

IN THE MATTER OF

ZLOTNICK THE FURRIER, INC. ET AL.

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

Docket 5799. Complaint, July 17, 1950—Decision, Mar. 31, 1952

Where a corporation and its three officers, engaged in the competitive retail sale and distribution of furs, fur coats, jackets and scarves and related fur products from their places of business in the District of Columbia, in advertising their said products in newspapers and other advertising media of general circulation, including radio—

- (a) Represented certain prices as the regular prices at which their fur products were formerly sold, and that such products were of a grade and quality commensurate with such purported former prices; and
- (b) Represented that their advertised sales prices for such garments constituted sharp reductions from the regular prices, namely, cuts of from 43 to 56 per cent, and thereby provided great savings to purchasers;

The facts being that their so-called former prices were entirely fictitious, and their purportedly reduced sales price for a particular garment was its regular selling price;

- (c) Represented that the fur coats and fur articles depicted in their advertising material, through use of pictures of professional models wearing such garments, were illustrations of identical fur garments which were to be found in their stores, and which were of the grade, type and quality therein represented and offered for sale at the prices stated;

The facts being that they used illustrations of furs and fur garments and of fur coats of styles and quality which they did not have in stock, and in instances also used depictions of more expensive garments than those offered at the prices specified;

- (d) Falsely represented that they sold at lower prices than competitors, and that their prices were so low that other furriers and dealers even tried to purchase merchandise from them;
- (e) Falsely represented that every garment was backed by their reliable guarantee of satisfaction;

The facts being that purchasers' satisfaction was not guaranteed or assured in all cases due to their practice of issuing to purchasers a receipt reading "All sales final—no exchanges—no refunds";

- (f) Represented that a purchaser of their merchandise would obtain high quality, superb style and luxurious pelts;

When in fact the garments they sold in many cases were made of old, damaged, obsolete or otherwise less valuable furs; in other cases were of old or discontinued styles; and under their practice of purchasing furs in job lots, their merchandise, in some instances, was composed of defective and inferior materials and workmanship and would not render satisfactory service as warranted in their advertising;

- (g) Falsely represented that, in connection with the sale of any fur garment, they gave a liberal trade-in allowance on old fur garments;

The facts being that under their practice of raising the price of the merchandise purchased to cover the particular trade-in allowance, the customer paid for his own trade-in allowance;

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- (h) Represented that upon payment by the customer of one-third of the purchase price of a fur garment set aside under their lay-away plan, the garment would thereupon be delivered to him;

When in fact, in many instances, they refused to make delivery until the merchandise had been paid for in full, or to open charge accounts, and failed to reveal at the time of sale of the garment that delivery would be dependent entirely upon results of investigation of the customer's credit rating; and

Where said corporation and individuals—

- (i) Engaged in the practice of marking garments with prices in excess of those at which they sold in regular course of business;

Where said corporation and individuals, in pursuance of a manifest plan to eliminate purchasers' knowledge respecting the identity of the garments sold or delivered—

- (j) Took from the customer at the time he made a payment upon merchandise purchased, his copy of the purchase contract agreement, and issued in exchange their payment receipt which did not describe the particular merchandise purchased and upon which they stamped the words "All sales final—no exchanges—no refunds"; and

- (k) Removed all identifying markings from merchandise before delivery; and

Where said corporation and individuals, while making advertising representations to their trade with respect to the guarantee of satisfaction afforded to customers under their code and method of doing business—

- (l) Failed to call to the attention of purchasers the legend "All sales final—no exchanges—no refunds", stamped on their receipt blanks as above noted, and which was in derogation of their aforesaid guarantee, and in instances coerced a purchasers to make another selection upon complaint being made;

Where said corporation and individuals—

- (m) Engaged in the practice of failing to deliver the garment purchased to the purchaser, and of refusing to refund the payment made by him in situations where they failed so to do; and

- (n) Made a practice of selling the same garment to two or more purchasers;

With tendency and capacity to mislead and deceive the purchasing public into the erroneous belief that aforesaid representations were true, and with the effect of causing it, because of such erroneous belief to purchase substantial quantities of their said products; and of placing also in the hands of their employees means to mislead and deceive members of the public in connection with the purchase of their fur products:

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

As respects the charge in the complaint that respondents engaged in deceptive and unfair acts and practices through failing to place price marks on their merchandise in conformity with prices contemporaneously advertised therefor, and to supply on merchandise a price label quoting the actual price for which they sell it—matters which, as interpreted under the circumstances, would constitute legal bases for a mandatory requirement that they affix price marks to any merchandise offered by them—consideration was given to the fact that the order being entered requires respondents, among other things, to cease and desist from marking their merchandise with prices in excess of their actual prices, and it was concluded that, upon the basis of the

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record, a provision for mandatory price labeling was not required to protect consumers from the deceptive acts and practices involved, or was not otherwise warranted in the public interest.

A further charge that respondents had falsely represented their prices as low was also dismissed, since the record did not afford adequate basis for an informed conclusion that the prices charged by respondents for the merchandise concerned, were high.

Before *Mr. Henry P. Alden*, hearing examiner.

Mr. Charles S. Cox and *Mr. L. J. Farnsworth* for the Commission.

