

IN THE MATTER OF

R. H. BEST, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket 6814. Complaint, June 3, 1957—Decision, Oct. 3, 1957*

Consent order requiring a concern in Rockville, Md., engaged in selling pre-cut houses, building materials, home equipment, and supplies, and in contracting for the construction of houses and pre-cut houses, to cease representing falsely in newspapers and by circular letters and catalogs that it was making a bona fide offer to sell and construct complete houses of specific design and size, at a specific price and at a designated saving over the usual cost of a comparable home; among a variety of false claims as in the order below set forth.

Mr. Harry E. Middleton, Jr., for the Commission.
Respondents, *pro se*.

INITIAL DECISION BY FRANK HIER, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on June 3, 1957, issued and subsequently served its complaint in this proceeding against respondents R. H. Best, Inc., a corporation existing and doing business under and by virtue of the laws of the State of Maryland, and R. H. Best, individually and as an officer of the corporate respondent. The office and principal place of the business of said respondents is at 1545 Rockville Pike, in the City of Rockville, State of Maryland.

On August 16, 1957, there was submitted to the undersigned hearing examiner an agreement between respondents and counsel supporting the complaint providing for the entry of a consent order. By the terms of said agreement, 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. By such agreement, respondents waive any further procedural steps before the hearing examiner and the Commission; waive the making of findings of fact and conclusions of law; and waive 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.

Such agreement further provides that it disposes of all of this proceeding as to all parties and that there is no provision in the order respecting the charge relating to the use of the term "custom

built" as set out in Paragraph Four 7 of the complaint or relating to that part of Paragraph Four 8 of the complaint concerning the use of the statement that "other loaning agencies are in favor of our program and they make . . . conventional loans more willingly and in larger amounts than on houses built for sale."

Such agreement further provides that as to the matter referred to in Paragraph Four 7 of the complaint, counsel states that respondents have supplied him with evidence indicating that most or all of the houses built by them are actually "custom built" as that term is commonly understood. As to the matters referred to in Paragraph Four 8 of the complaint counsel states that there is evidence which he believes to be reliable, that loaning agencies do in fact favor programs of the type respondents have and do in fact make loans more willingly on such housing programs and in larger amounts than in the case of houses built for sale. A separate provision covering the use of the expression "predetermined price" is not included in the order as it is believed that the use of this expression is adequately covered in other provisions of the order.

Such agreement further provides that the record on which this initial decision and the decision of the Commission shall be based shall consist solely of the complaint and this agreement; that the latter shall not become a part of the official record unless and until it becomes a part of the decision of the Commission; 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 following order to cease and desist may be entered in this proceeding by the Commission without further notice to respondents, and, when so entered, it 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; and that the complaint may be used in construing the terms of the order.

The hearing examiner having considered the agreement and proposed order, and being of the opinion that they provide an appropriate basis for settlement and disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings made, and the following order issued.

1. Respondent R. H. Best, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of Maryland, with its office and principal place of business located at 1545 Rockville Pike, Rockville, Maryland. The individual respondent R. H. Best is an officer and director of said corporate respondent and has as his principal place of business the same address as the corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents R. H. Best, Inc., a corporation, and its officers and R. H. Best, 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, or distribution of precut houses, building materials, home equipment, and supplies in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing:

1. That they are making a bona fide offer to sell, and construct complete houses of specific design and size, unless such be the fact.

2. That such houses are being offered for sale at a specific price, unless such be the fact.

3. That a designated amount of money will be saved from the normal and usual cost of buying and building a house of comparable size and design when purchasing one of their advertised houses.

4. That a customer may have a \$19,000 house (or equal) for as little as \$13,000.

5. That the customer can reduce the advertised price of the house if he does part of the work himself, unless such be the fact.

6. That only the finest grade of lumber is used in the construction and is guaranteed to be of the finest quality.

7. That the Government is in favor of respondents' program or that it makes FHA or VA loans more willingly and in larger amounts than on houses built for sale.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 3rd day of October, 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
FEDERAL FIRE PROTECTION SERVICE, INC., ET AL.

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

Docket 6811. Complaint, June 3, 1957—Decision, Oct. 3, 1957

Order dismissing without prejudice, for failure to effect service, complaint charging a concern in Washington, D.C., with using scare tactics and false claims to sell home fire alarm systems.

Edward F. Downs and *Garland S. Ferguson, Esqs.*, for the Commission.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

On June 3, 1957, the Federal Trade Commission issued its complaint stating its belief to be that respondents, Federal Fire Protection Service, Inc., a corporation organized and doing business under and by virtue of the laws of the District of Columbia, with its principal place of business located at No. 6230 Third Street, Northwest, Washington, D.C., and Richard O. Waterman, individually and as an officer of the corporate respondent and, in his latter capacity, formulating, directing and controlling the policies, acts and practices of such corporate respondent, have violated the provisions of the Federal Trade Commission Act by use of false and deceptive acts and practices, and the use of so-called "scare tactics" in the sale of fire alarm systems for use by the members of the public in their homes.

On August 7, 1957, the attorneys in support of the complaint filed in this proceeding a motion to dismiss the complaint without prejudice, stating, *inter alia*, that every effort, (including attempted personal service), had been made to effect service of said complaint, as required by law, upon the said respondents but without success, it appearing that the corporate respondent has ceased its business operations and that the individual respondent has left for parts unknown, wherefore service has been rendered unobtainable.

The Hearing Examiner has considered the said motion and, being of opinion that, under the circumstances delineated, such motion should be granted:

It is ordered, That the complaint in this matter be, and it is hereby, dismissed without prejudice, however, to the right of the