

Complaint

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IN THE MATTER OF

MAYFLOWER TELEVISION COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket 6404. Complaint, Aug. 24, 1955—Decision, Dec. 1, 1955*

Consent order requiring a firm in Washington, D. C., to cease misrepresenting, in television and newspaper advertising, their service charge for servicing and repairing a television set, and representing falsely that their service men were experts and that nine times out of ten a television set could be repaired in the home.

Before *Mr. Everett F. Haycraft*, hearing examiner.

Mr. Michael J. Vitale for the Commission.

Mr. Charles H. Day, of Arlington, Va., 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 Mayflower Television Company, Inc., a corporation, and Raymond H. Bente, Lowell Ewing, and Lillian Turner, individually and as officers of said 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 Mayflower Television Company, Inc., is a corporation, organized and existing under the laws of the State of Delaware, with its principal office and place of business located at 1529 17th Street, N. W., Washington, D. C. Respondents Raymond H. Bente, Lowell Ewing, and Lillian Turner are President-Treasurer, Vice-President, and Secretary, respectively, of this corporate respondent.

All of the aforesaid respondents cooperate and act together in performing the acts and engaging in the practices hereinafter set forth.

PAR. 2. Respondents, for more than several years last past, have been engaged in the sale and distribution of television and radio replacement parts. An essential and integral part of respondents' said business is the furnishing of television repair services. In connection with their television repair service respondents remove tele-

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vision sets from the homes of owners located in the District of Columbia and in the States of Maryland and Virginia, and transport said television sets to their repair shop, which is located in the District of Columbia, for servicing and replacement of parts, said parts being furnished and sold by respondents.

Respondents maintain, and at all times mentioned herein have maintained, a course of trade in their said business in commerce in the District of Columbia and between the District of Columbia and other States. Their volume of business 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 in commerce with other corporations, firms and individuals engaged in a similar business.

PAR. 4. In the course and conduct of their aforesaid business, respondents have made and are making certain statements and representations concerning said business by means of advertisements on television, in newspapers and other advertising media. Among and typical of the statements and representations made in such advertising are the following:

* * * We offer this terrific T-V special! \$1.50 service charge to all who call for Mayflower T-V service now at STerling 3-3800 * * *

* * * Each a specialist for a different make set! * * *

* * * For today's great special! A Mayflower serviceman will come to your home to fix your T-V set for only \$1.50 service charge. If parts are needed, there is no service charge at all! * * *

* * * A Mayflower expert will come to your home to fix your television set—for the low service fee of just \$1.00. And that's not all. For if your set happens to need new parts in this home repair—Mayflower will foot the service charge. You pay nothing for the service. This offer is in effect for a limited time only—so we urge you to call now. * * *

* * * One of the finest engineers in the business will come out to your home . . . if you want him to fix your television set, the charge is only \$1.50.

* * * Nine out of ten, it's some small thing that can be fixed in a jiffy, right there in your own home, and if you want us to fix it, the service charge is only \$1.00.

* * * We'll have one of our experts out to your home today, free. He'll examine your set, find out what's wrong with it, inform you of it. Nine times out of ten, we can repair the set right there in your own home. Usually it's a small adjustment that has to be made. Maybe a tiny part replaced, maybe a connection tightened. * * *

* * * Mayflower will repair your set for a service charge of \$1.00, plus parts if any are necessary, and your set will be working perfectly again.

* * * He'll examine that set, find out what's wrong with it FREE OF CHARGE, repair it for a Service charge of \$1.00 IF you want him to.

* * * If you want us to repair the set after you know what's wrong with it, we do 9 out of 10 repairs in the home. The Service charge is only \$1.00, regardless of what's wrong with your set. * * *

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

1. That the service charge for servicing and repairing a television set is \$1.00 or \$1.50.

2. That only those parts which are needed will be replaced and if any new parts are replaced in a television set there will not be a service charge.

3. That a television expert or specialist will come to your home to examine and repair your television set.

4. That nine times out of ten a television set can be repaired in the home.

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

1. The service charge for repairing a television set, in most instances, is far in excess of the represented amounts of \$1.00 or \$1.50. A service charge of \$1.00 or \$1.50 is made only when the television sets are serviced and repaired in the customer's home. However, in many instances, the television sets are removed to respondents' place of business for repairs and at that time the service charge is automatically increased to an amount far in excess of that which is represented. The advertisement of a low service charge was made to obtain leads and information as to persons interested in having their television sets repaired. After obtaining such leads, respondents increase the service charge to a larger amount without disclosing it to customers.

2. Respondents have adopted the practice of replacing parts which were not needed and have also included a service charge in those instances.

3. The persons who examine the television sets are not experts or specialists in the servicing or repairing of television sets, but are persons possessing a limited knowledge in the field of television repairs. In fact, at the time the so-called experts or specialists come to the homes of customers, the only testing equipment they have with them is that which is used for testing tubes.

4. In most instances the television sets are removed from the homes of their owners and transported to respondents' place of business for service and repair. In fact, the servicemen, as an inducement to discourage the repair of television sets in homes, receive a commission for each set brought into the workshop for repairs.

