

Decision

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

Docket 6916. Complaint, Oct. 17, 1957—Decision, Mar. 19, 1958

Consent order requiring distributors of home fire alarm systems in Washington, D.C., to cease representing falsely, through salesmen who gave demonstrations in the homes of prospects, that said representatives were not salesmen but demonstrators desiring only to make a fire prevention talk to specially selected prospects and to cease in such demonstrations, exhibiting newspaper clippings and horror pictures to induce sale of the products; misrepresenting the cost of the systems and representing falsely that all or most of it could be earned by submission of names of other prospects which would be held in confidence; inducing purchasers to sign in blank, contracts and promissory notes which were later filled in with total costs and carrying charges, contrary to the representations made, and failing to reveal that the contracts and notes would be discounted.

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 October 17, 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 January 22, 1958, entered into an agreement for a 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.

Respondents, pursuant to the aforesaid agreement, have admitted all of the jurisdictional allegations of the complaint and agreed that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations. Said agreement further provides that respondents waive all further procedural steps before the hearing examiner or the Commission, includ-

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ing 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 such 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 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, 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 order and agreement cover all of the allegations of the complaint and provide for appropriate disposition of this proceeding, the agreement is hereby accepted and ordered filed upon this decision and said agreement 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. Corporate respondent Fire Safety Services, 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 3461 14th Street NW., Washington, D.C.

2. Individual respondent Howard Grant is an officer of said corporation and his address is the same as that of the corporate respondent.

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

ORDER

It is ordered, That respondents Fire Safety Services, Inc., a corporation, and its officers and Howard Grant, individually and as officer of said 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 by the Federal Trade Commission Act, of

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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.

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 19th day of March 1958, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall within sixty (60)

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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.

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IN THE MATTER OF

EARLE G. HASTINGS ET AL. TRADING AS DETERGEN CO.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6923. Complaint, Oct. 24, 1957—Decision, Mar. 19, 1958*

Consent order requiring manufacturers in Tulsa, Okla., to cease representing falsely in advertising that their drug product "Deturge" was an effective treatment for colitis and other unhealthy conditions of the gastro-intestinal tract, and that faulty elimination or constipation results in toxic accumulations in the gastro-intestinal tract and is responsible for a large percentage of diseases.

Mr. Michael J. Vitale and Mr. Thomas A. Ziebarth for the Commission.

Respondents, pro se.

INITIAL DECISION BY JOHN B. POINDEXTER, HEARING EXAMINER

The complaint in this proceeding charges that Earle G. Hastings and Earle G. Hastings, Jr., trading under the name Detergen Co., hereinafter called respondents, have violated the provisions of the Federal Trade Commission Act by making false and misleading representations in advertisements in connection with the sale and distribution of a drug preparation known as "Deturge" which they manufacture.

After issuance and service of the complaint, respondents and counsel supporting the complaint entered into an agreement for a consent order. The order disposes of the matters complained about. The agreement has been approved by the director and the assistant director of the Bureau of Litigation.

The material provisions of said agreement are as follows: Respondents admit all jurisdictional facts; the complaint may be used in construing the terms of the order; the order shall have the same force and effect as if entered after a full hearing and the said agreement shall not become a part of the official record of the proceeding unless and until it becomes a part of the decision of the Commission; the record herein shall consist solely of the complaint and the agreement; respondents waive the requirement that the decision must contain a statement of findings of fact and conclusion of law; respondents waive further procedural steps before the hearing examiner and the Commission, and the order may be altered, modified or set aside in the manner provided by