

Decision

IN THE MATTER OF

FRED A. BLUST TRADING AS REED PRODUCTS CO.

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

Docket 6922. Complaint, Oct. 24, 1957—Decision, Feb. 18, 1958

Consent order requiring a seller in St. Louis, Mo., to cease representing falsely, in advertising mats and other advertising material furnished to dealers purchasing for resale, the therapeutic properties, effectiveness, etc., of his "AR-PAN-EX" drug product in the treatment of all kinds of arthritis, rheumatism, and allied ailments.

Mr. Michael J. Vitale supporting the complaint.

Respondent, pro se.

INITIAL DECISION BY JOSEPH CALLAWAY, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondent on October 24, 1957, charging him with violation of the Federal Trade Commission Act as set forth in said complaint. After issuance and service of the complaint, respondent and counsel supporting the complaint, on December 11, 1957, entered into an agreement containing consent order to cease and desist from the practices complained of, which agreement disposes 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.

Respondent Fred A. Blust, an individual, trading and doing business as Reed Products Co., in the aforesaid agreement has admitted all the jurisdictional facts alleged in the complaint and has 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 respondent waives 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 the official record unless and until it becomes a part of the decision

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of the Commission, that said agreement is for settlement purposes only and does not constitute an admission by respondent that he has 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, Fred A. Blust, is an individual trading and doing business as Reed Products Co., with his office and principal place of business located at 4438 N. 20th Street, St. Louis, Mo.

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

ORDER

It is ordered, That respondent, Fred A. Blust, an individual trading and doing business as Reed Products Co. or trading and doing business under any other name or names, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of the product designated "AR-PAN-EX," or any other product of substantially the same composition or possessing substantially similar properties, whether sold under the same name or under any other name or names, do forthwith cease and desist from:

1. Disseminating or causing to be disseminated by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which represents, directly or by implication, that such product:

- (a) Is an adequate, effective or reliable treatment for any kind of arthritis, rheumatism, sciatica, lumbago, neuralgia, or neuritis;
- (b) Will arrest the progress of, or correct the underlying causes of, or cure, any of the aforesaid ailments or conditions;

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(c) Will afford complete or permanent relief from the aches, pains, stiff muscles, stiff joints or other discomforts of any kind of arthritis, rheumatism, sciatica, lumbago, neuritis, or neuralgia, or have any therapeutic effect upon any of the symptoms or manifestations of any such conditions or disorders in excess of affording temporary relief of the minor aches or pains thereof;

(d) Is a new scientific discovery, or that it contains seven or any number of ingredients which are an adequate, effective or reliable treatment for any kind of arthritis, rheumatism, sciatica, lumbago, neuralgia, or neuritis.

2. Disseminating or causing to be disseminated any advertisement by any means for the purpose of inducing or which is likely to induce, directly or indirectly, the purchase in commerce, as "commerce" is defined in the Federal Trade Commission Act, of said product, which advertisement contains any of the representations prohibited in paragraph 1 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 did, on the 18th day of February 1958, become the decision of the Commission; and, accordingly:

It is ordered, That the respondent herein shall within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with the order to cease and desist.

IN THE MATTER OF
SPECIALTY LEATHER GOODS CO., INC., ET AL.

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

Docket 6842. Complaint, July 15, 1957—Decision, Feb. 19, 1958

Consent order requiring manufacturers in New York City to cease marking or stamping the words "genuine leather" or "genuine calf" on wallets and billfolds which were not made entirely of leather or calf; and to cease attaching to such products price tickets carrying fictitious and exaggerated prices.

Mr. Harry E. Middleton, Jr., for the Commission.

Guggenheimer & Untermeyer, by *Mr. Louis Newman*, of New York, N.Y., for respondents.

INITIAL DECISION BY J. EARL COX, HEARING EXAMINER

The complaint charges respondents with the use of false, misleading, and deceptive representations with respect to the quality and price of the wallets and billfolds which they manufacture, sell and distribute in commerce to wholesalers and retailers, alleging that such representations constitute unfair and deceptive acts and practices and unfair methods of competition in commerce, 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 Specialty Leather Goods Co., Inc., as a New York corporation, with its office and principal place of business located at 440 Lafayette Street, New York, N.Y., and the individual respondents Arnold White, Leo White, and Dorian White as officers of the corporate respondent, and having the same address as the corporate respondent.

All parties agree that, in view of the affidavit of Oscar D. White and Arnold White, attached to the agreement, establishing the fact that respondent Oscar White was not an officer of the corporate respondent and had nothing to do with formulating, directing or controlling its policies, acts and practices during the period when the acts and practices complained of were engaged in by said corporate