afforded the opportunity of seeing the reverse sides of the agreements, and they refuse to furnish to the other parties copies thereof until after the signs covered by the agreements have been installed. The reverse sides of the agreements contain many important contractual provisions, of which such other parties are unaware and of which they are carefully kept in ignorance by respondent and his salesmen. Respondent and his salesmen endeavor by every means at their command to induce the other parties not to read even the face of the contracts upon which their signatures are placed, representing among other things that the contract is or would be in accordance with the terms of the verbal understandings. Regardless, however, of any verbal understandings as to what the terms of the agreements are to be, they provide on their face for a five year lease with a further provision, which appears on the back of the agreement "in bible print," as follows: "The duration and term of this agreement shall be as herein set out; provided that if said User or his assignees hereof continue in and be in business at the expiration of the initial 60-month period, or any extension thereof as herein provided, this agreement and all of the terms and conditions thereof shall automatically and by its own force and effect continue and be extended for an additional like period of 60 months."

As a result of the acts and practices aforesaid of respondent and his salesmen, many persons have been induced to enter into lease agreements as to the terms and conditions of which they have been intentionally misled, deceived and kept in ignorance by respondent. Respondent's forms of agreement are traps for the unwary and inexperienced, baited with the various representations of respondent and his salesmen.

PAR. 5. Certain of said agreements provide that payment of the rentals for the signs is to be made by depositing coins in meters installed by respondent. It is respondent's practice to install such meters in a fashion which deprives the users of electric current for their entire establishments unless the meters for the signs are fed at the times and in the amounts required by the leases, thus compelling users to pay rent for the signs as a prerequisite to obtaining electric current for other purposes.

PAR. 6. The aforesaid acts and practices of 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 February 12, 1943, issued and thereafter served its complaint in this proceeding upon respondent, Hubert L. Robinson, charging him 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 and the filing of respondent's answer, the Commission, by order entered herein, granted respondent's request for permission to

withdraw said answer and to substitute therefor an answer admitting all the material allegations of fact set forth in said complaint and waiving all intervening procedure and further hearing as to said facts, which substitute answer was duly filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on the said complaint and substitute answer; 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, Hubert L. Robinson, trading under the name H. L. Robinson Company, is an individual with his office and principal place of business at 1447 Northwest Sandy Boulevard, city of Portland, State of Oregon.

PAR. 2. Respondent is now, and has been for more than four years last past, engaged in the business of manufacturing and leasing electrical display signs, commonly known as Neon Signs, and installing them at the places of business of the purchasers thereof. Respondent causes said signs, when sold, to be transported from his aforesaid place of business in the State of Oregon, to said purchasers in various 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 signs in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of his said business, respondent has made and caused to be made numerous deceptive and misleading statements and representations with respect to the terms and conditions upon which said signs could be leased or acquired and has concealed and caused to be concealed from prospective lessees and purchasers the true terms and conditions of his lease agreements by reason of which many persons have been induced to sign them without being aware of the true import and terms thereof.

PAR. 4. Respondent's contact with prospective lessees of his sign is made either personally or through salesmen. Many of such prospects are proprietors of small businesses, such as gasoline filling stations and roadside restaurants, with only limited business experience. Many of such prospective lessees are unwilling to enter into leases of signs for more than limited terms of less than five years. Many others are unwilling to enter into leases for any fixed term until, after a period of trial, they are satisfied that it would be profitable so to do by reason of increased business due to the signs. Many others are unwilling to lease such signs but prefer to purchase them on the installment plan and many others do not desire lease terms in excess of five years. To whatever terms of lease or purchase the prospects desire, respondent and his salesmen promptly agree. If, for example, a three year lease is desired the prospect is assured that the lease will be so prepared. If a period of trial with a right to cancellation is desired, it is agreed to. If an installment purchase contract is desired, the purchaser is told that after a specified number of payments the sign would belong to him.

Having verbally agreed to whatever conditions are sought to be imposed by prospective lessees or purchasers, their signatures to lease-agreements

