
IN THE MATTER OF
RECOTON CORPORATION AND G. SCHIRMER, INC.

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

Docket 7601. Complaint, Oct. 1, 1959—Decisions, Feb. 12 and Mar. 8, 1960

Consent orders dated Mar. 8, 1960, and Feb. 12, 1960, respectively, the first addressed to a manufacturer of phonograph needles and the second to its retailer customer, of New York City and Long Island City, requiring them to cease such unfair practices as advertising falsely in the New York Times that Recoton diamond and diamond-sapphire needles with a "List Price" of \$25 and \$30 were on sale at \$9.95 and \$10.95, respectively, and using the expression "Unconditional Lifetime Guarantee" when the guarantee was, in fact, subject to undisclosed limitations.

Mr. John J. Mathias supporting the complaint.

Mr. Joshua B. Cahn of *Cahn, Schwartzreich & Mathias*, of New York, N.Y., for respondent Recoton.

Mr. Milton M. Rosenbloom of *O'Brien, Driscoll and Raftery*, of New York, N.Y., for respondent Schirmer.

INITIAL DECISION BY LEON R. GROSS, HEARING EXAMINER

On October 1, 1959, pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission caused to be issued its complaint in this proceeding to which Recoton Corporation, a corporation, and G. Schirmer, Inc., a corporation, were made respondents. A true copy of said complaint was served upon said respondents as required by law. The complaint charges respondents with false, misleading and deceptive pricing statements in selling diamond and combination diamond-sapphire phonograph needles, and in deceptively advertising their "Unconditional Lifetime Guarantee" of said phonograph needles. Respondents are engaged in commerce as "commerce" is defined in the Federal Trade Commission Act. After being served with the complaint, respondents Recoton Corporation and G. Schirmer, Inc., appeared by counsel and entered into an agreement dated December 4, 1959, which purports to dispose of all of this proceeding as to the respondents Recoton Corporation, and G. Schirmer, Inc., corporations, without the necessity of conducting a formal hearing. The agreement has been signed by the respondents, their counsel, and by counsel supporting the complaint; and has been approved by the Director and the Assistant Director of the Bureau of Litigation of this Commission. Said agreement contains the form of a consent cease and desist order which the parties have agreed is dispositive of the issues involved in this proceeding. On December 16, 1959, and January 8, 1960 the said agreement was submitted to the above-named hearing examiner for his consideration, in accordance with §3.25 of the Commission's Rules of Practice for Adjudicative Proceedings.

Respondents Recoton Corporation and G. Schirmer, Inc., 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 further provides that respondents Recoton Corporation and G. Schirmer, Inc., 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. The parties have, *inter alia*, by such agreement agreed: (1) 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; (2) the complaint may be used in construing the terms of said order; (3) the record herein shall consist solely of the complaint and said agreement; and (4) 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 of December 4, 1959, 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, the agreement of December 4, 1959 is hereby accepted and ordered to be filed and to become a part of the record at the same time that this decision becomes the decision of the Federal Trade Commission pursuant to §§3.21 and 3.25 of the Commission's Rules of Practice for Adjudicative Proceedings; and

The undersigned hearing examiner having considered the agreement and proposed order and being of the opinion that the acceptance thereof will be in the public interest, makes the following jurisdictional findings, and issues the following order:

JURISDICTIONAL FINDINGS

1. The Federal Trade Commission has jurisdiction over the parties and the subject matter of this proceeding;

2. Respondent Recoton Corporation 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 52-35 Barnett Avenue, Long Island City, New York;

Respondent G. Schirmer, 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 3 East 43rd Street, New York, New York;

3. Respondents Recoton Corporation and G. Schirmer, Inc., are engaged in commerce as "commerce" is defined in the Federal Trade Commission Act;

4. The complaint herein states a cause of action against said respondents Recoton Corporation and G. Schirmer, Inc., under the Federal Trade Commission Act, and this proceeding is in the public interest.

ORDER

It is ordered, That respondents Recoton Corporation and G. Schirmer, Inc., corporations, and their officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of phonograph needles or other merchandise 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. Any amount is the usual and customary retail price of merchandise when such amount is in excess of the price at which such merchandise is usually and customarily sold at retail in the trade area or areas where the representations are made.
2. Such merchandise is guaranteed, unless the nature and extent of the guarantee, and the manner in which the guarantor will perform thereunder, are clearly and conspicuously set forth.

DECISIONS OF THE COMMISSION AND ORDERS TO FILE
REPORTS OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decisions of the hearing examiner shall, on the 12th day of February, 1960, and the 8th day of March, 1960, become the decisions of the Commission; and, accordingly:

It is ordered, That the respondents Recoton Corporation, a corporation, and G. Schirmer, Inc., a corporation, shall, within sixty (60) days after service upon them of these orders, file with the Commission reports 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

CHARLES A. ROBERTS DOING BUSINESS AS
GAIN PUBLISHING CO., ETC.