

IN THE MATTER OF

BELT OIL & CHEMICAL CORPORATION, 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 4973. Complaint, June 4, 1943—Decision, May 10, 1944

Where a corporation, two officers thereof, and three partners, engaged in the interstate sale and distribution of their "Rubber-Life" product; in advertisements in circulars, newspapers, periodicals and by other means—

Falsely represented that their said product, painted on the treads of automobile tires, extended the life thereof, was "the answer" to the tire saving problem, added up to 25 per cent more mileage to a tire, or doubled its life, or otherwise increased its wearing qualities, prevented deterioration of rubber and was a tire "life-saver"; "seals the tiny pores and prevents the entrance of dust and humidity," "solidifies the millions of rubber particles on the surface into one mass," "improves the molecular structure of rubber," and "makes the rubber in a tire harder and more resistant";

Facts being product in question, a colorless glue-like mixture or compound of water and sodium silicate, contained nothing which would substantially affect the properties of the rubber used in tires, which was not porous in the sense that their said product would penetrate it and add something to or cause a change in the wearing surface thereof;

With effect of misleading and deceiving a substantial portion of the public into the erroneous belief that said representations were true, as a result whereof the public purchased substantial quantities of product in question:

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.

Before *Mr. James A. Purcell*, trial examiner.

Mr. James M. Hammond for the Commission.

Mr. Gabriel Wartels, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and by virtue of the authority vested in it by said act, the Federal Trade Commission having reason to believe that Belt Oil & Chemical Corporation, a corporation, Ernest Buchbinder, and William Blitz, individually, and as officers, of Belt Oil & Chemical Corporation; and Philip M. King, Jr., Stella King, Lila King, and Lillian McKinley, individually, and as copartners, doing business under the firm name and style of Overman & Co., hereinafter referred to as respondents, have 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, Belt Oil & Chemical Corporation, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business at 1265 Broadway, New York, N. Y.

Respondent, Ernest Buchbinder, an individual, is president and treasurer of respondent, Belt Oil & Chemical Corporation, with his office and place of business at 1265 Broadway, New York, N. Y.

Respondent, William Blitz, an individual, is vice president and secretary of respondent, Belt Oil & Chemical Corporation, with his office and place of business at 1265 Broadway, New York, N. Y.

Respondents, Philip M. King, Jr., Stella King, Lila King and Lillian McKinley, are copartners, doing business under the firm name and style of Overman & Co., having their office and place of business at Room 1821, 9 Rockefeller Plaza, New York, N. Y.

PAR. 2. Said respondents, acting concertedly and in cooperation each with the other, are now, and for more than one year last past have been engaged in the sale and distribution of a product known and described as "Rubber-Life."

PAR. 3. Respondents cause the said preparation, when sold, to be transported from the place where manufactured or from their place of business in the city of New York, State of New York, to purchasers thereof located in the several States other than the State in which said shipments originate and in the District of Columbia. At all times mentioned herein respondents have maintained and now maintain a course of trade in said product in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 4. In the course and conduct of their business in said commerce as aforesaid, the said respondents have made and are now making, and have caused and are now causing the publication of false, misleading and deceptive representations concerning their said product, through the means of circulars, newspapers and magazines circulated among prospective purchasers, and by various other means. Among and typical of the false, misleading and deceptive representations so made and used by the respondents in connection with the offering for sale and sale of said product are the following:

Rubber-Life—It's the answer to your tire saving problem. Just paint it on the tread of your tires. It's colorless, but penetrates into the minute pores of rubber and increases resistance to wear.

Tests prove that "Rubber-Life" will add up to 25% more mileage to your tires.

RUBBER-LIFE. The new invention that increases tire mileage and prevents deterioration of rubber!

Add thousands of Extra Miles to the life of your tires for only 16¢ per tire!

It is a tire "Life-Saver." You Can Make The Tires You Have Last Longer—, many thousands of miles longer. "Rubber-Life" is the amazing new product that does this.