Mr. William E. Leahy and *Mr. Ben Ivan Melnicoff*, of Washington, D. C., 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 Zlotnick the Furrier, Inc., a corporation; Samuel D. Zlotnick, Sidney Zlotnick, and Mrs. Renee Z. Kraft, individually and as officers of Zlotnick the Furrier, Inc., a corporation, hereinafter referred to as respondents, have 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, Zlotnick the Furrier, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its office and principal place of business located at 1201 G Street, N. W., Washington, D. C., and having and operating branch stores respectively at 4439 Connecticut Avenue, Washington, D. C., and 721 11th Street, N. W., Washington, D. C. Individual respondent Samuel D. Zlotnick is President of Zlotnick the Furrier, Inc., a corporation, and has also traded and done business as an individual under the name of Zlotnick the Furrier. Individual respondents Sidney Zlotnick and Renee Z. Kraft are Treasurer and Secretary, respectively, of Zlotnick the Furrier, Inc., a corporation. All of said respondents have offices at 1201 G Street, N. W., Washington, D. C.

The above-named individual respondents in their official capacities as officers of corporate respondent, now act and for more than three years last past have acted in conjunction with each other in formulating, directing and controlling the business, acts, practices, and policies of corporate respondent, including the advertising claims made directly and indirectly by said corporate respondent in connection with the sale of its products in commerce, and so acted in conjunction with

each other in the conduct of the acts, practices and policies of the firm heretofore operated as Zlotnick the Furrier.

PAR. 2. The individual respondents, for more than five years last past, and corporate respondent, subsequent to October 1947, have been engaged in the sale and distribution of furs, fur coats, fur jackets and scarfs, and related fur garments. Respondents cause and have caused the aforesaid products, when sold, to be transported from their aforesaid places of business in the District of Columbia to purchasers thereof at their respective points of location in the various States of the United States, and in the District of Columbia. Respondents maintain, and at all times mentioned herein have maintained, a course of trade in said products in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. Respondents, during the periods herein stated, in the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their said furs, fur coats, fur jackets and scarfs, and related products, have made many statements and representations concerning their said merchandise, regarding the quality and price thereof, the character of their said business, and the methods and plans employed by them in connection with the sale of their said furs and related products. The statements and representations so made by respondents have appeared in advertisements published in newspapers and in and by other advertising media of general circulation, including radio.

Respondents, in the further conduct of their said business, have employed and placed in their said stores in Washington, D. C., numerous salesmen to represent them in offering for sale and selling to the public the products advertised and represented by them. Said salesmen are, and have been, and act, and have acted, and serve as, the agents and sales representatives of respondents in connection with the sale and offering for sale of their said products, and customers and prospective customers accept and deal with them, and have accepted and dealt with them, in such capacity.

Typical of the said advertising representations of respondents, but not all inclusive, are the following:

Pictured above:

Mouton Dyed Lamb, \$98.

Shown in photo above:

DYED CHINA MINK COAT, \$398.

Pictured above:

Let-Out Dyed China Mink Coat, \$698.

Shown in photo above:

NATURAL GREY KIDSKIN COAT, \$198.

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Pictured above:

Natural Grey Kidskin Coat, \$148.

Shown in photo above:

SILVER DYED MUSKRAT COAT, \$248.

Can you guess the prices of these * * * fur coats?

* * *

ILLUSTRATED HERE * * * fur coats No. 3 for \$198.

3 Northern Silver blue dyed muskrat.

Can
You
Guess
the prices
of these
Six
fur coats?

1. Mink-dyed Squirrel
cape

Picture of
Woman with Fur
Coat on

2. Northern blue dyed
silver dyed muskrat

Picture of Woman With
Fur Coat on

ZLOTNICK'S

Final Reductions

ILLUSTRATED HERE are some of the amazing fur coat values now being offered during Zlotnick's Final Reductions. Tomorrow you can buy fur cape No. 1 (see Illustration) for only \$148, fur coat No. 2 for \$198, fur coat No. 3 for \$198, fur coat No. 4 for \$348. * * *

3. Northern Silver blue
dyed Muskrat

Picture of Woman with Fur
Coat on

4. Sheared beaver

Picture of Woman with
Fur Coat on

* * * * *

AT RIGHT are
illustrated
two more amazing
values in
Zlotnick's
Final Reductions.

Picture of Woman With
Fur Coat on

5. Black dyed Persian
lamb

Picture of Woman With
Fur Jacket on

6. Silver fox jacket

Coat No. 5 is now priced
at only \$248, and jacket
No. 6 is just \$98! * * *."

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Everybody's
doing it!

Picture of Woman
With Fur Coat On

Can *you* guess the prices of
these furs?

Swirling
flattery in
handsome
blended
ranch mink
The price
?

Shimmer-
ing beauty
in delicate-
ly matched
silver fox.
What
would you
guess
?

Picture of Woman With
Fur Jacket on

Picture of Woman With
Fur Scarfs On

Beautiful
Blending,
intricate
arrange-
ment in
rich, full
mink.
It costs . . .
?

HERE ARE THE PRICES (from top to bottom) :

\$398, \$98, \$98.

Unusual? They're typical of the smashing values in this most unusual final clearance! * * *

* * * offering you savings of from 43 to 56% * * *.

* * Mouton-dyed Lamb Coats that were \$169 . . . are now just \$69. And Listen to this . . . Northern-Back Mink-Dyed Muskrat Coats . . . that wonderful silky, long-wearing fur . . . that were \$500 are only \$247 this month! * *

* *. Here's a \$400 Dyed American Broadtail processed Lamb Coat * * * for \$97. And . . . here's a Natural Wolf Coat that was \$500 for \$147 . . . and a mink-dyed Muskrat Coat formerly \$300 for \$147. * *

* * * 3 Natural Grey Kidskin Coats that were \$248, now only \$148.

