

Complaint

IN THE MATTER OF

STANLEY L. ROSE ET AL. DOING BUSINESS AS SEW-EZY
MACHINE COMPANY, ETC.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6295. Complaint, Feb. 18, 1955—Decision, July 8, 1955*

Consent order requiring a retailer in Hillside, Md., to cease "bait" advertising of his new and reconditioned vacuum cleaners and sewing machines for the purpose of obtaining leads to prospects, and to cease representing falsely guarantees of his products, makers of his new vacuum cleaners, and the length of his time in business.

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

Mr. Michael J. Vitale for the Commission.

Mr. Jack Pelitz, 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 Stanley L. Rose and Ruth Rose, individuals, trading and doing business as Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company and Sew-Ezy Sewing Machine and Vacuum Cleaner Company, 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. Respondents Stanley L. Rose and Ruth Rose, are individuals trading and doing business as Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company, and Sew-Ezy Sewing Machine and Vacuum Cleaner Company. Said respondents, Stanley L. Rose and Ruth Rose, cooperate and act together in performing the acts and practices hereinafter set forth. Respondents' office and principal place of business is located at 5156 Benning Road, S. E., Hillside, Maryland.

PAR. 2. The respondents are now, and for more than one year last past have been, engaged in the sale and distribution of vacuum cleaners and sewing machines. In the course and conduct of their said business respondents have caused their vacuum cleaners and sewing

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machines when sold, to be transported from their place of business at the aforesaid address to purchasers thereof located in the District of Columbia and in various States of the United States. They maintain, and at all times mentioned herein have maintained, a course of trade in said products in commerce among and between various States of the United States and the District of Columbia. Their volume of trade in said commerce has been and is substantial.

PAR. 3. At all times mentioned herein respondents have been, and are now, in direct and substantial competition with corporations, firms and other individuals engaged in the sale and distribution of vacuum cleaners and sewing machines in commerce.

PAR. 4. In the course and conduct of their business, as aforesaid, and for the purpose of inducing the purchase of their vacuum cleaners and sewing machines, the respondents have engaged in extensive advertising in newspapers and on radio. Among and typical of the statements and representations made in such advertising relating to their said products are the following:

SEW-EZY Vacuum Cleaner Co.
5156 Benning Rd., S. E. JO. 8-5400
Large Size Rebuilt ELECTROLUX
but every one runs like new!

(Picture of vacuum cleaner)
with attachments

This is the Famous Model 12 Vacuum
Fully Guaranteed Special Purchase
Call JO. 8-5400
FOR FREE HOME DEMONSTRATION \$9.50
Call ST. 3-4000 after 6 P. M.
OPEN MON., WED., FRI., 'TIL 9
For Your Shopping Convenience
SEW-EZY VACUUM CLEANER CO.
5156 Benning Rd., S. E. JO. 8-5400
FAMOUS MAKE VACUUM CLEANER
Save over 50% Summer Special

(Picture of vacuum cleaner)
with attachments

Absolutely Brand New 1954 Model
Fully Guaranteed Special Purchase
Call JO. 8-5400
For Free Home Demonstration
Limited Quantity \$16.50
Reserve Yours NOW
Call ST. 3-4000 after 6 P. M.
OPEN MON., WED., FRI., 'TIL 9
For Your Shopping Convenience

Here's what you get for the total price of \$13.50. You get a *New* famous make vacuum cleaner. You get the complete Goodhousekeeping set of attachments, the floor brush, floor tool, rug tool, upholstery tool, crevice tool, dusting brush, paint sprayer and demoting attachment *free* with your vacuum cleaner. Plus while they last you'll get free with your nationally famous vacuum cleaner, a 24 piece set of silverware, 6 knives, 6 forks, 6 tablespoons, 6 teaspoons, all free with your vacuum cleaner. Remember only 20 people daily can be accommodated on this outstanding offer and the supply is limited so you must hurry. Here's what to do—pick up your phone and call Overlook 3-3000, Overlook 3-3000, leave your name and address and phone number, and at your convenience a Sew-Ezy Company representative will come to your home to fully demonstrate this sensational vacuum cleaner. He'll clean your rugs, your closets, your blinds, anything that you'd like for him to do. He'll *show* you what a wonderful buy this vacuum cleaner is. You inspect it, you look it over, you try it, and if you like it, and want it, you make just a small down payment, and keep the vacuum cleaner. * * *

