

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

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

Docket 6824. Complaint, June 24, 1957—Decision, Dec. 28, 1957

Consent order requiring sellers in Chicago to cease advertising falsely in newspapers that greatly exaggerated and fictitious prices were the usual retail prices for their sewing machines and that the difference between such prices and the advertised prices represented savings to purchasers; and that their machines carried a "25-Year Guarantee" or "Lifetime Guarantee" when in fact the electrical parts were guaranteed for only 1 year and other parts not at all.

Mr. William A. Somers for the Commission.

Froelich, Grossman, Teton and Tabin, by *Mr. Seymour Tabin*, of Chicago, Ill., for respondents.

INITIAL DECISION BY LOREN H. LAUGHLIN, HEARING EXAMINER

The Federal Trade Commission (sometimes also hereinafter referred to as the Commission) issued its complaint herein, charging the above-named respondents, Rodney, Inc., a corporation, and Irwin Ratner, Joseph Wandel, and Joseph Ratner, individually and as officers of said corporation, with having violated the provisions of the Federal Trade Commission Act in certain particulars. The respondents were duly served with process and in due course filed their answer. The initial hearing was cancelled pending negotiations of counsel for a consent agreement.

On October 25, 1957, there was submitted to the undersigned hearing examiner of the Commission for his consideration and approval an "Agreement containing consent order to cease and desist," which had been entered into by and between all the respondents herein except Joseph Ratner, and by their attorney and William A. Somers, counsel supporting the complaint, under date of October 24, 1957, subject to the approval of the Bureau of Litigation of the Commission. Such agreement had been thereafter duly approved by that Bureau.

On due consideration of the said "Agreement containing consent order to cease and desist," the hearing examiner finds that said agreement, both in form and in content, is in accord with section 3.25 of the Commission's rules of practice for adjudicative proceedings and that by said agreement the parties have specifically agreed that:

1. Respondent Rodney, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of Illinois. Respondents Irwin Ratner and Joseph Wandel are individuals and officers of said corporate respondent. Said corporate and individual respondents have their office and principal place of business located at 5671 Milwaukee Avenue, Chicago, Ill.

The individual respondent, Joseph Ratner, named in the complaint as secretary of the corporate respondent, is not now and never has been the secretary of the said corporate respondent. The affidavit of Irwin Ratner, which is attached to and made a part of the agreement, states that Joseph Ratner is not now and never has been the secretary of respondent Rodney, Inc., and that Joseph Ratner has never been an employee and is not now connected with the respondent corporation in any capacity whatsoever, and has not in any manner formulated, controlled, nor directed the acts and practices of the respondent Rodney, Inc.

2. Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on June 24, 1957, issued its complaint in this proceeding against respondents, and a true copy was thereafter duly served on respondents.

3. The 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.

4. This agreement disposes of all of this proceeding as to all parties.

5. The respondents waive:

(a) Any further procedural steps before the hearing examiner and the Commission;

(b) The making of findings of fact or conclusions of law; and

(c) All the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with this agreement.

6. 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.

7. This agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission.

8. This 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.

Order

54 F.T.C.

Upon due consideration of the complaint filed herein, and the said "Agreement containing consent order to cease and desist", the latter is hereby approved, accepted and ordered filed, the same not to become a part of the record herein, unless and until it becomes a part of the decision of the Commission. The hearing examiner finds from the complaint and the said "Agreement containing consent order to cease and desist" that the Commission has jurisdiction of the subject matter of this proceeding and of the person of the respondents signatory to said agreement; that the complaint states a legal cause for complaint under the Federal Trade Commission Act both generally and in each of the particular charges alleged therein; that this proceeding is in the interest of the public; that the following order as proposed in said agreement is appropriate for the full disposition of all the issues in this proceeding, such order to become final only if and when it becomes the order of the Commission; and that said order, therefore, should be, and hereby is, entered as follows:

ORDER

It is ordered, That respondents Rodney, Inc., a corporation, and its officers, and Irwin Ratner and Joseph Wandel, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of sewing machines or other products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from, directly or indirectly:

1. Representing that certain amounts are respondents' regular and customary retail prices of their products when such amounts are in excess of the prices at which such products are regularly and customarily sold by respondents at retail;
2. Representing any savings are afforded on the sale of their products unless the represented savings are based upon the price at which such products offered are regularly and customarily sold in the normal course of business;
3. Representing that their products are guaranteed for any period of time or in any other manner unless the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

It is further ordered, That the complaint be, and it is hereby, dismissed as to respondent Joseph Ratner.

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 28th day of December 1957, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Rodney, Inc., a corporation, and Irwin Ratner and Joseph Wandel, individually and as officers 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
EXPOSITION PRESS, INC., ET AL.

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

Docket 6638. Complaint, Sept. 18, 1956—Decision, Jan. 7, 1958

Consent order requiring a publisher in New York City to cease making in advertising a variety of false claims as to the size and extent of its organization, the amount of its business, the number and quality of services rendered authors, etc., to induce authors to sign contracts for publication of their books under its "Cooperative Publishing Plan," and including such false representations as that authors paid a "minimal subsidy" when they actually paid the entire cost.

Mr. Charles S. Cox supporting the complaint.

Mr. Philip Adler, 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 September 18, 1956, charging them with violation of the Federal Trade Commission Act as set forth in said complaint. After issuance and service of the complaint, separate answer was filed for the respondent Mildred Langer. Joint answer was also filed for respondents Exposition Press, Inc., and Edward Uhlan. After filing of these answers, hearings were held in New York City at which evidence in support of the allegations of the complaint was received. At these hearings 1,000 pages of testimony were taken and over 200 exhibits were offered. Subsequently respondents and their counsel and counsel supporting the complaint entered into an agreement containing a consent order to cease and desist from certain of the practices complained of which agreement purports to dispose of all of the issues in this proceeding. This agreement has been duly approved by the assistant director and director of the Bureau of Litigation. Said agreement has been submitted to the undersigned, heretofore designated to act as hearing examiner herein, for his consideration in accordance with section 3.25 of the rules of practice of the Commission.

It is noted that in said agreement it is stated that the individual respondent Mildred Langer, although she was vice president and secretary of the corporate respondent, Exposition Press, Inc., had no control over the acts and practices of the corporate respondent. Counsel supporting the complaint recommends that the complaint be