* * * Natural Skunk Coat formerly \$300, now * * just \$97 . . . Dyed Pony Coats that were \$225, now only \$97 . . . and Black-Dyed Persian Lamb Coats, formerly \$700, now only \$297! * * *

* * * Dyed Kidskin Coats that WERE \$225, now only \$97 . . . Silver Mutation Dyed Muskrat Coats that WERE \$500, now only \$197 . . . and Natural Squirrel Coats, formerly \$600, now just \$297 . . .

* * Mouton-Dyed Lamb Coats that were \$190, now only \$77 . . . Natural Grey Kidskin Coats that were \$450, now just \$197 . . . and Silver Fox Coats, formerly \$600, now only \$247! * * and, remember, you can buy on budget terms or on a Zlotnick charge account. * * *

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* * Naturally, the prices at Washington's *largest* furrier will be far lower than any other furrier . . . because Mr. Zlotnick buys his furs in such tremendous quantities. But the sensational fur buys that are yours NOW in Zlotnick's *Greatest* August Fur Sale Can't last much longer. * * *

* * *. How can he sell furs like these, at his amazing low ANNIVERSARY SALE PRICES? * * * As Washington's largest furrier, Zlotnick has the buying-power to get the finer furs at lower prices, and always he sells them to you for much less. * * *

None will be sold to other furriers or other dealers. * * *

* * * Every fur guaranteed by Zlotnick's Code of Protection!

* * * Zlotnick's Code of Protection is your GUARANTEE OF SATISFACTION! * * *

Remember that ALL FOUR FEATURES OF FINE FURS ARE YOURS when you buy during the ANNIVERSARY SALE at Zlotnick the Furrier's three stores. You get . . . ONE! LOW PRICE! TWO! HIGH QUALITY! THREE! SUPERB STYLE! FOUR! LUXURIOUS PELTS! * * *

Lovely Sheared Beaver Coats selling formerly for \$898 now reduced to \$497.

1 sheared Beaver coat, former price \$1400—Now \$593.

1 Ranch Mink Coat, former price \$3000, now \$1495.

1 Ranch Mink Coat, former price \$3995, now \$1995.

A liberal trade-in allowance on your old fur coat.

Zlotnick the Furrier invites you to buy on the budget plan, the lay-away plan or charge it.

Gorgeous Silver-blue dyed muskrat coats that were \$348. Now for only \$198.

You can luxuriate in a gloriously-fashioned Zlotnick fur coat and pay less than you ever dreamed possible.

Zlotnick the Furrier * * * gives you a choice from A to Z in quality pelts.

House-cleaning time when every rich, luxurious, fur coat, fur jacket, fur scarf takes a terrific cut in price.

You can own a beautifully matched, richly blended fur coat and still stay within your budget.

Beauty, warmth, durability and economy. * * * Every luxurious coat must go—and every one is a bargain.

Smart women * * * want four things—high quality—respected label—luxury pelts—and lowest possible price!

Yes—every gorgeous fur coat—every stunning fur jacket—the handsome fur scarfs—* * * they're sensationally reduced.

Respondents, further in connection with the sale inducements offered by them to customers and prospective customers represent and have represented that upon the payment of one-third of the purchase price of a coat that has been sold and set aside under their lay-away plan, the coat will thereupon be delivered into the possession of the customer.

PAR. 4. By and through means of the foregoing representations, respondents represent and have represented that the furs and fur products sold by them are of the highest quality, of superb workmanship, the latest style and cut, and beautifully matched and blended;

That the prices advertised by respondents as those at which their fur coats and fur products were formerly sold were and are the reg-

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ular prices at which respondents sell and have sold such garments and that such fur coats and products are of a grade and quality worth such former price as advertised, and entitled to be sold at such prices in the competitive fur market;

That the advertised sales prices of such high quality fur products represent sharp reductions in the regular price thereof, and constitute distinct cuts in prices, 43 to 56% to a purchaser under respondents' regular prices, thereby providing great savings to those purchasing products from respondents;

That the fur coats and fur garments represented and illustrated in respondents' advertising material by the use of pictures of professional models wearing such garments are bona fide illustrations of identical fur garments which are to be actually found in respondents' store of the grade, type and quality represented and offered for sale at the prices stated;

That respondents sell at lower prices than competitors ask for like grade and quality;

That respondents' prices are so low that other furriers and dealers even try to purchase said merchandise from respondents;

That every garment is backed by respondents' reliable guarantee of satisfaction;

That a purchaser of respondents' merchandise will obtain low price, high quality, superb style and luxurious pelts;

That in connection with the sale of any fur garment, respondents will and do give a liberal trade-in allowance on old fur coats or garments, and that upon the payment by the customer of one-third of the purchase price of a fur garment that has been laid-away for the customer, said fur garment will be thereupon delivered to the customer.

PAR. 5. The aforesaid representations made by respondents are false, misleading and deceptive. In truth and in fact, respondents have used in their said advertising pictures or illustrations depicting furs and fur garments which are not pictures or illustrations of furs existing or actually to be found in their said stores, and in instances respondents have further used pictures or illustrations of fur coats of styles and quality which they did not and do not have in stock nor available for sale. Respondents use picturizations of other and more expensive fur garments than those actually being offered at prices specified. Respondents' so-called former prices are not real prices, but are entirely fictitious, and the so-called "reduced" sale price listed by respondents for a particular fur garment is actually on approximately the regular selling price for said garment. A purchaser of respondents' said merchandise does not make a saving of from 43 to 56% or any other sum approximating such stated per-

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centage savings. Respondents' advertised prices are not actually lower than those of other furriers in Washington for the same quality of merchandise. The prices charged by respondents for their merchandise would not induce their competitors to purchase or attempt to purchase said merchandise. Respondents do not give the purchaser of their said merchandise a written guarantee of satisfaction, but on the contrary issue the customers a receipt which reads:

All Sales final—no exchanges—no refunds.