The Sew-Ezy Company handles the finest vacuum cleaners in the world. Electrolux, General Electric, Westinghouse, Lewyt and Premiers. Just arrived at the Sew-Ezy Company is a full shipment of new vacuum cleaners. We are overloaded, and will have to get rid of these vacuum cleaners. These vacs must be sold and the Sew-Ezy Company is reducing the price of a famous make vacuum cleaner down to a low, low \$13.50 * * *. If you like a free home trial dial now Overlook 3-3000, Overlook 3-3000. We can save you up to \$100, up to a hundred dollars. Try before you buy, that's been the Sew-Ezy Motto for 25 years. Try before you buy. This is definitely a famous make vacuum cleaner, advertised nationally and reduced just in time for fall cleaning to Thirteen and a half dollars. Also as a part of our get acquainted offer, we'll send out free a parakeet for the children or for yourselves a lovely 24 piece set of silverware. We have mobile units to service you whether you live down in Fredericksburg or out at Hagerstown, Maryland or live right here in Washington, D. C.

Announcing a Sew-Ezy rebuilt Electrolux Vacuum Cleaner for only nine dollars and fifty cents and every one runs like new. * * * This is the famous Model 12 Vacuum. The large size Electrolux with all parts guaranteed. * * * The price has been brought down for clearance—down to \$9.50, saving you many, many dollars on the regular catalog listing. Here are Electrolux Vacuum Cleaners rebuilt by the Sew-Ezy Company experts using all brand new parts—guaranteed. * * * What makes this a wonderful buy for you housewives or Government girls—is the goodhousekeeping set of attachments—the floor buffer—the demother, the paint sprayer, the crevice tool for hard to get at places—many other attachments—this complete set of tools will be yours free along with the Electrolux. * * *

Just arrived at the Sew-Ezy Company. Just arrived at the Sew-Ezy Company are some wonderful Singer Sewing machines. These Singers are all guaranteed, rebuilt by the Sew-Ezy experts with brand new parts. * * * You can sew fall clothes for the kiddies going back to school or for the pre-school children * * *. We'll come to your apartment, place it there for you to use and you can sew garments, clothes, anything under the sun free of charge as part of your free home trial offer. For 25 years, our motto has been Try before you buy, and Madam, if you don't know how to sew don't be ashamed of that for one moment because our polite, courteous Sew-Ezy representative will show

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you how to sew. Just dial Overlook 3-3000, the price is only \$18.50 * * *. Also free to you will be a lovely and entertaining parakeet bird for the children or a set of 24 piece silverware absolutely free because we are getting acquainted. * * *

PAR. 5. By and through the use of the aforesaid statements and representations, and others of similar import, but not specifically set out herein, respondents represented, directly or by implication:

1. That they were making a bona fide offer to sell new and reconditioned vacuum cleaners and new and reconditioned sewing machines at the low prices specified in the advertising.

2. That their products were guaranteed.

3. That they have been engaged in their present business of selling vacuum cleaners and sewing machines for 25 years.

4. That the new vacuum cleaners offered for sale are of a famous make.

PAR. 6. The aforesaid statements and representations were false, deceptive, and misleading. In truth and in fact:

1. The said cleaners and sewing machines would not do a satisfactory job of cleaning and sewing, respectively, and the said offers were not genuine or bona fide offers in that respondents did not intend to sell the cleaners and sewing machines advertised, but were made for the purpose of obtaining leads and information as to the persons interested in the purchase of vacuum cleaners and sewing machines. After obtaining such leads, through response to said advertisements, respondents or their salesmen, called upon the persons so responding at their homes or waited upon them at respondents' place of business and, in many instances, demonstrated such cleaners and sewing machines, well knowing that their performance would be unsatisfactory; made an offer to sell the advertised cleaners and sewing machines, but in many instances belittled and disparaged such cleaners and sewing machines, and attempted to, and frequently did, sell different and much more expensive vacuum cleaners and sewing machines to such persons.

