

IN THE MATTER OF
DRUG RESEARCH CORPORATION ET AL.

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

Docket 7179. Complaint, June 30, 1958—Decision, Apr. 17, 1959

Consent order requiring New York City distributors of a reducing preparation designated "Reg'men-Tablets" and their advertising agency, to cease representing falsely in newspaper, magazine, and other advertising and by radio and television broadcasts that the preparation was safe for use by all obese persons, that through use of the tablets they could lose weight without dieting and lose a specific number of pounds in a given period, and that significant weight loss caused by the removal of body fluids would be more than temporary.

Mr. Berryman Davis supporting the complaint.

Mr. James T. Welch of *Davies, Richberg, Tydings, Landa & Duff*, of Washington, D.C., for respondents.

INITIAL DECISION BY JOSEPH CALLAWAY, HEARING EXAMINER

The Federal Trade Commission issued its complaint on June 30, 1958, charging the above-named respondents with violation of the Federal Trade Commission Act as alleged in said complaint. After service of the complaint and answer thereto all of the respondents except the respondent Harriet Andreadis entered into an agreement with counsel supporting the complaint containing an order to cease and desist from certain practices complained of, which agreement purports to dispose of all issues in this proceeding as to all parties. This agreement has been duly approved by the assistant director and director of the Bureau of Litigation and is now before the undersigned hearing examiner for consideration.

The agreement provides in part that in order to correct errors in the caption and the body of the complaint in regard to the names of respondents that the complaint be amended by substituting as respondents John T. Andreadis, also known as John T. Andre, Timoleon T. Andreadis, also known as Timoleon T. Andre, and Kastor Hilton Chesley Clifford & Atherton, Inc., in place of John Andre also known as John Andreadis, Timoleon T. Andre, also known as Timoleon T. Andreadis and Kastor, Farrell, Chesley & Clifford, Inc., respectively; and by substituting

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Harriet Andreadis for Harriet Andre, also known as Harriet Andreadis.

This portion of the agreement is considered as a joint motion to make such amendments to the complaint and is granted.

The agreement also further provides for the dismissal of the amended complaint as to respondent Harriet Andreadis. Agreement for such dismissal is based on an affidavit of respondent John T. Andreadis attached to and made a part of the agreement. The hearing examiner finds that this affidavit is sufficient ground in this particular proceeding for dismissing as to the respondent Harriet Andreadis.

Respondents, Drug Research Corporation, a corporation, and its officers and John T. Andreadis, also known as John T. Andre; Timoleon T. Andreadis, also known as Timoleon T. Andre, individually and as officers of said corporation, and respondent Kastor Hilton Chesley Clifford & Atherton, Inc., and its officers, in 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 made duly in accordance with such allegations. Said agreement further provides that respondents waive all further procedural steps before the hearing examiner or the Commission, including the making of findings of fact or conclusions of law and the right to challenge or contest the validity of the order to cease and desist entered in accordance with such agreement. It has also been agreed that the record herein shall consist solely of the complaint and said 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 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, that said order to cease and desist shall have the same force and effect as if entered after a full hearing and may be altered, modified, or set aside in the manner provided for other orders, and that the complaint may be used in construing the terms of the order.

This proceeding having now come on for final consideration on the complaint and the aforesaid agreement containing the consent order, and it appearing that the order and agreement cover all of the allegations of the complaint and provide for appropriate disposition of this proceeding, the agreement is hereby accepted and ordered filed upon this decision and said agree-

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ment becoming part of the Commission's decision pursuant to Sections 3.21 and 3.25 of the Rules of Practice, and the hearing examiner accordingly makes the following findings, for jurisdictional purposes, and order;

1. Respondent Drug Research Corporation is a corporation existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 369 Lexington Avenue, in the city of New York, State of New York.

2. Respondents John T. Andreadis, also known as John T. Andre, and Timoleon T. Andreadis, also known as Timoleon T. Andre, are individuals and officers of this corporate respondent. They dominate, control and direct the policies, acts and practices of this corporate respondent. The address of the individual respondents is the same as that of this corporate respondent.

3. Respondent Kastor Hilton Chesley Clifford & Atherton, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of New York, with its principal place of business located at 400 Madison Avenue, in the city of New York, State of New York. This corporate respondent is the advertising agency of Drug Research Corporation.

