

IN THE MATTER OF
CORAL STONE CONSTRUCTION COMPANY, ET AL.

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

Docket 7309. Complaint, Nov. 19, 1958—Decision, Jan. 8, 1959

Consent order requiring a seller of building materials in Chicago to cease representing falsely in advertising to obtain home improvement and repairs contracts, that monthly payments on remodeling jobs were smaller than was the fact; that governmental authorities regularly inspect homes for violations of building codes and levy fines therefor; that valuable gifts would be given to prospects who allowed it to bid on a job; and that its "Coral Stone" was backed by a lifetime guarantee not to chip or crack.

Mr. Brockman Horne for the Commission.

Mr. Morton I. Kavin, of Chicago, Ill., for respondents.

INITIAL DECISION BY EARL J. KOLB, HEARING EXAMINER

The complaint in this proceeding issued November 19, 1958 charges that respondents have violated the provisions of the Federal Trade Commission Act in the sale and distribution of building materials.

Respondent Coral Stone Construction Company is a corporation existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 1533 West Devon Avenue, Chicago, Ill.

Individual respondents, Norman Stone, Theodore T. Stone, Betty Stone and Morton I. Kavin, are officers of said corporate respondent, and they formulate, direct, and control its policies, acts, and practices. Their business address is the same as that of the corporate respondent.

After issuance of the complaint, respondents and their attorney entered into an agreement containing a consent order to cease and desist with counsel in support of the complaint, disposing of all the issues in this proceeding, which agreement was duly approved by the Assistant Director and the Acting Director of the Bureau of Litigation.

It was expressly provided in said agreement that the signing thereof is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

By the terms of said agreement, the respondents admitted all the jurisdictional facts alleged in the complaint and agreed that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with the allegations.

By said agreement, the respondents expressly waived any further procedural steps before the hearing examiner and the Commission; the making of findings of fact or conclusions of law; and all the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with the agreement.

Respondents further agreed that the order to cease and desist, issued in accordance with said agreement, shall have the same force and effect as if made after a full hearing.

It was further provided that said agreement, together with the complaint, shall constitute the entire record herein; that the complaint herein may be used in construing the terms of the order issued pursuant to said agreement; and that said order may be altered, modified or set aside in the manner prescribed by the statute for orders of the Commission.

The hearing examiner has considered such agreement and the order therein contained, and, it appearing that said agreement and order provides for an appropriate disposition of this proceeding, the same is hereby accepted and is ordered filed upon becoming part of the Commission's decision in accordance with Sections 3.21 and 3.25 of the Rules of Practice, and, in consonance with the terms of said agreement, the hearing examiner finds that the Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents named herein, that this proceeding is in the interest of the public, and issues the following order:

It is ordered, That respondents Coral Stone Construction Company, a corporation, and its officers, and Norman Stone, Theodore T. Stone, Betty Stone, and Morton I. Kavin, individually and as officers 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 and distribution of building materials required in the execution of contracts for repairs or other improvements on homes or other structures, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(a) Representing, directly or by implication, that certain periodic payments may be made to liquidate the amount due on

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contracts with respondents unless it is expressly stated that such payments may be made only by those who can qualify.

(b) Representing, directly or by implication, that governmental authorities make inspections of homes or other structures, to find violations of building codes or other laws and levy fines for violations, unless restricted to the particular areas in which such inspections are actually made.

(c) Representing, directly or by implication, that respondents give articles of merchandise as a gift to persons who merely permit them to submit a bid for repairs or other work on homes or other buildings and improvements or for any other reason that is not in accordance with the facts.

(d) Representing, directly or by implication, that a product is guaranteed unless the terms and nature of the guarantee and the manner in which the guarantor will perform are clearly set forth.

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 8th day of January 1959, 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.

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IN THE MATTER OF
COAST TO COAST SERVICE CORPORATION, ET AL.

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

Docket 7103. Complaint, Apr. 2, 1958—Decision, Jan. 10, 1959

Consent order requiring a concern in New York City—formerly of Chicago—engaged in the listing for sale and advertising of real estate and other property, to cease making written and oral misrepresentations for the purpose of obtaining listings of real estate and inflated excessive fees therefor, including false claims that they were bona fide business brokers, that they had prospects interested in specific properties listed and would sell a property in a short time, that they would furnish expert appraisers to evaluate a property, that a property was underpriced and the asking price should be raised, that they maintained a finance department and would finance purchase of listed properties, and that the listing fee was only an advance on the selling commission and would be refunded if the property was not sold in a short time.

John W. Brookfield, Jr., and Thomas A. Sterner, Esqs., supporting the complaint.

Irven Gilbert, Esq., of Chicago, Ill., for Coast to Coast Service Corporation, William Maurice and Anna M. Lombard Maurice.

Caplan, Ehrlich & Pastin, by Max Pastin, Esq., of Chicago, Ill., for Lewis Grombacher.

Ralph P. O'Neal and Emelia Leuta Promisco, respondents in propria persona.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

The complaint in this proceeding, issued April 2, 1958, charges the respondents Coast to Coast Service Corporation, a corporation, and William Maurice (also known as William Muchnick), Ralph P. O'Neal, Anna M. Lombard Maurice, Lewis Grombacher and Emelia Leuta Promisco, individually and as officers of said corporation, with violation of the Federal Trade Commission Act in connection with representations by them made in soliciting the listing for sale and advertising of real estate and other property. Said complaint was duly served on all of the respondents as required by law.

After issuance of the complaint the respondents, (except Emelia Leuta Promisco hereinafter separately considered), entered into an agreement for a consent order with counsel in support of the