2. Respondents' use of the word "guaranteed" without disclosing the terms and conditions of the guarantee is confusing and misleading to the purchasing public.

3. Respondents have been engaged in their present business of selling vacuum cleaners and sewing machines for substantially less than 25 years.

4. The vacuum cleaners represented as being of a famous make in the aforesaid advertisements are not of a famous make.

PAR. 7. The use by the respondents of the aforesaid false, deceptive, and misleading statements, representations, and practices had the tendency and capacity to mislead and deceive a substantial por-

tion of the purchasing public into the erroneous and mistaken belief that such statements and representations were true and, because of such statements, representations, and practices, to purchase substantial quantities of respondents' vacuum cleaners and sewing machines, particularly their more expensive vacuum cleaners and sewing machines. As a result thereof, substantial trade in commerce has been unfairly diverted to respondents from their competitors and substantial injury has been and is being done to competition in commerce.

PAR. 8. The aforesaid acts and practices as herein alleged, are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair and deceptive acts and practices and unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

1. The Federal Trade Commission on February 18, 1955, issued its complaint in this proceeding charging respondents with specific unfair and deceptive acts and practices and unfair methods of competition in commerce in violation of the Federal Trade Commission Act, as will with particularity appear by reference to said complaint. On March 16, 1955, respondents filed answer in form of a general denial of the allegations of the complaint, and specifically, *inter alia* denying that respondent, Ruth Rose, is a co-partner or otherwise connected with the described business other than to assist respondent, Stanley L. Rose (her husband), in the business.

2. Thereafter, on May 21, 1955, respondent, Stanley L. Rose, entered into a Stipulation or Agreement for Consent Order with counsel supporting the complaint, all in conformity with Rule No. 3.25 of the Commission's Rules of Practice. Thereafter said Agreement was submitted to the hearing examiner who, being of opinion that said Agreement effectually disposes of all of the issues herein, hereby accepts same with the proviso that this Initial Decision shall not become a part of the official record of this proceeding unless and until it becomes the official decision of the Commission.

3. The Agreement recites that respondent, Stanley L. Rose, during the period charged, has been engaged in, and trading under the names of Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company, and Sew-Ezy Sewing Machine and Vacuum Cleaner Company with his office and principal place of business located at No. 5156 Benning Road, S. E., Hillside, Maryland. It will be noted that respondent, Ruth Rose, is not a party

signatory to said Agreement, with respect to whom there accompanied said Agreement an affidavit by her to the effect that she is not associated or connected with her husband, Stanley L. Rose as owner or copartner in his business undertaking; that she is not engaged in the sale and distribution of sewing machines and vacuum cleaners, and renders only such assistance to her husband in his business as she "possibly can and as a wife should."

4. All parties move that the answer filed on March 16, 1955, be withdrawn of record and held for naught, which motion is hereby granted.

5. By said agreement respondent specifically admits all of the jurisdictional allegations set forth in the complaint and agrees that the record herein may be taken as though the hearing examiner or the Commission had made findings of jurisdictional facts in accordance with such allegations; that the order therein agreed upon shall have the same force and effect as though made upon a full hearing, presentation of evidence and findings and conclusions based thereon, specifically waiving any and all right, power or privilege to contest the validity of said order and that the complaint herein may be used in constructing the terms of said order, which order may be altered, modified or set aside in the manner provided by statute affecting orders of the Commission.