A purchaser of respondents' said fur products does not receive the four features specified, to wit: low price, high quality, superb style and luxurious pelts, but, on the contrary, in many cases said garments offered for sale and sold by respondents are made of old, damaged, obsolete, or otherwise less valuable furs, and in some cases of old or discontinued styles, which facts are not in any instance revealed to prospective purchasers. Respondents, as occasion presents, purchase furs in job lots and in some instances, their said merchandise is composed of defective and inferior materials and workmanship and will not render satisfactory service as warranted.

Notwithstanding respondents' representation and assurance to customers that a fur garment sold by them will be delivered upon the payment of one-third of the purchase price, respondents, in many instances, have refused to deliver merchandise to purchasers until the merchandise is paid for in full, and have refused to open charge accounts or to make delivery under their advertised lay-away plan upon payment by the customer of one-third of the purchase price of said merchandise. Respondents have repeatedly represented in such connection that they will deliver a fur garment upon payment of one-third of the purchase price, without revealing at the time of the sale of the garment that delivery, whenever made, will be dependent entirely upon investigational facts to be later ascertained regarding the credit rating of the customer and is not determined or governed by the payment of one-third of the purchase price.

Respondents do not make or give "liberal" trade-in allowances on old furs to the purchaser of new ones, since the price of the merchandise purchased in trade-in transactions is raised to cover and take care of the particular trade-in allowance given. In such a manner and by such means the customer is charged and pays for his own trade-in allowance.

PAR. 6. In addition to the foregoing, the respondents are also engaged in false and misleading and unfair acts and practices as follows:

(1) Placing tags on merchandise of prices which are far in excess of those for which respondents will, do, or expect to sell, said merchandise, and failing to place thereon a price label quoting the actual price for which respondents actually sell said merchandise;

(2) Failing to place price tags on said merchandise on sale in conformity with the advertised price;

(3) Using a payment receipt blank form on which they stamp the words "All sales final—no exchanges—no refunds." which does not describe the particular commodity of merchandise purchased;

(4) Failing to call to the attention of purchasers the legend "All sales final—no exchanges—no refunds." appearing on said payment receipt blank given to a purchaser when payment thereon is made;

(5) Taking from the customer the customer's copy of the purchase contract agreement at the time of making a payment thereon and issuing in exchange therefor a receipt for the payment which does not describe the particular merchandise purchased;

(6) Coercing a purchaser into making another selection of merchandise when a complaint is made by the customer concerning the merchandise received, by referring to and enforcing the policy "All sales final—no exchanges—no refunds.";

(7) Removing all identifying markings from merchandise before the same is delivered to a purchaser, so as to eliminate a purchaser's knowledge as to the exact garment that is being delivered;

(8) Selling the same garment to two or more purchasers;

(9) Failing to deliver the garment purchased to a purchaser;

(10) Refusing to make refund of the payment made by a purchaser where respondents fail to deliver to the purchaser the garment purchased;

(11) Refusing to deliver the merchandise to a purchaser unless the same is paid for in full, irrespective of promises at the time of the purchase that credit would be extended to the purchaser and the merchandise delivered upon payment of one-third thereon.

PAR. 7. Respondents, in the conduct of said business, as aforesaid, have been and are in substantial competition, in commerce, with other corporations, individuals, partnerships and others engaged in the sale of the same kinds of merchandise as that sold by respondents. Among such competitors are many who do not make any misrepresentations concerning their practices, the prices charged for their merchandise or otherwise.

PAR. 8. The use by respondents of the foregoing false, misleading and deceptive statements and representations as aforesaid and the unfair and deceptive acts and practices above set forth, has had, and now has, a tendency and capacity to mislead and deceive the purchasing public into the erroneous and mistaken belief that such representa-

tions are true and has caused and causes the purchasing public, because of such erroneous and mistaken belief, so engendered, to purchase substantial quantities of respondents' said merchandise. By such acts and practices, respondents have also placed in the hands of their employees and agents means and instrumentalities designed to enable, and capable of enabling said employees and agents to mislead and deceive members of the public in connection with the purchase of respondents' furs, fur coats and other fur garments.

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

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on July 17, 1950, issued and subsequently served its complaint in this proceeding upon the respondents named in the caption hereof, charging said respondents with the use of unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of the provisions of said Act. After the issuance of said complaint and the filing of respondents' joint answer, pursuant to leave to withdraw such original answer and to file a substitute answer dated September 20, 1950, as granted by the hearing examiner of the Commission duly designated in the complaint to act in this proceeding, respondents' substitute answer was filed, in which answer the respondents admitted all the material allegations of the fact set forth in the complaint and waived all intervening procedure and further hearing as to the facts. On January 3, 1951, the hearing examiner filed his initial decision.

Thereafter, within the time permitted by the Rules of Practice of the Commission, counsel supporting the complaint and respondents filed notice of their intention to appeal from the initial decision of the hearing examiner, said appeals subsequently were filed herein, and the proceeding regularly came on for final consideration by the Commission upon the complaint, the substitute answer, the initial decision of the hearing examiner, the appeals therefrom, briefs filed in support of and in opposition to said appeals, and oral argument; and the Commission, having duly considered the record and having ruled upon said appeals and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusions drawn therefrom, and order, the same to be in lieu of the initial decision of the hearing examiner:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Zlotnick The Furrier, Inc., is a Maryland corporation with its office and principal place of business located at 1201 G Street, N. W., Washington, D. C. It also operates branch stores in Washington, D. C., located at 4439 Connecticut Avenue and at 721 11th Street, N. W.

