
IN THE MATTER OF
ALLSTATE RECORD DISTRIBUTING CO. ET AL.

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

Docket 7763. Complaint, Jan. 27, 1960—Decision, June 16, 1960

Consent order requiring a Chicago distributor of phonograph records to cease paying concealed "payola" to television and radio disc jockeys as inducement to have its records broadcast frequently in order to increase sales.

Mr. John T. Walker and *Mr. J. H. Kelley* for the Commission.
Moses and Theodore J. Levitan, of Chicago, Ill., for respondents.

INITIAL DECISION BY EDGAR A. BUTTLE, HEARING EXAMINER

On January 27, 1960, the Federal Trade Commission issued its complaint against the above-named respondents charging them with violating the provisions of the Federal Trade Commission Act in connection with the offering for sale, sale and distribution of phonograph records as independent distributors for several record manufacturers to retail outlets and jukebox operators in various states of the United States.

Decision

56 F.T.C.

On March 31, 1960, the respondents and counsel supporting the complaint entered into an agreement containing a consent order to cease and desist in accordance with section 3.25(a) of the Rules of Practice and Procedure of the Commission.

Under the foregoing agreement, the respondents admit the jurisdictional facts alleged in the complaint and agree among other things, that the cease and desist order there set forth may be entered without further notice and shall have the same force and effect as if entered after a full hearing. The agreement includes a waiver by the respondents of all rights to challenge or contest the validity of the order issuing in accordance therewith; and recites that the said agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission, and that it is for settlement purposes only and does not constitute an admission by the respondents that they have violated the law as alleged in the complaint. The hearing examiner finds that the content of the said agreement meets all the requirements of section 3.25(b) of the Rules of Practice.

This proceeding having now come on for final consideration by the hearing examiner on the complaint and the aforesaid agreement for consent order, and it appearing that said agreement provides for an appropriate disposition of this proceeding, the aforesaid agreement is hereby accepted and is ordered filed upon becoming part of the Commission's decision in accordance with section 3.21 of the Rules of Practice; and in consonance with the terms of said agreement, the hearing examiner makes the following jurisdictional findings and order:

1. Respondent Allstate Record Distributing Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 1450 South Michigan Avenue, Chicago, Illinois, said corporate respondent being also known as All State Record Distributing Company.

Respondents Paul J. Glass and Peggy M. Glass are president and treasurer, and vice president and secretary, respectively, of the corporate respondent, and formulate, direct and control the acts and practices of said corporate respondent. The address of the individual respondents is the same as that of said 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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Decision

ORDER

It is ordered, That respondents Allstate Record Distributing Co., a corporation, and its officers, and Paul J. Glass and Peggy M. Glass, individually, and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with phonograph records which have been distributed, in commerce, or which are used by radio or television stations in broadcasting programs in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Giving or offering to give, without requiring public disclosure, any sum of money or other material consideration, to any person, directly or indirectly, to induce that person to select, or participate in the selection of, and the broadcasting of, any such records in which respondents, or any of them, have a financial interest of any nature.

(2) Giving or offering to give, without requiring public disclosure, any sum of money, or other material consideration, to any person, directly or indirectly, as an inducement to influence any employee of a radio or television broadcasting station, or any other person, in any manner, to select, or participate in the selection of, and the broadcasting of, any such records in which respondents, or any of them, have a financial interest of any nature.

There shall be "public disclosure" within the meaning of this order, by any employee of a radio or television broadcasting station, or any other person, who selects or participates in the selection and broadcasting of a record when he shall disclose, or cause to have disclosed, to the listening public at the time the record is played, that his selection and broadcasting of such record are in consideration for compensation of some nature, directly or indirectly, received by him or his employer.

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 did, on the 16th day of June, 1960, 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

BACHMANN BROS., INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket 7789. Complaint, Feb. 24, 1960—Decision, June 16, 1960*

Consent order requiring Philadelphia distributors to cease representing falsely that imported products were made in the United States through such practices as printing "Manufactured by Bachmann Bros., Inc., * * *" on display cards attached to their Japanese-made "Champion" sunglasses, and through failing to mark cases enclosing the sunglasses with the country of origin.

Mr. Frederick McManus, supporting the complaint.

Mr. Charles A. Wolfe, of *Montgomery, McCracken, Walker & Rhoads*, of Philadelphia, Pa., for respondents.

INITIAL DECISION OF LEON R. GROSS, HEARING EXAMINER

The complaint in this proceeding, filed and issued on February 24, 1960, alleges that respondents violated the Federal Trade Commission Act by marketing certain products in interstate commerce, including sunglasses, without properly labelling said products to show their country of origin. Specifically, the complaint charges respondents with selling in interstate "commerce," as that term is defined in the Federal Trade Commission Act, sunglasses which are made in Japan, but are so labelled as to give the deceptive impression that said sunglasses are manufactured by respondents in the United States of America. A true copy of said complaint was served upon respondents as required by law. Thereafter respondents appeared by counsel and entered into an agreement dated April 11, 1960, which purports to dispose of all of this controversy as to all respondents, without the necessity of a formal hearing. Said agreement has been executed by or on behalf of all of the respondents, respondents' counsel, and counsel supporting the complaint. The agreement has been approved by the Director, Associate Director, and Assistant Director of the Bureau of Litigation of the Federal Trade Commission. The agreement contains the form of a consent cease and desist order which the parties have represented is dispositive of the issues involved in this controversy. On April 19, 1960, the agreement was submitted to the undersigned hearing examiner for his consideration in accordance with Section 3.25 of the Commission's Rules of Practice for Adjudicative Proceedings.