

Decision

IN THE MATTER OF

INTERNATIONAL HOUSEWARES INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket 7485. Complaint, May 7, 1959—Decision, Sept. 17, 1959*

Consent order requiring Niagara Falls, N.Y., distributors of "Kitchen Queen Stainless Steel Waterless Cookware" to cease representing falsely in advertising literature furnished their distributors—including sales training manuals, charts, leaflets, cookbooks, and brochures—that use of said utensils and the "waterless" method of cooking would protect health; that the utensils were new and revolutionary; that their sales personnel were members of their advertising department and that the offer they made was a "special advertising offer" at special reduced prices and only to selected customers; and that they manufactured their products and tested them in their own laboratory.

Mr. Morton Nesmith supporting the complaint.

Respondents, *pro se*.

INITIAL DECISION OF JOHN LEWIS, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on May 7, 1959, 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 making various false and misleading statements in connection with the advertising and selling of cooking utensils distributed by them. After being served with said complaint, respondents appeared and entered into an agreement, dated July 13, 1959, containing a consent order to cease and desist purporting to dispose of all of this proceeding as to all parties, except as to subparagraph (c) of paragraph 5 of the complaint which it has been agreed may be dismissed as not being sustainable. Said agreement, which has been signed by all 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

Order

56 F.T.C.

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 of 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 Section 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 International Housewares, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 706 Ninth Street, Niagara Falls, New York. The individual respondents Richard J. Day, Andrew Foti, and Anthony Geraci are officers of said respondent corporation, and their address is the same 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.

ORDER

It is ordered, That respondents, International Housewares, Inc., a corporation, and its officers, and Richard J. Day, Andrew Foti, and Anthony Geraci, 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 offer-

ing for sale, sale or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of stainless steel cooking utensils or any other cooking utensils of substantially similar composition, design, construction, or purpose, do forthwith cease and desist from:

1. Representing, directly or by implication:

(a) That the use of respondents' utensils and the "waterless" method of cooking will promote or is conducive to better health of the users thereof. However, nothing contained herein shall prevent respondents from representing that more vitamins and minerals are retained in food cooked in their utensils and using the "waterless" method of cooking than when cooked in other utensils requiring substantially larger quantities of water.

(b) That respondents' utensils are new and revolutionary;

(c) That respondents' sales personnel are members of their advertising department or are other than salesmen;

(d) That respondents' offer to sell said utensils is for the purpose of advertising or is a "special advertising offer";

(e) That the prices at which respondents' utensils are offered for sale are special or reduced prices, unless such is the fact;

(f) That respondents do not sell their utensils to everyone but only to selected customers, or those who qualify;

(g) That respondents own, operate or control a factory wherein said utensils are manufactured or that respondents own, operate or control a laboratory wherein said utensils are tested.

2. Furnishing means or instrumentalities to others by and through which they may mislead and deceive the public respecting the matters set forth in paragraph 1 hereof.

It is further ordered, That the charge contained in paragraph 5(c), "That purchasers of said utensils will save on their fuel and food bills," be and the same hereby is, dismissed.

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 September, 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.

IN THE MATTER OF

STEVEN HASSO ET AL. TRADING AS HASSO'S FURS

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

Docket 7522. Complaint, June 16, 1959—Decision, Sept. 17, 1959

Consent order requiring a furrier in Troy, N.Y., to cease violating the Fur Products Labeling Act by attaching to fur products, labels containing fictitious prices, represented thereby as the regular retail selling prices; by advertising in newspapers which falsely represented "savings of as much as 40% and 70%," and represented prices falsely as reduced from regular prices which were in fact fictitious; and by failing to maintain adequate records on which such pricing claims were based.

Mr. Garland S. Ferguson for the Commission.

Murphy, Aldrich, Guy, Brodrick & Simon, by *Mr. Bruce W. Hislop*, of Troy, N.Y., for respondents.

INITIAL DECISION BY J. EARL COX, HEARING EXAMINER

The complaint charges respondents with misbranding and falsely and deceptively advertising certain of their fur products, and with failing to maintain full and adequate records disclosing the facts upon which were based certain pricing and saving claims and representations made by respondents in advertisements of said fur products, in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder, and 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 states that respondents Steven Hasso and Richard Hasso are individuals and copartners trading as Hasso's Furs, with their office and principal place of business located at 44 Fourth Street, Troy, New York.

The agreement provides, among other things, that respondents 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