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 portion of persons owning television sets into the erroneous and mistaken belief that such statements and representations were and are true, and to induce said persons to have respondents service and repair their television sets because of such erroneous and mistaken belief. 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 of respondents, 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 EVERETT F. HAYCRAFT, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on August 24, 1955, charging them with having made certain false, deceptive and misleading statements and representations regarding television and radio services and replacement parts in violation of the Federal Trade Commission Act. In lieu of submitting answer to said complaint, respondents Mayflower Television Company, Inc., a corporation, and Raymond H. Bente, an individual, entered into an agreement for consent order with counsel supporting the complaint, disposing of all the issues in this proceeding, which agreement has been duly approved by the Director of the Bureau of Litigation.

Respondents, pursuant to the aforesaid agreement, have admitted all the jurisdictional facts alleged in the complaint and agreed that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations. Respondents in the agreement waived any further procedural steps before the hearing examiner and the Commission; the making of findings of fact or conclusions of law; and all of the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with this agreement. It was further provided that said agreement, together with the complaint, shall constitute the entire record herein; that the agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission; that said agreement is for settlement purposes only and does not constitute an admission by the respondents that they have violated the law as alleged in the complaint. The agreement also provided that the order to cease and desist issued in accordance with

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said agreement shall have the same force and effect as if entered after a full hearing; that it may be altered, modified or set aside in the manner provided for other orders; and that the complaint may be used in construing the terms of the order.

While the other respondents in the proceeding, Lowell Ewing and Lillian Turner, were formerly officers of corporate respondent Mayflower Television Company, Inc., it appears from affidavits executed by such respondents that they are no longer connected with said corporation; that said individual respondents did not participate in the management or operation of respondent corporation, and have had no part in determining its policies; and that any of the acts alleged in the complaint were without the knowledge, consent, cooperation or condonement of said individual respondents. It is therefore provided in the agreement that the complaint should be dismissed as to these individuals.

This proceeding having now come on for final consideration by the hearing examiner on the complaint and the aforesaid agreement for consent order, and it appearing that said agreement provides for an appropriate disposition of this proceeding, the aforesaid agreement is hereby accepted and is ordered filed upon becoming part of the Commission's decision in accordance with Sections 3.21 and 3.25 of the Rules of Practice, and in consonance with the terms of said agreement the hearing examiner makes the following jurisdictional findings and order:

1. Respondent Mayflower Television Company, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1529 - 17th Street, N. W., Washington, D. C. Respondent Raymond H. Bente is an individual and officer of said corporation, with his office and principal place of business the same as that of corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding, which is in the public interest, and of the respondents hereinabove named; the complaint herein states a cause of action against said respondents under the provisions of the Federal Trade Commission Act.

ORDER

It is ordered, That respondent Mayflower Television Company, Inc., a corporation, and its officers, and Raymond H. Bente, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and

distribution of replacement parts for television sets and other merchandise, or repair services in connection therewith, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

1. That the charge for servicing or repairing is \$1.00 or \$1.50 or any amount which is not in accordance with the facts.
2. That only parts which are needed will be replaced unless such is the fact.
3. That in case parts are replaced no service charge will be made.
4. That their servicemen are experts in servicing and repairing.
5. That repairs can or will be made in the home in any specific number of cases which is contrary to the fact.

It is further ordered, That the complaint be, and the same hereby is, dismissed without prejudice as to respondents Lowell Ewing and Lillian Turner as individuals.

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 1st day of December, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That respondent Mayflower Television Company, Inc., a corporation, and Raymond H. Bente, individually and as an officer of said corporation, 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 the order to cease and desist.

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IN THE MATTER OF

JAY GEE FABRICS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING ACTS

Docket 6422. Complaint, Sept. 27, 1955—Decision, Dec. 1, 1955

Consent order requiring a manufacturer in New York City to cease falsely labeling and invoicing, as "70% Guanaco Fur, 30% Virgin Wool" and "50% Cashmere, 50% Guanaco," bolts of fabric which contained substantial amounts of miscellaneous fur fibers other than guanaco, and to conform in other respects to the labeling requirements of the Wool Products Labeling Act.

Before *Mr. Abner E. Lipscomb*, hearing examiner.

Mr. R. D. Young, Jr. for the Commission.

Mr. Irving Markowitz, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Jay Gee Fabrics, Inc., a corporation, and Jack Grodowitz, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and the Rules and Regulations promulgated under said Wool Products Labeling 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, Jay Gee Fabrics, Inc., is a corporation organized and existing under and by virtue of the laws of the State of New York, with its office and principal place of business located at 230 West 41st Street, New York, New York.

The individual respondent, Jack Grodowitz, is Secretary-Treasurer of the corporate respondent, Jay Gee Fabrics, Inc., and he formulates, directs and controls the acts, policies and practices of said corporate respondent. Said individual respondent has his office and principal place of business at the same address as the corporate respondent.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, and more especially since January 1953, re-