Respondent Samuel D. Zlotnick is president of Zlotnick The Furrier, Inc., a corporation, and has also traded and done business as an individual under the name of Zlotnick The Furrier. Respondents Sidney Zlotnick and Mrs. Renee Z. Kraft are treasurer and secretary, respectively, of respondent Zlotnick The Furrier, Inc., and all of the respondent individuals have offices at the foregoing address. The respondent individuals, in their individual capacities as officers of the respondent corporation, now act and for more than three years last past have acted in conjunction with each other in formulating, directing and controlling the business, acts, practices and policies of corporate respondent, including the advertising claims made directly and indirectly by said corporate respondent, and so acted in the conduct of the business of the firm formerly operated under the name of Zlotnick The Furrier.

PAR. 2. The respondent individuals for more than five years last past and the respondent corporation subsequent to 1947 have been engaged in the sale and distribution of furs, fur coats, fur jackets and scarfs and related fur products. Respondents cause and have caused their products, when sold, as aforesaid, to be transported from their places of business in the District of Columbia to purchasers thereof at their respective points of location in the District of Columbia and in the various States of the United States. Respondents maintain, and during all times mentioned herein have maintained, a course of trade in their products in commerce among the various States of the United States and in the District of Columbia.

PAR. 3. Respondents, during the periods herein stated, in the course and conduct of their business and for the purpose of inducing the purchase of their aforesaid fur products, have made many statements and representations concerning such merchandise, the nature of their business and the methods and policies employed by them in connection with the sale of their fur garments. These statements and representations have appeared in advertisements published in newspapers and in other advertising media of general circulation, including radio. Respondents, in the further conduct of their business, have employed and placed in their stores numerous salesmen to represent them in offering for sale and selling to the public the products advertised by

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them. These salesmen are, and have acted as, the agents and sales representatives of respondents in connection with the sale and offering for sale of their merchandise, and customers and prospective customers accept and deal, and have accepted and dealt, with them in such capacity. Typical of the advertising statements and representations made by respondents as stated above, but not all inclusive, are the following:

Pictured above:

Mouton Dyed Lamb, \$98.

Shown in photo above:

DYED CHINA MINK COAT, \$398.

Pictured above:

Let-Out Dyed China Mink Coat, \$698.

Shown in photo above:

NATURAL GREY KIDSKIN COAT, \$198.

Pictured above:

Natural Grey Kidskin Coat, \$148.

Shown in photo above:

SILVER DYED MUSKRAT COAT, \$248.

Can you guess the prices of these * * * fur coats? * * *

Can

You

Guess

the prices

of these

Six

fur coats?

1. Mink - dyed Squirrel cape
2. Northern blue dyed silver dyed muskrat

Picture of
Woman with Fur
Coat on

Picture of Woman
with Fur Coat on

ZLOTNICK'S

Final Reductions

ILLUSTRATED HERE are some of the amazing fur coat values now being offered during Zlotnick's Final Reductions. Tomorrow you can buy fur cape No. 1 (see Illustration) for only \$148, fur coat No. 2 for \$198, fur coat No. 3 for \$198, fur coat No. 4 for \$348. * * *

3. Northern Silver blue dyed Muskrat
4. Sheared beaver

Picture of Woman with Fur
Coat on

Picture of Woman with
Fur Coat on

* * *
AT RIGHT are
illustrated
two more amazing
values in
Zlotnick's
Final Reductions.

- * * * 5. Black dyed Persian
lamb

- * * * 6. Silver fox jacket

Picture of Woman
with Fur
Coat on

Picture of Woman
with Fur
Jacket on

Coat No. 5 is now priced
at only \$248, and jacket
No. 6 is just \$98! * * *.

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Findings

* * * Mouton-dyed Lamb Coats that were \$169 . . . are now just \$69. And Listen to this . . . Northern-Back Mink-dyed Muskrat Coats . . . that wonderful silky, long-wearing fur . . . that were \$500 are only \$247 this month! * * *

* * *. Here's a \$400 Dyed American Broadtail processed Lamb Coat * * * for \$97. And . . . here's a Natural Wolf Coat that was \$500 for \$147 . . . and a mink-dyed Muskrat Coat formerly \$300 for \$147. * * *

* * * 3 Natural Grey Kidskin Coats that were \$248, now only \$148.

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* * * Mouton-Dyed Lamb Coats that were \$190, now only \$77 . . . Natural Grey Kidskin Coats that were \$450, now just \$197 . . . and Silver Fox Coats, formerly \$600, now only \$247! * * * and, remember, you can buy on budget terms or on a Zlotnick charge account. * * *

Lovely Sheared Beaver Coats selling formerly for \$898 now reduced to \$497.

1 sheared Beaver coat, former price \$1400—Now \$593.

1 Ranch Mink Coat, former price \$3000, now \$1495.

1 Ranch Mink Coat, former price, \$3995, now \$1995.

Gorgeous Silver-blue dyed muskrat coats that were \$348. *Now* for only \$198.

House-cleaning time when every rich, luxurious, fur coat, fur jacket, fur scarf takes a terrific cut in price.

* * * offering you savings of from 43 to 56% * * *.

* * * Naturally, the prices at Washington's *largest* furrier will be far lower than any other furrier . . . because Mr. Zlotnick buys his furs in such tremendous quantities. But the sensational fur buys that are yours NOW in Zlotnick's *Greatest* August Fur Sale Can't last much longer. * * *

* * * How can he sell furs like these, at his amazing low ANNIVERSARY SALE PRICES? * * * As Washington's largest furrier, Zlotnick has the buying-power to get the finer furs at lower prices, and always he sells them to you for much less. * * *

None will be sold to other furriers or other dealers. * * *

* * * Every fur guaranteed by Zlotnick's Code of Protection!

