

Decision

IN THE MATTER OF
MAGIC WEAVE, INC., ET AL.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6644. Complaint, Oct. 5, 1956—Decision, Apr. 2, 1957*

Consent order requiring the sellers in Boston, Mass., of a reweaving kit designated as "Magi-Weave" with a course of instruction in reweaving, to cease misrepresenting in sales literature, by statements of salesmen, and in "Help Wanted" columns of newspapers, the subject matter of the course, the ease of learning by anyone, the money-making opportunities and demand for reweaving services, etc.

Mr. Michael J. Vitale for the Commission.

Mr. Franklin J. Cronin, of Boston, Mass., for respondents.

INITIAL DECISION BY JOSEPH CALLAWAY, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on October 5, 1956, charging them with violation of the Federal Trade Commission Act, as alleged in said complaint. After service of the complaint and without filing any answer thereto, all respondents and their attorney, on February 13, 1957 entered into an agreement with counsel supporting the complaint for a consent order to cease and desist from the practices complained of, which agreement purports to dispose of all the issues in this proceeding without hearing. This agreement has been duly approved by the Assistant Director and Director of the Bureau of Litigation and has been submitted to the undersigned, heretofore designated to act as hearing examiner herein for his consideration in accordance with Rule 3.25 of the Rules of Practice of the Commission.

Respondents Magic Weave, Inc., a corporation, and Carmen J. Ciarfella, individually and as an officer and director of said corporation, and Diego Ciarfella and Mary R. Ciarfella, individually and as directors of said corporation in the aforesaid agreement have admitted all the jurisdictional facts alleged in the complaint and have agreed that the record may be taken as if findings of the jurisdictional facts had been duly made in accordance with such allegations. Said agreement provides further that respondents waive all further procedural steps before the hearing examiner or the Commission, including the making of findings of fact or conclusions of

Order

53 F.T.C.

law and the right to challenge or contest the validity of the order to cease and desist entered into accordance with the agreement. It has also been agreed that the record herein shall consist solely of the complaint and said agreement, 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 respondents that they have violated the law as alleged in the complaint, that said order to cease and desist shall have the same force and effect as if entered after a full hearing and may be altered, modified or set aside in the manner provided for other orders of the Commission and that the complaint may be used in construing the terms of the order.

This proceeding having now come on for final consideration on the complaint and the aforesaid agreement containing the consent order and it appearing that the agreement and order cover all the allegations of the complaint and provide for appropriate disposition of this proceeding, the order and agreement are hereby accepted and ordered filed upon becoming part of the Commission's decision pursuant to Sections 3.21 and 3.25 of the Rules of Practice and the hearing examiner accordingly makes the following findings for jurisdictional purposes and order:

1. Respondent, Magic Weave, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of Massachusetts, with its office and principal place of business located at 40 Haymarket Square, Boston, Massachusetts. Respondent Carmen J. Ciarfella is an individual and an officer and director of said corporation. Respondents Diego and Mary R. Ciarfella are individuals and directors of said corporation. All of these individual respondents have their office and principal place of business at the same address as that of the corporate respondent.

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

ORDER

It is ordered, That respondents, Magic Weave, Inc., a corporation, and its officers and directors, and Carmen J. Ciarfella, individually and as an officer and director of said corporation, and Diego Ciarfella and Mary R. Ciarfella, individually and as directors 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, or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of a reweaving kit, together with a course of instruction, designated as "Magi-Weave", or by any other name or names, do forthwith cease and desist from:

(1) Representing, directly or by implication:

(a) That respondents' course of instruction constitutes a complete course in reweaving;

(b) That persons can learn reweaving easily or quickly, unless restricted to the patch or overlay method of reweaving and unless it is disclosed that this is possible only in the case of those persons having normal use of their hands, good eyesight with or without glasses, and who are temperamentally disposed to learn reweaving;

(c) That personal instructions and supervision will be given to each purchaser of respondents' kit and course of instruction, unless such is the case;

(d) That the typical or potential earnings for persons completing respondents' course of instruction are greater than they are in fact;

(e) That respondents make arrangements with dry cleaners, tailors, and other concerns for the services of those completing their course of instruction;

(f) That only a limited number of reweaving kits and courses of instruction will be sold in each area;

(g) That respondents will refund payments on contracts, unless they in fact make such refunds upon demand by the purchasers;

(h) That reweaving is seldom available in small communities or that only a few reweaving establishments are operated in cities;

(i) That the issuance of certificates to persons who have completed respondents' course qualifies them as skilled reweavers or as professional reweavers;

(j) That persons or organizations exist known as Magi-Weave Dealers;

(k) That the demand for the services of persons completing respondents' course of instruction is greater than it is in fact;

(l) That respondents' organization is an international concern;

(m) That offers to sell their reweaving kits and courses of instruction are limited as to time or are made only to selected persons.

(2) Advertising for employment in the "Help Wanted" columns of newspapers in order to obtain prospects for the sale of their kit and course of instruction.

Decision

53 F.T.C.

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 2nd day of April, 1957, become the decision of the Commission; and accordingly:

It is ordered, That the respondents herein 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.

Order

IN THE MATTER OF
GULF REFINING COMPANYORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 2(a) OF
THE CLAYTON ACT

Docket 4390. Complaint, Nov. 29, 1940—Order, Apr. 3, 1957

Order dismissing complaint—issued Nov. 29, 1940, and held in abeyance pending settlement of the *Standard Oil* case—charging a refiner with selling its gasoline in the Detroit area to two large buyers at lower prices than those it charged its approximately 225 other Detroit customers, all operators of retail gasoline stations.

Mr. Edward L. Creel, Jr. and *Mr. J. Wallace Adair* for the Commission.

Mr. Archie D. Gray and *Mr. Eldon Young*, of Houston, Tex., for respondent.

ORDER DISMISSING COMPLAINT WITHOUT PREJUDICE

It appearing that the complaint in this proceeding was issued November 29, 1940, and that the acts and practices alleged to have been unlawful all occurred more than sixteen years ago; and

It further appearing that trial of the case has been held in abeyance pending final disposition of the proceeding in the matter of *Standard Oil Company*, Docket No. 4389, which proceeding is now before the United States Supreme Court for the second time; and

The Commission being of the opinion that irrespective of the final outcome of said proceeding in the matter of *Standard Oil Company*, Docket No. 4389, it will not now be practicable to try the issues raised by the pleadings in this case; and, accordingly:

It is ordered, That the complaint herein be, and it hereby is, dismissed, it being understood, however, that no decision has been made on the merits of the case, and this action is without prejudice to the right of the Commission to conduct a further investigation into the respondent's business practices and to take such further action against the respondent at any time in the future as may be warranted by the then existing circumstances.