6. All of the parties to said Agreement waived a hearing before a hearing examiner or the Commission; the making of findings of fact or conclusions of law by the hearing examiner or the Commission; the filing of exceptions and oral argument before the Commission; and all further and other procedure before the hearing examiner and the Commission to which the respondent might otherwise, but for the execution of said Agreement, be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission; and further, that said Agreement, together with the complaint, shall constitute the entire record herein. The Agreement further provided that same was executed for settlement purposes only and does not constitute an admission by the respondent that he has violated the law as alleged in the complaint.

7. On the basis of the representations contained in the affidavit of Ruth Rose, and nothing to the contrary appearing of record, the complaint, as to her, will be dismissed.

8. Pursuant to the intent of said Agreement and of the facts therein agreed upon, and that the order embodied therein is in accord with the order *nisi* accompanying the complaint excepting only as to the named respondent, Ruth Rose, the hearing examiner, being of opinion

that the order agreed upon will effectually safeguard the public interest; finds that this proceeding is in the public interest and issues the following order:

ORDER

It is ordered, That respondent Stanley L. Rose, an individual trading and doing business as Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company, and Sew-Ezy Sewing Machine and Vacuum Cleaner Company, or trading and doing business under any other name or names, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of sewing machines and vacuum cleaners or other merchandise 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 certain merchandise is offered for sale when such offer is not a bona fide offer to sell the merchandise so offered;
2. Representing, directly or by implication, that any merchandise sold or offered for sale by respondents is guaranteed, unless the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed;
3. Representing directly or by implication, that he has been engaged in his present business of selling vacuum cleaners or sewing machines any number of years in excess of that in which he has actually been engaged;
4. Representing, directly or by implication, that any merchandise being offered for sale is of a famous make when such is not the case.

Further ordered, That the complaint, insofar as same affects the named respondent, Ruth Rose, be, and the same is hereby, dismissed.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT
OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 8th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondent, Stanley L. Rose, an individual, trading and doing business as Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company and Sew-Ezy Sewing Machine and Vacuum Cleaner Company, shall within sixty (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 he has complied with the order to cease and desist.

IN THE MATTER OF
WALTER E. SCHWANHAUSSER ET AL. DOING BUSINESS
AS CHARLES BESELER COMPANY

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket 6328. Complaint, Apr. 15, 1955—Decision, July 8, 1955

Consent order requiring a manufacturer in Newark, N. J., to cease unlawfully extending the "fair trade" laws by its sales policies and resale price maintenance contracts with dealer-purchasers of its projectors and accessories—sold primarily to educational institutions and to large industrial companies and the Armed Forces for use in training programs—which it had done by restrictions as to trade-ins, including the amount a dealer could allow and the articles he could accept; by requiring dealers to observe the terms of its "fair trade" contracts in making sales to the U. S. Government and its agencies even though such sales were specifically excepted from the contracts, and in sales to political subdivisions of States which forbid such price-fixing; by attempting to enforce its "fair trade" prices in non-fair-trading areas; and by illegally penalizing recalcitrant dealers.

Before *Mr. Frank Hier*, hearing examiner.

Mr. Fletcher G. Cohn for the Commission.

Waller and Waller, of Chicago, Ill., 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 the parties Walter E. Schwanhausser, Raymond N. Haas and H. Herbert Myers, individually and as partners doing business under the trade name of Charles Beseler Company, hereinafter referred to as "respondents," have violated the provisions of Section 5 of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereto would be in the public interest, hereby issues its complaint, stating its charges in this respect as follows:

PARAGRAPH 1. Respondents in 1943 formed the partnership now doing business under the name of Charles Beseler Company, which has its office and principal place of business at 60 Badger Avenue, Newark, New Jersey.

PAR. 2. Respondents, acting by, through and as the Charles Beseler Company, hereinafter referred to as the "Company," are engaged in the manufacture and distribution of projectors and accessories, which are primarily sold to educational institutions and large industrial companies for use in training programs. The principal products