

Decision

IN THE MATTER OF
DICTOGRAPH PRODUCTS, INC., ET AL.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket 6712. Complaint, Jan. 18, 1957—Decision, July 3, 1957

Consent order requiring a manufacturer in Jamaica, Long Island, N.Y., and the corporate purchaser in Newark, N.J., of its entire production of home fire alarm systems for sale to the public through franchise dealers, whose salesmen gave demonstrations in homes of prospects, to cease the acts and representations set forth in the order below, engaged in by salesmen; and to cease supplying to said franchise dealers literature upon which they were based.

Mr. Edward F. Downs and *Mr. Garland S. Ferguson*, supporting the complaint.

Mr. Milton Handler, of New York City, for respondents.

INITIAL DECISION BY JOSEPH CALLAWAY, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above named respondents on January 18, 1957, charging them with violation of the Federal Trade Commission Act as set forth in said complaint. After issuance and service of the complaint all respondents on May 8, 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 the 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 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 law and the right to challenge or contest the validity of the order to cease and desist entered in 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

Order

54 F.T.C.

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 Dictograph Products, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 95-25-149th Street, Jamaica, Long Island, New York.

2. Respondent Fire Detective, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 300 Chancellor Avenue, Newark, New Jersey.

3. Respondents Herman Perl, Richard E. Rudolph, Arthur J. Waldorf and Malte J. Carlson are individuals and officers of corporate respondent Fire Detective, Inc., and respondent Stanley Osserman is an individual and is Chairman of the Board of Directors of corporate respondent Fire Detective, Inc. The addresses of the individual respondents are as follows: Herman Perl, 300 Chancellor Avenue, Newark, N.J.; Richard E. Rudolph, 3 South 20th Street, Philadelphia, Penna.; Arthur J. Waldorf, 2912 Euclid Avenue, Cleveland, Ohio; Malte J. Carlson and Stanley Osserman, 95-25 149th Street, Jamaica, Long Island, N.Y.

4. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents herein. The complaint states a cause of action under the Federal Trade Commission Act. This proceeding is in the public interest.

ORDER

It is ordered, That the respondents Dictograph Products, Inc., a corporation, Fire Detective, Inc., a corporation, and their officers, and Herman Perl, Richard E. Rudolph, Arthur J. Waldorf and

41

Order

Malte J. Carlson, individually and as officers of Fire Detective, Inc., and Stanley Osserman, individually and as Chairman of the Board of Directors of Fire Detective, Inc., 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 by the Federal Trade Commission Act, of fire detection or fire alarm systems do forthwith cease and desist from:

1. Representing, directly or by implication:

(a) That respondents' salesmen only desire to make fire prevention talks or demonstrations;

(b) That respondents' representatives are not salesmen but are only demonstrators;

(c) That prospective purchasers or their homes have been specially selected for demonstration purposes;

(d) That the total or monthly cost of respondents' fire alarm system will be reduced in any amount by the submission of names of prospective purchasers under respondents' referral program;

(e) That the identity of those supplying names of prospective purchasers will not be revealed to said prospective purchasers;

(f) That the contract or promissory note for the purchase price of the system will not be discounted or failing to reveal that such will be discounted;

(g) That carrying charges will not be added to the total cost of the system or failing to reveal that carrying charges will be added.

2. Inducing the purchase of respondents' products by employing "scare tactics" by exhibiting newspaper clippings and horror pictures calculated to unduly arouse parents emotionally as to the need to protect themselves and their children from the hazards of fire.

3. Misrepresenting in any manner the amount of money any purchaser or prospective purchaser will probably or may reasonably expect to receive from the submission of names of prospects under respondents' referral program.

4. Using any referral program in inducing the sale of their fire alarm system unless, (1) all of the terms and conditions thereof are fully explained to the purchaser or prospective purchaser prior to consummation of the sale, (2) any person submitting the name of a prospect who cannot be solicited for any reason is given the option of submitting a replacement name, and (3) the promised sum of money is actually paid to the purchaser who submitted the name of a prospect to whom a demonstration or sale of the system is made pursuant to such referral.

5. Supplying franchise dealers or their representatives with any literature or other material containing or suggesting any of the

statements, representations, acts or practices prohibited by paragraphs 1 through 4 of this order.

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 3rd day of July, 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.

Decision

IN THE MATTER OF
ROBERTS, INC., ET AL.

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

Docket 6715. Complaint, Jan. 22, 1957—Decision, July 3, 1957

Consent order requiring furriers in Oklahoma City, Okla., and trading also in Beverly Hills, Calif., to cease violating the Fur Products Labeling Act by labeling fur products with fictitious prices and removing required labels; by invoicing falsely with respect to artificially colored furs and the name of the animal producing certain furs; by advertising which gave other than the producing animal names for certain furs, falsely represented prices as wholesale or less and as reduced, and "sales" as liquidating their entire stock; and by failing in other respects to conform to the requirements of the Act.

Mr. George E. Steinmetz and Mr. Daniel J. Murphy for the Commission.

Mr. Victor Halote and Mr. Samuel Halote, of Beverly Hills, Calif., pro se, and for Roberts, Inc.

INITIAL DECISION BY EARL J. KOLB, HEARING EXAMINER

The complaint in this proceeding issued January 22, 1957, charged respondents Roberts, Inc., an Oklahoma corporation, with its principal office located at 9555 Wilshire Boulevard, Beverly Hills, California; Victor Halote and Samuel Halote, individually and as officers of said Roberts, Inc., located at 9555 Wilshire Boulevard, Beverly Hills, California; and Victor Halote and Samuel Halote, individually and as copartners trading as Halote Bros., located at 9555 Wilshire Boulevard, Beverly Hills, California, with the use of unfair and deceptive acts and practices in interstate commerce in violation of the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder.

After the issuance of said complaint, the respondents Roberts, Inc., and Victor Halote and Samuel Halote, individually and as officers of Roberts, Inc.; also individually and as copartners separately trading as Halote Bros., entered into an agreement for consent order with counsel in support of the complaint disposing of all the issues in this proceeding, which agreement was duly approved by the Director and Acting Director, Bureau of Litigation. It was expressly provided in said agreement that the signing thereof is for settlement purposes only and does not constitute an admission by