* * * Zlotnick's Code of Protection is your GUARANTEE OF SATISFACTION! * * *

Remember that ALL FOUR FEATURES OF FINE FURS ARE YOURS when you buy during the ANNIVERSARY SALE at Zlotnick the Furrier's three stores. You get . . . ONE! LOW PRICE! TWO! HIGH QUALITY! THREE! SUPERB STYLE! FOUR! LUXURIOUS PELTS! * * *

A liberal trade-in allowance on your old fur coat.

Respondents, further in connection with the sale inducements offered by them to customers and prospective customers, represent and have stated that, upon the payment of one-third of the purchase price of a coat that has been sold and set aside under their lay-away plan, the coat will thereupon be delivered into the possession of the customer.

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PAR. 4. Through and by means of the foregoing statements and representations, respondents have represented as follows:

That the prices advertised by them as those at which their fur products were formerly sold, were and are the regular prices at which respondents sell and have sold such garments and that such garments are of a grade and quality commensurate with such purported former prices; that their advertised sales prices for such garments represent sharp reductions from the regular prices thereof and that such advertised prices constitute distinct cuts in prices, namely, 43% to 56% under respondents' regular prices, thereby providing great savings to those purchasing garments from respondents;

That the fur coats and fur articles depicted and illustrated in respondents' advertised material, through use of pictures of professional models wearing such garments, are bona fide illustrations of identical fur garments which are to be actually found in respondents' stores and which are of the grade, type and quality therein represented and offered for sale at the prices stated;

That respondents sell at lower prices than competitors ask for merchandise of like grade and quality; and that respondents' prices are so low that other furriers and dealers even try to purchase said merchandise from respondents;

That every garment is backed by respondents' reliable guarantee of satisfaction;

That a purchaser of respondents' merchandise will obtain high quality, superb style and luxurious pelts;

That in connection with the sale of any fur garment, respondents will and do give a liberal trade-in allowance on old fur garments, and that upon payment by the customer of one-third of the purchase price of a fur garment which has been laid away for the customer such garment will be thereupon delivered to the customer.

PAR. 5. The aforesaid representations as made by respondents are false, misleading and deceptive. In truth and in fact respondents' so-called former prices have not been real or actual prices but have been entirely fictitious and the purportedly reduced sales price listed as aforesaid by respondents for a particular fur garment has been actually or approximately the regular selling price for such garment. A purchaser of respondents' said merchandise manifestly has not made a saving of from 43% to 56% or of any other sum approximating such stated percentage savings. The Commission, therefore, concludes that the sales prices listed by respondents in the sales promotions referred to above have not represented reductions from their customary or regular prices and that significant savings therefrom have not been afforded to those purchasing products from respondents at such prices.

Although certain of the pictures contained in respondents' advertising have purported to be bona fide illustrations of identical fur garments which are to be found in respondents' stores and which are of the grade, type and quality therein represented, and offered at the prices designated, respondents in such advertising, however, have used pictures or illustrations depicting or otherwise identifying furs and fur garments which are not pictures or illustrations of furs existing or furs actually to be found in their stores, and in instances respondents have used pictures or illustrations of fur coats of styles and quality which they did not have in stock or available for sale. In instances also, respondents have used picturizations of other and more expensive fur garments than those actually being offered at the prices specified in their advertising.

Respondents' advertised prices are not actually lower than those of other furriers in Washington, D. C. for the same quality of merchandise and the prices charged by respondents for their merchandise would not induce their competitors to purchase or attempt to purchase such merchandise.

To purchasers of their merchandise, respondents issue a receipt which reads "All sales final—no exchanges—no refunds" and, in such circumstances, respondents' garments, when sold, have not been backed by a guarantee of purchasers' satisfaction. Purchasers' satisfaction with respondents' garments, therefore, has not been guaranteed or assured in all cases. In instances, furthermore, purchasers of respondents' aforesaid fur products have not received garments of high quality, superb style or containing luxurious pelts. On the contrary, the garments offered for sale and sold by respondents in many cases have been made of old, damaged, obsolete or otherwise less valuable furs, and in other cases have comprised old or discontinued styles, which facts have not been revealed in any instance to prospective purchasers. Respondents, as occasion presents, purchase furs in job lots and in some instances their aforesaid merchandise has been composed of defective and inferior materials and workmanship and will not render satisfactory service as warranted in their advertising.

Respondents do not make or give "liberal" allowances on old or previously used fur garments to purchasers of new garments inasmuch as the price of the merchandise purchased in trade-in transactions is raised to cover and take care of the particular trade-in allowance given. In these circumstances, the customer is charged and pays for his own trade-in allowance.

Notwithstanding respondents' representations and assurances to customers that a fur coat sold and set aside under their lay-away plan will be delivered to the purchaser upon payment completed of one-

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third of the purchase price, in many instances respondents have refused to deliver merchandise to purchaser until such merchandise is paid for in full and have refused to open charge accounts or to make delivery under their advertised lay-away plan upon payment by the purchaser of one-third of the purchase price of the garment. Respondents repeatedly have represented in such connection that they will deliver a fur garment upon payment of one-third of the purchase price, without revealing at the time of sale of the garment that delivery, whenever made, will be dependent entirely upon investigational facts to be later ascertained regarding the credit rating of the customer and is not determined or governed by the payment of one-third of the purchase price.

