

IN THE MATTER OF
SALADMASTER SALES, INC., ET AL.

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

Docket 6561. Complaint, June 4, 1956—Decision, Apr. 18, 1957

Consent order requiring a corporate seller in Dallas, Tex., to cease representing falsely, through personal solicitation by its distributors and their agents and extensive advertising and suggested sales talks, that use of its aluminum and stainless steel cooking utensils and the "waterless" method of cooking would assure good health, and that other utensils and cooking methods would destroy vitamins and minerals and cause a variety of serious ailments; and that use of its food-shredding device was necessary to preserve the minerals and vitamins in fruits and vegetables.

Mr. R. P. Bellinger for the Commission.

Mr. J. L. Shook, of *Locke, Locke & Purnell*, of Dallas, Tex., for respondents.

INITIAL DECISION BY J. EARL COX, HEARING EXAMINER

The complaint alleges that the respondents have been and are engaged in the sale and distribution in commerce of aluminum and stainless steel cooking utensils, a device for use in preparing food, and a fruit juicer, and charges that respondents have, in their advertising of such products, made false, misleading and deceptive representations and have furnished their distributors with means and instrumentalities by which they may mislead the public, in violation of the Federal Trade Commission Act.

Subsequent to the issuance of the complaint, respondents, their counsel, and counsel supporting the complaint entered into an agreement containing consent order to cease and desist, which was approved by the Director and the Assistant Director, Bureau of Litigation of the Commission, and thereafter transmitted to the Hearing Examiner for consideration.

The agreement identifies respondent Saladmaster Sales, Inc., now Saladmaster Corporation, as a Texas corporation, with its office and principal place of business located at 131 Howell Street, Dallas, Texas; and individual respondent Harry Lemmons, with the same address, as the president of said corporation.

The agreement sets forth the fact that for more than three years respondents have not engaged in the manufacture, sale or advertisement of the fruit juicer referred to in the complaint, and that

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respondents have no intention of resuming the manufacture, advertising or sale thereof in the future. Accordingly, no issue exists which involves the fruit juicer or the advertising thereof, and no reference to said device is necessary in the order contained in the agreement.

The agreement provides, among other things, that respondents admit all the jurisdictional facts alleged in the complaint and agree that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations; that the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and this 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 the complaint may be used in construing the terms of the order agreed upon, which may be altered, modified or set aside in the manner provided for other orders; that the 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; and that the order set forth in the agreement and hereinafter included in this decision shall have the same force and effect as if entered after a full hearing.

Respondents waive 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 the agreement.

The order agreed upon fully disposes of all the issues raised in the complaint and not otherwise removed from controversy, and adequately prohibits the acts and practices charged therein as being in violation of the Federal Trade Commission Act. Accordingly, the Hearing Examiner finds this proceeding to be in the public interest and accepts the agreement containing consent order to cease and desist as part of the record upon which this decision is based. Therefore,

It is ordered, That the respondents Saladmaster Corporation, formerly Saladmaster Sales, Inc., a corporation, and Harry Lemmons, individually and as an officer of Saladmaster Corporation, their 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 their device used for peeling and shredding food, and also of their aluminum and stainless steel cookware,

or any other products of substantially similar composition, design, construction or purpose, do forthwith cease and desist from representing, directly or by implication:

1. That the loss or damage of food elements by reason of the use of any cooking utensil and any method of cooking, commonly employed, will adversely affect the health of persons consuming food thus prepared, except in the cases of those persons who are deficient in the food elements lost or damaged or are on the borderline;

2. That the use of respondents' cooking utensils and the waterless method of cooking, in preparing food, will prevent any disease or condition of ill health, except those that may arise by reason of deficiencies in food elements that may be preserved by such use, in the cases of persons who are deficient in such food elements or are on the borderline;

3. That the use of respondents' peeling and shredding device is necessary to preserve the minerals and vitamins contained in fruits and vegetables;

4. That minerals are appreciably damaged or destroyed by heat in the use of any cooking utensil or any method of cooking;

5. That the vitamins contained in food, other than Vitamin C and some elements of the Vitamin B complex, are destroyed or damaged by heat when using any cooking utensil or any method of cooking or that Vitamin C and some elements of the Vitamin B complex are destroyed or damaged by heat, except when subjected to prolonged high temperatures;

6. That the loss of food elements by leaching in the cook-water has any significance from a nutritional standpoint, except as set out in Paragraphs 1 and 2 hereof, provided that nothing herein shall prevent respondents from representing that more vitamins and minerals are retained in food cooked in their utensils and using the waterless method of cooking than when cooked in other utensils requiring substantially larger quantities of water;

7. That the use of respondents' cooking utensils and the waterless method of cooking assures good health.

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 18th day of April, 1957, become the decision of the Commission; and, accordingly;

It is ordered, That respondents Saladmaster Corporation, a corporation, formerly Saladmaster Sales, Inc., and Harry Lemmons,

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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.

IN THE MATTER OF
AMERICAN LIFE AND ACCIDENT INSURANCE COMPANY

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

Docket 6238. Complaint, Oct. 14, 1954—Decision, Apr. 19, 1957

Order requiring a St. Louis, Mo., insurance company to cease misrepresenting the renewability and duration, indemnification for surgical expenses, and extent of accident and sickness coverage of its "accident and health" or "hospital and surgical" insurance policies, in advertising which failed to make adequate disclosure of exceptions to the coverage afforded by the policies.

Mr. Francis C. Mayer and *Mr. P. R. Melangton, Jr.* for the Commission.

Mr. A. Alvis Layne, Jr., and *Mr. T. S. L. Perlman*, of Washington, D.C., for respondent.

INITIAL DECISION BY J. EARL COX, HEARING EXAMINER

The respondent is charged with violating the Federal Trade Commission Act, as that Act is applicable to the business of insurance under the provisions of Public Law 15, 79th Congress (Title 15, U.S. Code, Sections 1011 to 1015, inclusive), through the dissemination of false and misleading advertising relating to accident, health, hospital and surgical insurance policies which have been sold in commerce by respondent. This charge is denied. In its answer respondent has also alleged specifically (a) that it is not engaged in commerce as that term is defined in the Federal Trade Commission Act, and (b) that its business is regulated by state law and hence the Federal Trade Commission Act is not applicable to respondent or its business. Further, respondent has set forth in its answer a summary of its past dealings with the Commission, both prior and subsequent to the promulgation in 1950 of the Commission's Trade Practice Rules Relating to the Advertising and Sales Promotion of Mail Order Insurance, alleging that respondent

1. applied for and actively participated in the conference at which such proposed rules were considered;
2. signed said rules and subsequently attempted to cooperate with the Commission by submitting its policies and advertising materials to members of the Commission's staff for consideration and approval, and that respondent was informed that such materials were not objectionable;