It's New, Sensational—RUBBER LIFE—add thousands of Extra miles to the life of Your Tires.

1. Seals the tiny pores and prevents the entrance of dust and humidity.
2. Solidifies the millions of rubber particles on the surface into one mass.
3. Improves the molecular structure of the rubber.
4. Makes it harder and more resistant.

Defense needs rubber. Defend your tires with Rubber-Life—Make your tires last twice as long.

PAR. 5. The foregoing representations, together with similar representations not herein set out, are false and misleading. In truth and in

fact, the product offered for sale and sold by respondents when applied as directed, or in any other manner, does not extend the life of a tire; it is not "the answer" to the tire saving problem; it does not add up to 25 percent more mileage to a tire or double the life of a tire or increase or add to the mileage or wearing qualities of a tire in any other degree or percentage; it does not prevent deterioration of rubber and it is not a tire "life-saver"; it does not seal the tiny pores and prevent the entrance of dust and humidity, or solidify the millions of rubber particles on the surface into one mass, or improve the molecular structure of rubber, or make the rubber in a tire harder and more resistant to wear. Respondent's said product is composed principally of water and sodium silicate, a colorless glue-like mixture or compound, and contains nothing which will substantially effect the properties of the rubber used in tires. Such rubber is not porous in the sense that respondents' said product will penetrate it and add something to or cause a change in the wearing surface of the tires.

PAR. 6. The use by the respondents of the foregoing false, misleading, deceptive and exaggerated representations with respect to their said product Rubber-Life, or any other like and similar products, mislead, and has had, and now has the capacity and tendency to, and does, mislead and deceive a substantial portion of the public into the erroneous and mistaken belief that said statements and representations were, or are, true and into the purchase of substantial quantities of respondents' said product because of said erroneous and mistaken belief.

PAR. 7. The aforesaid acts and practices of the respondents, 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 May 29, 1943, issued and on or about June 1, 1943, served its complaint in this proceeding upon respondents, Belt Oil & Chemical Corporation, a corporation, Ernest Buchbinder, and William Blitz, individually, and as officers, of Belt Oil & Chemical Corporation; and Philip M. King, Jr., Stella King, Lila King, and Lillian McKinley, individually, and as copartners, doing business under the firm name and style of Overman & Co., charging them 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 respondents' answer, the Commission, by order entered herein, granted respondents' motion 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 procedure 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, Belt Oil & Chemical Corporation, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business at 1265 Broadway, New York, N. Y.

Respondent, Ernest Buchbinder, an individual, is president and treasurer of respondent, Belt Oil & Chemical Corporation, with his office and place of business at 1265 Broadway, New York, N. Y.

Respondent, William Blitz, an individual, is vice president and secretary of respondent, Belt Oil & Chemical Corporation, with his office and place of business at 1265 Broadway, New York, N. Y.

Respondents, Philip M. King, Jr., Stella King, Lila King and Lillian McKinley, are copartners, doing business under the firm name and style of Overman & Co., having their office and place of business at Room 1821, 9 Rockefeller Plaza, New York, N. Y.

PAR. 2. Said respondents, acting concertedly and in cooperation each with the other, are now, and for more than one year last past have been engaged in the sale and distribution of a product known and described as "Rubber-Life."

PAR. 3. Respondents cause the said preparation, when sold, to be transported from the place where manufactured or from their place of business in the city of New York, State of New York, to purchasers thereof located in the several States other than the State in which said shipments originate and in the District of Columbia. At all times mentioned herein respondents have maintained and now maintain a course of trade in said product in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 4. In the course and conduct of their business in said commerce as aforesaid, the said respondents have made and are now making, and have caused and are now causing the publication of false, misleading and deceptive representations concerning their said product, through the means of circulars, newspapers and magazines circulated among prospective purchasers, and by various other means. Among and typical of the false, misleading and deceptive representations so made and used by the respondents in connection with the offering for sale and sale of said product are the following:

Rubber-Life—It's the answer to your tire saving problem. Just paint it on the tread of your tires. It's colorless, but penetrates into the minute pores of rubber and increases resistance to wear.

