

## Decision

IN THE MATTER OF  
GENERAL PRODUCTS CORPORATION, ET AL.

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

*Docket 7102. Complaint, Mar. 28, 1958—Decision, Nov. 19, 1958*

Consent order requiring distributors in Los Angeles, Calif., of drug preparations containing vitamins and minerals, to cease representing falsely in advertising, including radio broadcasts, that their "VCS" preparation was cheaper than competing products, that the price was specially reduced for a limited time only and available to selected customers only, that the product supplied users with all the essential vitamins and minerals and was of value in conditions resulting from vitamin and mineral deficiencies; and that their "Pounds-Off" preparation contained a newly discovered antihunger ingredient, and that by its use once a day a specific weight loss would be achieved in a prescribed period.

*Mr. John J. McNally* for the Commission.

*Mr. Lee J. Myers*, of Long Beach, Calif., for respondents.

INITIAL DECISION BY J. EARL COX, HEARING EXAMINER

The complaint charges respondents with the dissemination of false advertisements of their drug and food preparations designated "VCS Formula" and "Pounds-Off", including, but not limited to, radio broadcasts transmitted by the west coast stations of the CBS network, covering the States of Washington, Oregon, and California, which advertisements are misleading in material respects and constitute unfair and deceptive acts and practices in commerce, in violation of the Federal Trade Commission Act.

After 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 an assistant director of the Commission's Bureau of Litigation, and thereafter transmitted to the hearing examiner for consideration.

The agreement identifies Respondent General Products Corporation as a California corporation, with its office and principal place of business located at 541 North Le Brea, Los Angeles, Calif., and respondents David Ormont and Alan Mann as individuals and officers of the respondent corporation, having the same offices and places of business as respondent corporation.

The agreement provides, among other things, that respondents

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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; that 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; 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 the complaint may be used in construing the terms of the order agreed upon, which may be altered, modified or set aside in the manner provided for other orders; 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; and that the order set forth in the agreement and hereinafter included in this decision shall have the same force and effect as if entered after a full hearing.

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 the agreement.

The order agreed upon fully disposes of all the issues raised in the complaint, and adequately prohibits the acts and practices charged therein as being in violation of the Federal Trade Commission Act. Accordingly, the hearing examiner finds this proceeding to be in the public interest, and accepts the agreement containing consent order to cease and desist as part of the record upon which this decision is based. Therefore,

*It is ordered,* That respondents, General Products Corporation, and its officers, and David Ormont, and Alan Mann, individually and as officers of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of "VCS Formula" and "Pounds-Off", or any preparations of substantially similar composition or possessing substantially similar properties, whether sold under the same names or any other names, do forthwith cease and desist from, directly or indirectly:

1. Disseminating or causing to be disseminated any advertise-

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ment by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement represents, directly or indirectly:

(a) That significant savings in money may be realized through the use of "VCS Formula" in preference to other vitamin and mineral products, unless such is the fact;

(b) That the price at which "VCS Formula" is being offered is a special or reduced price when the price is in fact the regular and customary price at which the product is sold by respondents or that the offer is for only a limited time;

(c) That the price at which "VCS Formula" is being offered is available to selected customers only;

(d) That "VCS Formula" supplies all of the essential vitamins and minerals to the users thereof;

(e) That "VCS Formula" is of value in the correction of a tired-out, run-down feeling, or any other symptom or condition resulting from a vitamin or mineral deficiency, unless expressly limited to instances resulting from a deficiency of one or more of the vitamins supplied in amounts exceeding the minimum daily requirements when taken according to directions;

(f) That through the use of the "Pounds-Off" plan, or product, specific or predetermined loss of weight will be achieved within a prescribed period of time;

(g) That "Pounds-Off" contains a newly discovered antihunger ingredient;

(h) That in using the "Pounds-Off" plan you need take "Pounds-Off" only once each day;

2. Disseminating or causing the dissemination of 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 preparations, which advertisement contains any of the representations prohibited in 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 19th day of November 1958, become the decision of the Commission; and, accordingly:

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*It is ordered,* That respondents General Products Corporation, a corporation, and David Ormont and Alan Mann, individually and as officers 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.

Complaint

IN THE MATTER OF  
C. F. BUELOW COMPANY, ET AL.

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

*Docket 7154. Complaint, May 26, 1958—Decision, Nov. 19, 1958*

Consent order requiring brokers in Seattle, Wash., of sea food products, including canned salmon, to cease violating the brokerage section of the Clayton Act by making allowances or rebates in lieu of brokerage to certain buyers, a part or all of which was not charged back to the packer-principals but was taken from respondents' brokerage earnings.

COMPLAINT

The Federal Trade Commission, having reason to believe that the parties respondent named in the caption hereof, and hereinafter more particularly designated and described, have been and are now violating the provisions of subsection (c) of Section 2 of the Clayton Act, as amended (U.S.C., Title 15, Sec 13), hereby issues its complaint, stating its charges with respect thereto as follows:

PARAGRAPH 1. The respondent C. F. Buelow Company, hereinafter sometimes referred to as corporate respondent, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Washington with its principal office and place of business located at Room 1701 Smith Tower Building, Seattle, Wash.

Respondent Carrol F. Buelow is an individual and is president of the corporate respondent, and owns substantially all of its capital stock. As president and substantial owner, he formulates, directs and controls the acts, practices, and policies of the said corporate respondent, including its sales and distribution policies.

PAR. 2. Respondents, both corporate and individual, are now and for the past several years have been engaged in the business of selling and distributing seafood products, including canned salmon, all of which are hereinafter sometimes referred to as seafood products, and distribute as primary brokers, negotiating sales for the account of a number of their packer-principals.

PAR. 3. Respondents sell and distribute their seafood products generally through field brokers located throughout the United States. Respondents have, directly or indirectly, shipped or