are obtained. The said agreements are bound in pads or blocks, containing a number of such agreements, each in triplicate, each copy being of a different color. Carbon Paper is inserted between the top and middle and middle and bottom sheets so that the three copies are made simultaneously. In preparing the agreements, respondent and his salesmen write various matters on the face of the top sheets and obtain the signatures of the other parties thereon, the two other copies being made through the carbon paper. Respondent and his salesmen so conduct the transaction that the other parties are never afforded the opportunity of seeing the reverse sides of the agreements, and they refuse to furnish to the other parties copies thereof until after the signs covered by the agreements have been installed. The reverse sides of the agreements contain many important contractual provisions, of which such other parties are unaware and of which they are carefully kept in ignorance by respondent and his salesmen. Respondent and his salesmen endeavor by every means at their command to induce the other parties not to read even the face of the contracts upon which their signatures are placed, representing among other things that the contract is or would be in accordance with the terms of the verbal understandings. Regardless, however, of any verbal understandings as to what the terms of the agreements are to be, they provide on their face for a five year lease with a further provision, which appears on the back of the agreement "in bible print," as follows: "The duration and term of this agreement shall be as herein set out; provided that if said User or his assignees hereof continue in and be in business at the expiration of the initial 60-month period, or any extension thereof as herein provided, this agreement and all of the terms and conditions thereof shall automatically and by its own force and effect continue and be extended for an additional like period of 60 months."

As a result of the acts and practices aforesaid of respondent and his salesmen, many persons have been induced to enter into lease agreements as to the terms and conditions of which they have been intentionally misled, deceived and kept in ignorance by respondent. Respondent's forms of agreement are traps for the unwary and inexperienced, baited with the various representations of respondent and his salesmen.

PAR. 5. Certain of said agreements provide that payment of the rentals for the signs is to be made by depositing coins in meters installed by respondent. It is respondent's practice to install such meters in a fashion which deprives the users of electric current for their entire establishments unless the meters for the signs are fed at the times and in the amounts required by the leases, thus compelling users to pay rent for the signs as a prerequisite to obtaining electric current for other purposes.

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 the answer of the respondent,

in which answer respondent admits all of 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 its conclusion that said respondent has violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent, Hubert L. Robinson, trading under the name H. L. Robinson Company, or any other name, his representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of Neon Signs, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using forms of lease which provide for automatic renewal at the expiration of the stated lease term unless the provisions for such renewal are set forth in full in immediate connection with and as conspicuously as the provisions which relate to the initial term of the lease.

2. Procuring, or attempting to procure, signatures to contracts for lease or purchase by misrepresenting the terms thereof or by preventing the other parties from, or hampering them in, having a sufficient opportunity to discover the true and entire contents thereof, by the use of forms, which upon the side presented for signature appear to be complete but in which are incorporated by reference other contractual provisions set forth on the reverse side thereof, or otherwise.

3. Installing coin meters in which sums to be paid as rental for or the purchase price of such signs are to be deposited, in such a fashion as to deprive the lessee or purchaser of electric current for other purposes in the event that coins are not deposited as required by the lease or sale agreement unless such lessee or purchaser is specifically advised prior to such installation of the said consequences of such installation.

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 it has complied with this order.

IN THE MATTER OF

LAWRENCE BLANKET COMPANY; THOMAS B. KEEN
AND MARIAN C. KEEN, TRADING UNDER THE NAME
THOMAS B. KEEN COMPANY, AND ROBERT MARS

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT, APPROVED SEPT. 26, 1914 AND
THE WOOL PRODUCTS LABELING ACT OF 1939, APPROVED OCT. 14, 1940

Docket 4946. Complaint, Apr. 19, 1943—Decision, May 6, 1944

Where a manufacturer of blankets and other products in Worcester, Mass.; two partners in New York City, sellers and distributors thereof; and an individual in Washington, D. C., who sold said products, secured through said partners; engaged in the interstate sale of products in question, including many which were wool products as defined by the Wool Products Labeling Act of 1939, in that they were composed in whole or in part of wool, reprocessed wool or reused wool—

Sold to agencies, departments and bureaus of the United States government and to other purchasers, blankets which were misbranded in violation of said Act in that when introduced in commerce they did not have on or affixed thereto a stamp, tag, label or other means of identification showing the percentage of the total fiber weight of wool, reprocessed wool, reused wool and non-wool fiber, and maximum percentage of non-fibrous loading or adulterating matter; and proper identification of the manufacturer, seller, or reseller, or name of one or more persons subject to the Act with respect to product concerned:

Held, That aforesaid acts and practices, as above set forth, were in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and were all to the prejudice and injury of the public and constituted unfair and deceptive acts and practices in commerce.

Mr. DeWitt T. Puckett for the Commission.

Mr. Meyer Cohan, of Worcester, Mass., for Lawrence Blanket Co.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Lawrence Blanket Company, a corporation, Thomas B. Keen and Marian C. Keen, individually, and as copartners, trading under the name Thomas B. Keen Company, and Robert Mars, an individual, hereinafter referred to as respondents, have violated the provisions of the said acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, 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, Lawrence Blanket Company, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Massachusetts and has its principal office and place of business at 9 Winter Street, Worcester, Mass.

Respondents, Thomas B. Keen and Marian C. Keen, are copartners, doing business under the name Thomas B. Keen Company and have their