Tests prove that "Rubber-Life" will add up to 25% more mileage to your tires.

RUBBER-LIFE. The new invention that increases tire mileage and prevents deterioration of rubber!

Add thousands of Extra Miles to the life of your tires for only 16¢ per tire!

It is a tire "Life-Saver." You can Make The Tires You Have Last Longer—, many thousands of miles longer. "Rubber-Life" is the amazing new product that does this.

It's New, Sensational—RUBBER LIFE—add thousands of Extra miles to the life of Your Tires.

1. Seals the tiny pores and prevents the entrance of dust and humidity.
2. Solidifies the millions of rubber particles on the surface into one mass.
3. Improves the molecular structure of the rubber.
4. Makes it harder and more resistant.

Conclusion

38 F. T. C.

Defense needs rubber. Defend your tires with Rubber-Life—Make your tires last *twice* as long.

PAR. 5. The foregoing representations are false and misleading. In truth and in fact, the product offered for sale and sold by respondents when applied as directed, or in any other manner, does not extend the life of a tire; it is not "the answer" to the tire saving problem; it does not add up to 25 percent more mileage to a tire or double the life of a tire or increase or add to the mileage or wearing qualities of a tire in any other degree or percentage; it does not prevent deterioration of rubber and it is not a tire "life-saver"; it does not seal the tiny pores and prevent the entrance of dust and humidity, or solidify the millions of rubber particles on the surface into one mass, or improve the molecular structure of rubber, or make the rubber in a tire harder and more resistant to wear. Respondents' said product is composed principally of water and sodium silicate, a colorless glue-like mixture or compound, and contains nothing which will substantially affect the properties of the rubber used in tires. Such rubber is not porous in the sense that respondents' said product will penetrate it and add something to or cause a change in the wearing surface of the tires.

PAR. 6. The use by the respondents of the foregoing false, misleading, deceptive and exaggerated representations with respect to their said product Rubber-Life, or any other like or similar products, has had, and now has, the capacity and tendency to, and does, mislead and deceive a substantial portion of the public into the erroneous and mistaken belief that said statements and representations are true. As a result of said erroneous and mistaken belief, the public has purchased substantial quantities of respondents' said product.

PAR. 7. It is further found that the person named in the complaint herein as Ernest Buchbinder is in truth and in fact the person named Ernst Buchbinder in the answer to the complaint herein as president and treasurer of the respondent, Belt Oil and Chemical Corporation, and that Ernest Buchbinder and Ernst Buchbinder are one and the same person.

PAR. 8. It is further found that the person named in the complaint herein as Lillian McKinley is the person named in the answer herein as Lillian McKinley, a partner in the firm of Overman & Co. and that Lillian McKinley and Lillian McKinley are one and the same person.

CONCLUSION

The aforesaid acts and practices of the respondents, Belt Oil & Chemical Corporation, a corporation, Ernest Buchbinder, being one and the same person as Ernst Buchbinder, and William Blitz, individually, and as officers, of Belt Oil & Chemical Corporation; and Philip M. King, Jr., Stella King, Lila King, and Lillian McKinley being one and the same person as Lillian McKinley, individually, and as copartners, doing business under the firm name and style of Overman & Co., 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 substitute answer of respondents, in which substitute answer respondents admit all the material allegations of fact set forth in said complaint, and state that they waive all intervening procedure and further hearing as to said facts, and the Commission having made its findings as to the facts and conclusion that said respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondents, Belt Oil & Chemical Corporation, a corporation, its officers, agents and employees, Ernest Buchbinder, being one and the same person known as Ernst Buchbinder, and William Blitz, individually, and as officers, of Belt Oil & Chemical Corporation; and Philip M. King, Jr., Stella King, Lila King, and Lillian McKinley, being one and the same person known as Lillian McKinley, individually, and as copartners, doing business under the firm name and style of Overman & Co., their representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of the product sold under the trade name "Rubber-Life" or any similar or like substance, whether sold under that name or any other name, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "RUBBER-LIFE" or any like or similar name to describe the paint like substance sold by it as a tire or rubber preservative.

