

IN THE MATTER OF
MAINLINE SALES CORP. ET AL.

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

Docket 7017. Complaint, Dec. 31, 1957—Decision, Apr. 16, 1958

Consent order requiring sellers of vending machines in Euclid, Ohio, to cease representing falsely in newspaper advertising and sales material and through their salesmen that they were offering employment to selected individuals, that excessive profits might be expected from their machines, that established routes were available, and that they would assist purchasers in locating machines, give them exclusive territory, make refunds to dissatisfied purchasers, etc.; and that they were manufacturers of their machines.

Mr. William A. Somers supporting the complaint.

Mr. Allan M. Glezerman, of Euclid, Ohio, for respondents.

INITIAL DECISION OF JOHN LEWIS, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on December 31, 1957, charging them with the use of unfair and deceptive acts and practices and unfair methods of competition, in commerce, in violation of the Federal Trade Commission Act, by misrepresenting the facts in connection with their sale of vending machines and vending machine supplies, including the profits or earnings to be derived by purchasers, the territories and routes to be assigned, the assistance to be furnished by respondents and other advantages and benefits to be received. After being served with said complaint, respondents appeared by counsel and entered into an agreement dated January 31, 1958, containing a consent order to cease and desist purporting to dispose of all of this proceeding as to all parties. Said agreement, which has been signed by all respondents, by counsel for said respondents, and by counsel supporting the complaint, and approved by the director and assistant director of the Commission's Bureau of Litigation, has been submitted to the above-named hearing examiner for his consideration, in accordance with section 3.25 of the Commission's rules of practice for adjudicative proceedings.

Respondents, pursuant to the aforesaid agreement, have admitted all the jurisdictional facts alleged in 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

1326

Order

further provides that respondents waive any further procedural steps before the hearing examiner and the Commission, the making of findings of fact or conclusions of law and all of the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with such agreement. It has been agreed that the order to cease and desist issued in accordance with said agreement shall have the same force and effect as if entered after a full hearing and that the complaint may be used in construing the terms of said order. It has also been agreed that the record herein shall consist solely of the complaint and said agreement, and 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.

This proceeding having now come on for final consideration on the complaint and the aforesaid agreement containing consent order, and it appearing that the order provided for in said agreement covers all the allegations of the complaint and provides for an appropriate disposition of this proceeding as to all parties, said agreement is hereby accepted and is ordered filed upon this decision's becoming the decision of the Commission pursuant to sections 3.21 and 3.25 of the Commission's rules of practice for adjudicative proceedings, and the hearing examiner, accordingly, makes the following jurisdictional findings and order:

1. Respondent Mainline Sales Corp. is a corporation existing and doing business under and by virtue of the laws of the State of Ohio. Respondent Lois Glezerman is an individual and officer of said corporate respondent and Allan M. Glezerman is an individual and sales director of said corporate respondent. Said corporation and individual respondents have their office and principal place of business located at 27350 Beach Drive, Euclid 32, Ohio.

2. 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, and this proceeding is in the interest of the public.

ORDER

It is ordered, That respondents Mainline Sales Corp., a corporation, and its officers, and Lois Glezerman, individually and as an officer of said corporation, and Allan M. Glezerman, individually and as director of sales 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 vending

Decision

54 F.T.C.

machines, vending machine supplies or other products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that:

1. Employment is offered by respondents when, in fact, the real purpose of the offer is to obtain purchasers of respondents' products.
2. Respondents' offer is made only to selected persons who must have special qualifications, references, and a car.
3. Respondents have established routes of their vending machines at the time the offer of sale is made.
4. Respondents, their agents or employees will obtain, or assist in obtaining, satisfactory or profitable locations for the machines purchased from them.
5. The earnings or profits derived from the operation of respondents' machines are any amount in excess of those which have been, in fact, customarily earned by operators of their machines.
6. Respondents allot exclusive territory in which the machines purchased from them may be located.
7. The amount invested in respondents' products is secured either by inventory or otherwise.
8. Respondents, or their representatives, repurchase the machines sold by them in the event the purchaser is dissatisfied.
9. The corporate respondent is the manufacturer of the machines they sell.
10. The products sold by respondents will be delivered within a specified period of time, unless delivery is made within the time specified.
11. Insurance policies are issued on respondents' products without cost to the purchasers.
12. Freight charges are less than they are in fact.

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 16th day of April 1958, 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
MICHIGAN BULB CO. ET AL.ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION ACT*Docket 6446. Complaint, Nov. 17, 1955—Decision, Apr. 17, 1958*

Order requiring mail order sellers of nursery stock in Grand Rapids, Mich., to cease representing falsely in advertising in newspapers and magazines and by radio, the types, quality, and value of the plants, bulbs, shrubs, and trees they sold, and their guarantee of refunds.

Donald K. King, Esq., for the Commission.

Linsey, Shivel, Phelps & VanderWal, by *Leland D. Phelps, Esq.*, of Grand Rapids, Mich. and *Henry Junge, Esq.*, of Chicago, Ill., for respondents.

INITIAL DECISION BY ROBERT L. PIPER, HEARING EXAMINER

STATEMENT OF THE CASE

On November 17, 1955, the Federal Trade Commission issued its complaint against Michigan Bulb Co., a corporation, and Gerald C. Laug, Forrest Laug, and Louis Laug individually and as officers of said corporation, and with respect to Forrest and Louis Laug, as copartners trading and doing business as Holland Bulb Co. (all hereinafter collectively called respondents) charging them with the use of unfair methods of competition and unfair and deceptive acts and practices in commerce in violation of section 5 of the Federal Trade Commission Act (hereinafter called the act), 15 U.S.C. 41, *et seq.* Copies of said complaint together with a notice of hearing were duly served on respondents.

The complaint alleges in substance that respondents, in connection with the sale and distribution of their products, nursery stock, made certain false representations. Respondents appeared by counsel and filed a joint answer admitting the corporate, partnership, commerce and competition allegations of the complaint and substantially all of the representations set forth therein, but denying any false representations or violations of the act.

Pursuant to notice, hearings were thereafter held before the undersigned hearing examiner duly designated by the Commission to hear this proceeding at various times and places from February 6, 1956, to May 22, 1957. During the course of the hearings, a motion to amend the complaint and a corresponding motion to amend the answer thereto were granted.