

IN THE MATTER OF
INTERNATIONAL STITCH-O-MATIC CORP. ET AL.

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

Docket 6929. Complaint, Nov. 6, 1957—Decision, Apr. 15, 1958

Consent order requiring a distributor of sewing machines in Chicago to cease representing falsely, mainly by means of advertising mats placed in the hands of resellers of its products or by itself placed directly with newspapers, that highly exaggerated amounts were the usual retail price for their machines, that their sale price afforded large, or any, savings to purchasers, that the machines were nationally advertised in McCall's Magazine, and that they were backed by a "money-back" guarantee purportedly lasting 25 years but actually for only the few hours of the sale, and by a 25-year guarantee on the entire machine when in fact no parts were guaranteed at all except the motor and motor accessories, and they were guaranteed for 1 year.

Mr. Alvin D. Edelson 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, International Stitch-O-Matic Corp., a corporation, and Seymour Ratner, individually and as an officer of said corporation, with having violated the provisions of the Federal Trade Commission Act in certain particulars. Respondents were duly served with process.

On Feb. 19, 1958, 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 the respondent corporation and Seymour Ratner, both individually and as an officer of the corporate respondent, and attorneys for both parties, under date of February 13, 1958, 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 International Stitch-O-Matic Corp. is a corpora-

tion, organized and existing under and by virtue of the laws of the State of Illinois, with its offices and principal place of business at 657 West Randolph Street, Chicago, Ill.

The individual respondent, Seymour Ratner, is president of the aforesaid corporate respondent and maintains his business address at the same address as the corporate respondent.

2. Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on November 6, 1957, issued its complaint in this proceeding against respondents, and a true copy was thereafter duly served on respondents.

3. 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. 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 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.

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.

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

Order

54 F.T.C.

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 International Stitch-O-Matic Corp., a corporation, and its officers, and Seymour Ratner, individually and as an officer 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 merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing in any manner that certain amounts are the regular and usual retail prices of their sewing machines, or other merchandise, when such amounts are in excess of the price at which the respondents themselves, or their distributors, dealers, or others regularly and usually sell said sewing machines or other merchandise at retail;

2. Representing in any manner that a purchaser will effectuate a savings by buying respondents' sewing machines, or other merchandise, from respondents, themselves, or from particular dealers, or distributors, or others who sell respondents' products at retail, unless such is the fact;

3. Representing in any manner that their sewing machines, or other merchandise, has been or is being advertised in certain magazines, or in, or through other specific advertising media, when such is not the fact;

4. Representing, directly or by implication, that their machines are guaranteed for a specific period, or are entirely or fully guaranteed, without affirmatively and clearly disclosing any significant limitations upon such guarantees;

5. Placing in the hands of their distributors, dealers, or others who retail their sewing machines or other merchandise, the means of carrying out any misrepresentations as outlined in the foregoing four paragraphs, or putting into operation any plan whereby dealers, distributors, and others who sell respondents' sewing machines, or other merchandise at retail, may make misrepresentations as outlined in the foregoing four paragraphs.

1308

Decision

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 15th day of April 1958, become the decision of the Commission; and, accordingly:

It is ordered, That respondents International Stitch-O-Matic Corp., a corporation, and Seymour Ratner, individually and as an officer 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
AARON NEWMAN ET AL. DOING BUSINESS AS COLONY
FURNITURE CO.

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

Docket 6933. Complaint, Nov. 8, 1957—Decision, Apr. 15, 1958

Consent order requiring manufacturers in Linden, N.J., to cease representing falsely in advertising in trade journals and advertising mats and other material furnished to their dealer customers, that their furniture was advertised in *Life and House Beautiful*, and that certain of it was made entirely of mahogany, oak, maple, walnut, or fruitwood; furnishing customers with reproduction sheets, catalogs, etc., listing purported regular retail prices which were in fact fictitious and excessive; and furnishing them with "gift certificates" supposedly offering the consumer opportunity to buy furniture at less than the usual price when the prices to which the certificates applied were fictitious and inflated.

Mr. Kent P. Kratz for the Commission.

Mr. Joseph Harrison, of Newark, N.J. for respondents.

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

The complaint in this matter charges the respondents with violation of the Federal Trade Commission Act through the making of certain representations regarding furniture sold by them. An agreement has now been entered into by respondents and counsel supporting the complaint which provides, among other things, that respondents admit all of the jurisdictional allegations in the complaint; that the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and agreement; that the inclusion of findings of fact and conclusions of law in the decision disposing of this matter is waived, together with any further procedural steps before the hearing examiner and the Commission; that the order hereinafter set forth may be entered in disposition of the proceeding, such order to have the same force and effect as if entered after a full hearing, respondents specifically waiving any and all rights to challenge or contest the validity of such order; that the order may be altered, modified, or set aside in the manner provided for other orders of the Commission; that the complaint may be used in construing the terms of the order; and 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.

The proposed order covers all of the representations referred to in