2. Representing that said product penetrates into the minute pores of rubber, increases its resistance to wear; will add 25% or any other percentage to the life of tires; that it is a new invention which increases tire mileage and prevents deterioration of rubber; that it will add thousands of extra miles to the life of a tire; that it is a tire life saver and seals the tiny pores preventing the entrance of dirt and humidity to a tire; that it solidifies the millions of rubber particles on the surface of a tire into one mass; that it improves the molecular structure of rubber or makes rubber harder and more resistant to wear.

3. Representing that said product adds anything to the life or wearing qualities of rubber or to an automobile tire in any way whatsoever.

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

IN THE MATTER OF
SCIENTIFIC MANUFACTURING COMPANY, INC., AND
HOWARD J. FORCE, LAWSON H. FORCE, AND LILLIAN B.
FORCE, TRADING AS THE FORCE COMPANY

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

Docket 4482. Complaint, June 12, 1942¹—Decision, May 11, 1944

Where an individual, acting through a corporation and its successor partnership, engaged in the manufacture and interstate sale and distribution of his "Pheno-Isolin" and "Pheno-Isolin Ointment," and "Dialin," for diabetes; in advertisements in newspapers and periodicals and by testimonial letters and other advertising literature—

- (a) Falsely represented that his said "Pheno-Isolin" preparations were powerful germicides and antiseptics, and had therapeutic value in the treatment of infectious conditions, such as ulcers, sores, boils, carbuncles, and abscesses; and of peritonitis, gangrene, and ulcerated cancer; and that the germicidal and antiseptic properties of the ointment—the same preparation as the other with the addition of a wax or paraffin base—were sufficient to make it of value in surgery and as surgical dressings;
- (b) Falsely represented that they were effective in the treatment of ankylosis or stiffening of the joints, and would cure coughs, colds, sore throat, sinus conditions, influenza, and other respiratory diseases, and diphtheria and septic sore throat;

The facts being they had no value in the treatment of joint conditions other than the benefit that might be received from massaging in the application thereof; to use or recommend them for use for diphtheria and septic sore throat would be dangerous; and claims made therefor were false;

- (c) Represented that their said preparations had therapeutic value in the treatment of athlete's foot; would relieve the burning and itching inflammation caused by said condition and help heal the irritated tissues; and were effective in the treatment of skin infections, eczema, and second-degree burns, and of hemorrhoids and piles;

The facts being that by reason of their oily content they might supply moisture which would help multiply the fungus responsible for athlete's foot; they were not competent treatment for skin diseases generally or of any value in the treatment of eczema as they would not reach the underlying cause; were contraindicated in the treatment of burns; and had no value in the treatment of hemorrhoids; and

- (d) Falsely represented that their "Dialin" was a competent and effective treatment for diabetes, which assisted the pancreas to produce insulin in the natural way and corrected abnormal conditions caused by diabetes, and that use thereof eliminated the necessity for the use of insulin;

The facts being there is no accepted treatment for diabetes other than diet and, if that is insufficient to reduce the blood-sugar level to normal, insulin administered by hypodermic injections adjusted to need of each patient; use of preparation in question, by reason of the mild diuretic action thereof would, by increasing the flow of urine, dilute the sugar so that its percentage would necessarily drop, but without affecting the blood-sugar level; and it might be definitely harmful to a patient suffering from diabetes, in that it would give a false sense of security and delay the inauguration of effective treatment;

¹ Amended and supplemental.