4. 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 under the Federal Trade Commission Act. This proceeding is in the public interest.

ORDER

It is ordered, That respondents Drug Research Corporation, and its officers, John T. Andreadis, also known as John T. Andre, and Timoleon T. Andreadis, also known as Timoleon T. Andre, individually and as officers of said corporation, and respondent Kastor Hilton Chesley Clifford & Atherton, Inc., and its officers, 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 Regimen-Tablets, or any preparation of substantially similar composition or possessing substantially similar properties, whether sold under the same name or any other name, do forthwith cease and desist from directly or indirectly:

1. Disseminating or causing to be disseminated any advertisement by means of the United States mails or by any means in

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commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement represents, directly or indirectly:

- (a) That said preparation is safe to use by all obese persons;
- (b) That obese persons can lose weight by the use of said preparation without dieting and while consuming the same kinds and amounts of food as they ordinarily consume;
- (c) That any predetermined weight reduction can be achieved by most persons by the taking or use of said preparation for a prescribed period of time; and
- (d) That said preparation, by the removal of excess body fluids, causes significant weight loss of more than temporary duration.

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 preparation, which advertisement contains any of the representations prohibited in paragraph 1 hereof.

It is further ordered, That the amended complaint be, and the same hereby is, dismissed as to respondent Harriet Andreadis.

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 17th day of April 1959, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Drug Research Corporation, a corporation, and its officers and John T. Andreadis, also known as John T. Andre; Timoleon T. Andreadis, also known as Timoleon T. Andre, individually and as officers of said corporation, and respondent Kastor Hilton Chesley Clifford & Atherton, Inc., and its officers,¹ 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.

¹ Complaint amended to show correct names of respondents.

IN THE MATTER OF
AMERICAN EQUITABLE CORPORATION ET AL.

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

Docket 7326. Complaint, Dec. 9, 1958—Decision, Apr. 22, 1959

Consent order requiring a Chicago real estate firm to cease representing falsely in advertising and by statements of solicitors to obtain listings of property for sale and to collect fees for such listing and advertising, that the asking price was too low and should be raised; that the fee would be returned if the property was not sold within a short designated time; that they investigated the ability of prospective buyers to pay and had such buyers who were interested in specific properties; that they were specialists in selling real estate, financed purchases, assumed all financial risk, and advertised properties in major newspapers.

John W. Brookfield, Jr., Esq. for the Commission.

Halfpenny and Hahn, by *James F. Flanagan, Esq.*, of Chicago, Ill., for respondents.

INITIAL DECISION BY ROBERT L. PIPER, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on December 9, 1958, charging them with having violated the provisions of the Federal Trade Commission Act by the use of false representations for the purpose of obtaining listings of property for sale and fees for the listing and advertising of property for sale; and that they are the owners or principal occupants of the Pure Oil Building. Respondents appeared by counsel and entered into an agreement, dated March 2, 1959, containing a consent order to cease and desist, disposing of all the issues in this proceeding without further hearings, which agreement has been duly approved by the director of the Bureau of Litigation. Said agreement has been submitted to the undersigned, heretofore duly designated to act as hearing examiner herein, for his consideration in accordance with §3.25 of the Rules of Practice of the Commission.

Respondents, pursuant to the aforesaid agreement, have admitted all of the jurisdictional allegations of the complaint and agreed that the record may be taken as if findings of jurisdictional facts had been made duly in accordance with such allegations. Said agreement further provides that respondents waive

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all further procedural steps before the hearing examiner or the Commission, including the making of findings of fact or conclusions of law and the right to challenge or contest the validity of the order to cease and desist entered in accordance with such agreement. It has also been agreed that the record herein shall consist solely of the complaint and said 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 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, that said order to cease and desist shall have the same force and effect as if entered after a full hearing and may be altered, modified, or set aside in the manner provided for other orders, and that the complaint may be used in construing the terms of the order.

This proceeding having now come on for final consideration on the complaint and the aforesaid agreement containing the consent order, and it appearing that the order and agreement cover all of the allegations of the complaint and provide for appropriate disposition of this proceeding, the agreement is hereby accepted and ordered filed upon this decision and said agreement becoming part of the Commission's decision pursuant to §§3.21 and 3.25 of the Rules of Practice, and the hearing examiner accordingly makes the following findings, for jurisdictional purposes, and order:

1. Respondent American Equitable Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 35 East Wacker Drive, in the City of Chicago, Ill.