PAR. 6. (a) In addition to the foregoing, respondents, in connection with the offering for sale of their garments, have engaged in an unfair and deceptive practice by placing tags on their merchandise setting forth as the prices thereof prices which have been far in excess of those for which respondents will, do, or expect to sell their merchandise. In the opinion of the Commission, the practice of marking garments with prices in excess of those at which respondents will and do sell such merchandise, or expect to sell it, in regular course of business, as here engaged in, has the tendency and capacity to mislead the purchasing public with respect to the value of respondents' merchandise.

(b) Other acts and practices which have been engaged in by respondents in the conduct of their business relate to use by them of a payment receipt blank on which they stamp the words "All sales final—no exchanges—no refunds," which form does not describe the particular commodity of merchandise purchased, and to respondents taking from the customer the customers' copy of the purchase contract agreement at the time of making a payment thereon and issuing in exchange therefor a receipt for the payment which does not describe the particular merchandise purchased. Another act and practice closely related thereto is respondents' practice of removing all identifying markings from merchandise before it is delivered to a purchaser so as to eliminate a purchaser's knowledge as to the exact garment that is being delivered. These matters manifestly constitute a plan or program on the part of respondents, the object of which is to eliminate and suppress purchasers' knowledge, including documentary data and information, respecting the identity of the garments being sold or delivered in transactions consummated through the various other sales methods and practices which the record shows have been used by respondents. The Commission accordingly has concluded that respondents' use of these acts, practices and methods has constituted unlawful conduct.

(c) Another of respondents' business practices pertains to their failure to call to the attention of purchasers the legend "All sales final—no exchanges—no refunds" which is stamped and appears as aforesaid on the receipt blanks given by respondents or their representatives to purchasers when payment on merchandise is made. During the periods when the practice here under consideration has been engaged in, respondents simultaneously have made advertising representations to their trade with respect to the guarantee of purchasers' satisfaction afforded to customers under respondents' code and method of doing business. The legend appearing on these business forms, therefore, has been in derogation of these representations. Pertinent hereto also is respondents' practice of coercing a purchaser, in instances, into making another selection of merchandise upon complaint being made concerning the merchandise received. In the circumstances here, the Commission is of the opinion that these acts, practices and methods of respondents constitute deceptive and unfair acts and practices and methods.

(d) Respondents, in the course and conduct of their business, additionally have engaged in the practices of failing to deliver the garment purchased to the purchaser and of refusing to make refund of the payment made by the purchaser in situations where respondents fail to deliver to the purchaser the garment purchased. Another practice used by respondents has been the selling of the same garment to two or more purchasers. The Commission is of the view that these acts and practices, singly and in the aggregate, as here engaged in by respondents in dealing with members of the purchasing public who have complied with the terms and conditions of the sales agreements, constitute unfair and deceptive acts and practices.

(e) Respondents have also engaged in unfair and deceptive acts and practices in those situations wherein they refuse to deliver merchandise to a purchaser unless the same is paid for in full irrespective of promises made by respondents at the time of purchase that credit would be extended to the purchaser and the merchandise delivered upon payment of one-third thereon. The essential unfairness of this practice, both to respondents' competitors and the consuming public, is obvious.

PAR. 7. Respondents, in the conduct of said business, as aforesaid, have been and are in substantial competition, in commerce, with other corporations, individuals, partnerships and others engaged in the sale of the same kinds of merchandise as that sold by respondents. Among such competitors are many who do not make any misrepresentations concerning their practices, their prices, or otherwise.

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PAR. 8. The use by respondents of the foregoing false, misleading and deceptive statements and representations as aforesaid and the unfair and deceptive acts and practices above set forth, has had a tendency and capacity to mislead and deceive the purchasing public into the erroneous and mistaken belief that such representations are true and has caused the purchasing public, because of such erroneous and mistaken belief, so engendered, to purchase substantial quantities of respondents' said merchandise. By such acts and practices, respondents have also placed in the hands of their employees and agents means and instrumentalities designed to enable, and capable of enabling said employees and agents to mislead and deceive members of the public in connection with the purchase of respondents' furs, fur coats and other fur garments.

CONCLUSION

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

Other charges of the complaint allege that respondents also have engaged in deceptive and unfair acts and practices through failing to place price marks on their merchandise in conformity with prices contemporaneously advertised therefor and through failing to display on merchandise a price label quoting the actual price for which respondents actually sell their merchandise. The language contained in these allegations has been interpreted to constitute charges that, in the circumstances here presented, failure by respondents to attach any price marking to garments on display represents unlawful conduct and it follows that, if sustained by the record in this proceeding, such matters would constitute legal bases for a mandatory requirement that respondents affix price marks to any merchandise being offered for sale by them. Pertinent hereto, however, is the fact that, responsive to other findings of violation of law recited in the decision of the Commission, the order being entered here requires respondents, among other things, to cease and desist from marking their merchandise with prices which are in excess of their actual or bona fide prices.

Upon the basis of the record in this proceeding, it is not to be concluded that a provision for mandatory price labeling is required in order to protect consumers from the deceptive acts and practices found heretofore to have been engaged in by respondents or is otherwise warranted in the public interest. These charges of the complaint, ac-

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cordingly, are being dismissed. The same provision is being made with respect to the charge that respondents have falsely represented their prices to be low prices inasmuch as the record does not afford adequate basis for an informed conclusion that the prices charged by respondents for merchandise in the categories to which this charge of the complaint relates were high prices.

