

## Decision

IN THE MATTER OF  
LANOLE PRODUCTS, INC., ET AL.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF  
THE FEDERAL TRADE COMMISSION ACT*Docket 7085. Complaint, Mar. 12, 1958—Decision, Aug. 13, 1958*

Consent order requiring a seller in Detroit, Mich., of its "Lanole Scalp Treatment Kit" to cease advertising falsely that its products would prevent excessive hair fall and baldness in the majority of cases and that the principal cause of such conditions was bad scalp hygiene and scalp infection, that the business designated "Patten Research Institute" had engaged in research in connection with the hair and scalp or its preparations, and that it was an institute.

*Mr. Morton Nesmith* for the Commission.

*Mr. Peter T. Jameson*, of Detroit, Mich., for respondents.

## INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

The Commission's complaint in this matter charges the respondents with misrepresenting certain cosmetic preparations sold by them, the preparations being intended primarily for use in the treatment of the hair and scalp. 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.

Order

55 F.T.C.

The hearing examiner having considered the agreement and proposed order and being of the opinion that they provide an adequate basis for appropriate disposition of the proceeding, the agreement is hereby accepted, the following jurisdictional findings made, and the following order issued:

1. Respondent Lanole Products, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of Michigan, with its office and principal place of business located at 9611 E. Forest Avenue, Detroit, Mich. Respondent A. P. Abbey is the president of said corporation, having the same address as the corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

## ORDER

*It is ordered*, That the respondents, Lanole Products, Inc., a corporation, and its officers, and A. P. Abbey, individually and as an officer of said corporation, and their representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution of their various cosmetic preparations known as Lanole Anhydrous or Prophylactic Shampoo, Lanole Scalp Lotion, Lanole Lasco Ointment and Professional Shampoo, or any preparations of substantially similar composition or possessing substantially similar properties, whether sold under said names or any other names, or any other preparations, do forthwith cease and desist from:

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

(a) That bad scalp hygiene or scalp infections, are the principal or major causes of excessive falling hair or baldness.

(b) That the use of respondents' preparations alone, or in any combination, or in conjunction with any method of application will prevent excessive hair fall or baldness unless such representations be expressly limited to cases other than male pattern baldness and unless it is clearly and conspicuously revealed that the great majority of cases of excessive hair fall and baldness are the male pattern type and that in such cases respondents' preparations will be of no value.

(c) That the business known as Patten Research Institute has

engaged in research in connection with hair or scalp conditions or in connection with respondents' preparations, or that such business is an institute.

2. Disseminating, or causing to be disseminated, by any means, any advertisement for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of said preparations in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement contains any of the representations prohibited in paragraph 1 above, or which fails to comply with the affirmative requirements of subparagraph (b) of paragraph 1 hereof.

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 13th day of August 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.

Complaint

55 F.T.C.

IN THE MATTER OF  
WAREHOUSE DISTRIBUTORS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION  
OF SEC. 2(f) OF THE CLAYTON ACT

*Docket 6837. Complaint, July 10, 1957—Decision, Aug. 14, 1958*

Consent order requiring a group of 28 southeastern jobbers of automotive parts and supplies, acting through the medium of their corporate buying organization, to cease violating Section 2(f) of the Clayton Act by inducing and accepting illegal price discriminations from their suppliers through such practices as (1) requiring suppliers who sold on a quantity discount schedule to base their discounts on the combined purchases of all group members; (2) requiring suppliers who did not give trade discounts to competing customers to give them to members; and (3) replacing suppliers who did not grant discriminatory terms to the group with others who did.

COMPLAINT

The Federal Trade Commission, having reason to believe that the party respondents named in the caption hereof, and hereinafter more particularly designated and described, have violated and are now violating the provisions of Subsection (f) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act, approved June 19, 1936, (U.S.C. Title 15, Sec. 13) hereby issues its complaint, stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondent Warehouse Distributors, Inc., hereinafter sometimes referred to as respondent WDI, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Tennessee, with its principal office and place of business located at 138 Seaboard Boulevard, NW., Atlanta, Ga.

Respondent WDI, although utilizing corporate form, is a membership organization maintained, managed, controlled, and operated by and for its members. The membership of respondent WDI is composed of corporations and individuals whose business consists of the jobbing of automotive parts and supplies.

Respondent WDI, as constituted and operated, is known and referred to in the trade as a buying group.

Respondent Charles A. Cole, is now and has been since 1948, manager of respondent WDI. His office and principal place of business, as manager of respondent WDI, is located at 138 Seaboard Boulevard, NW., Atlanta, Ga.