Respondents Carl J. Campagna and Charles Dabney are individuals and officers of said corporate respondent and have their office and place of business at the same address as that of the corporate respondent.

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.

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ORDER

It is ordered, That respondents American Equitable Corporation, a corporation, and its officers, and Carl J. Campagna and Charles Dabney, 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 or sale of advertising in any advertising media, or of other services and facilities in connection with the offering for sale, selling, buying or exchanging of business or any other kind of property, 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. Respondents have available prospective buyers who are interested in the purchase of specific property;
2. Respondents investigate the financial ability to purchase the property of persons whose names appear in their files as prospective buyers of the property;
3. Respondents will finance the purchase of the listed property;
4. The property is underpriced by the owner or that the asking price should be increased or that respondents can or will sell the property at the increased price;
5. Respondents have published over 100,000 advertisements or any other number in excess of those actually published, or that respondents will advertise the listed property in any other manner than that actually published;
6. Respondents have in their files or otherwise available the names of numbers of prospective buyers of property whose financial responsibility and integrity have been investigated by them;
7. Respondents assume all the financial risk or obligation and the owner of the property cannot lose through listing his property with respondents;
8. The listing or advance fee paid to respondents will be refunded if the property is not sold;
9. Respondents will bring prospective purchasers of the listed property to examine the property;
10. Property listed with respondents will be sold within a short period of time or that respondents have sold the property of others, who listed it with them, within a few weeks or other short period of time;
11. Respondents study or select the property which they seek to have listed and do not accept property in general to be listed,

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or that they do not accept contracts for listing or selling property unless they can sell the property;

12. Respondents are specialists in the sale of property or that their methods are proven, trustworthy or dependable;

13. Respondents are the owners of or principal occupants of a large office building, or are a large, nationally known or responsible firm or company.

It is further ordered, That the complaint be and the same hereby is dismissed as to respondent Margaret Campagna, individually and as an officer of respondent American Equitable Corporation, without prejudice to the right of the Commission to take such action in the future as may be warranted by the then existing conditions.

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 22d day of April 1959, become the decision of the Commission; and, accordingly:

It is ordered, That the above-named respondents with the exception of Margaret Campagna 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
I. G. CHEMICAL CORP., ET AL.

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

Docket 7277. Complaint, Oct. 14, 1958—Decision, Apr. 23, 1959

Consent order requiring New York City distributors to cease representing falsely in advertising that their "Green Plasma" chemical dye for lawns—which sunlight would bleach and rain wash out—had been tested and approved by the United States Government and used on the United States Capitol and White House lawns to restore and maintain a green color; that only occasional sprinklings with the preparation would keep a lawn green all year; that it was a new scientific discovery, in scarce supply, a plant food and fertilizer; and that prospective purchasers would receive a free trial of the product.

Mr. Garland S. Ferguson supporting the complaint.

Mr. Milton A. Bass of *Bass and Friend*, of New York, N.Y., for respondents.

INITIAL DECISION BY JOSEPH CALLAWAY, HEARING EXAMINER

The Federal Trade Commission issued its complaint on October 14, 1958, charging the above-named respondents with violation of the Federal Trade Commission Act by making deceptive and misleading statements with respect to their product, "Green Plasma," a chemical preparation for lawns.

After being served with the complaint respondents entered into an agreement, dated February 17, 1959, containing a consent order to cease and desist, disposing of all the issues in this proceeding, which agreement has been duly approved by the director and assistant director of the Bureau of Litigation. Said agreement has been submitted to the undersigned, heretofore duly designated to act as hearing examiner herein, for his consideration in accordance with Section 3.25 of the Rules of Practice of the Commission.

Respondents, pursuant to the aforesaid agreement, have admitted all of the jurisdictional allegations of the complaint and agreed that the record may be taken as if findings of jurisdictional facts had been made duly in accordance with such allegations. Said agreement further provides that respondents waive all further procedural steps before the hearing examiner or the Commission, including the making of findings of fact or conclu-