ORDER

It is ordered, That the respondent, Zlotnick The Furrier, Inc., a corporation, and its officers, representatives, agents, and employees, and respondents, Samuel D. Zlotnick, Sidney Zlotnick, and Mrs. Renee Z. Kraft, their representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution of fur products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Representing, directly or by implication, that the customary or regular price of respondents' merchandise is any amount in excess of the price at which such merchandise is being offered for sale or has been sold by respondents in recent regular course of business, or otherwise misrepresenting the customary or regular price of respondents' merchandise.

(2) Representing, directly or by implication, that respondents' regular prices are reduced prices or that any savings are afforded to purchasers of respondents' garments in excess of those savings actually afforded.

(3) Using pictures or illustrations purporting to be bona fide illustrations of garments therein identified as to grade, type or price which are being offered in respondents' stores, unless any garment so designated is in stock or otherwise available to customers under the conditions stated in such advertising matter and at such price as may be designated in the advertisement.

(4) Representing, directly or by implication, that respondents' prices are lower than those charged by competitors unless respondents' prices are lower than prevailing competitive prices for merchandise of like grade and quality or representing that respondents' prices are so low as to cause competitors to seek to buy respondents' garments for resale when such is not the case.

(5) Representing, directly or by implication, that respondents' garments are in any manner guaranteed unless the terms of such guarantee or warranty are clearly disclosed in immediate conjunction therewith and unless respondents in fact afford the guarantee or security

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represented, or enforcing or attempting to enforce any policy of refusing to permit the return of merchandise or to make refunds therefor when the enforcement of any such policy would be in derogation of any guarantee made in connection with the sale of respondents' merchandise.

(6) Representing that such of respondents' garments as are characterized by defective or inferior materials or workmanship are of high quality, that merchandise fashioned in old or discontinued styles are superbly or modernly styled or that garments made from damaged, or old or obsolete less valuable furs contain luxurious peltries.

(7) Representing that trade-in allowances on old or previously used fur coats may be obtained by purchasers of new garments from respondents when the prices of respondents' merchandise have been advanced above respondents' regular prices in any amount serving to nullify or offset such allowances.

(8) Representing, directly or by implication, that delivery of merchandise will be made to purchasers upon payment made or completed of one-third or any other part of the purchase price of garments sold or which have been laid aside for the customer under respondents' lay-away plan without clearly and simultaneously disclosing that the time of delivery depends upon establishment of a credit rating acceptable to respondents for payment of the balance due; or using any other sales plan which misleads or deceives purchasers or enables respondents' salesmen to mislead or deceive purchasers respecting the terms and conditions under which possession of respondents' merchandise will be accorded to the customer.

(9) Marking respondents' merchandise with prices in excess of those at which respondents expect to sell such merchandise in regular course of business.

(10) Removing or stripping identifying markings from garments at the time of delivery thereof to purchasers for the purpose of eliminating purchasers' knowledge as to the exact garment being delivered or failing to provide customers with written data identifying the garments purchased by them in instances in which respondents have appropriated from or required the return from customers of purchase contract agreements or other documentary identification of the garments being sold.

(11) Failing to deliver to any purchaser complying with the terms of the sales agreement the garment selected and bought by such purchaser.

(12) Refusing to refund the payments of any purchaser who has complied with the terms of the sales agreement in instances in which respondents fail to deliver to the purchaser the garment bought and selected by him.

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It is further ordered, That the charges of the complaint referred to hereinbefore in the last two paragraphs of the "Conclusion" be, and the same hereby are, dismissed.

It is further ordered, That the respondents shall, within sixty (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

THE DOBBS TRUSS COMPANY, INC. 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 5808. Complaint, Sept. 11, 1950—Decision, Apr. 3, 1952

Where a corporate manufacturer of the Dobbs patented truss, engaged in the interstate sale thereof to distributors in numerous cities throughout the country, to whom it issued exclusive territorial franchises and furnished with advertising mats with a request that they use them so as to make the advertising nationally uniform and at the same time satisfactory to the Commission (which had requested said corporation to submit specimens of its advertising); together with most of its said distributors—

- (a) Represented by implication, through circulars reprinting a newspaper story published in a Birmingham paper, which described the history of the device and stated that its inventor, the founder of the corporation here concerned, "*was cured*", that the said device would cure the rupture of the reader;

The facts being that no truss, appliance or device can do anything for irreducible hernia, and that reducible hernia can only be cured by surgery; and

Where said corporation and four officers thereof—

- (b) Falsely represented through newspaper advertisements that the device in question kept a rupture tightly closed at all times, while its wearer was working, lifting, walking, or swimming;

The facts being that to close a reducible rupture means to close the aperture through which it has protruded anatomically, and not merely to hold the protrusion in; and

Where said corporation and most of its said distributors—

- (c) Represented that their advice (1) would not hinder circulation of the blood, did away with all chafing, rubbing, irritation, binding, slipping, and constricting pressure; (2) would "help nature help you"; and (3) might be worn with complete security and comfort;

The facts being that the aforesaid representations were false as to nonreducible rupture and were false as to reducible rupture with regard to the claim that it would not hinder circulation of the blood and would "help nature help you";

- (d) Represented that their device was a marvelous invention for rupture treatment; that it did not spread or strut the rupture, and that with it the wearer got maximum relief;

The facts being that said representations were false as to nonreducible rupture; and

Where its distributors, for whose advertising, insofar as it was not based on the mats and circulars disseminated by it, it was not responsible; variously—

- (e) Falsely represented that said device would hold the abdominal muscles together; would free the wearer of his rupture completely and permanently; would not slow up the circulation of the blood or exert any constricting pressure; and would correct a hernia and restore the muscles to their original state;