

with the order to cease and desist.

IN THE MATTER OF
MARS ELECTRONICS, INC., ET AL.

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

Docket 8181. Complaint, Nov. 23, 1960—Decision, May 18, 1961

Consent order requiring a television repair service in Washington, D.C., to cease such false advertising by radio, in newspapers, and otherwise, as "Repairs Made in Your Home for only \$1.00" when in fact they removed sets to

their shop for estimates and charged \$13.50 for the pickup, redelivery, and alleged examination, and the said low service charge was a form of bait to induce persons to call for service; and to cease advertising falsely that their repair employees were factory trained, and that all their repairs were fully guaranteed.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Mars Electronics, Inc., a corporation, and Andre Rivera and Juan Rivera, Jr., individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Mars Electronics, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 3424 Georgia Avenue, N.W., Washington, D.C.

Respondents Andre Rivera and Juan Rivera, Jr. are individuals and officers of said corporation. They formulate, direct and control the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time past have been, engaged in the sale and distribution of television and radio replacement parts. An essential and integral part of respondents' said business is the furnishing of television repair services. In connection with their television repair services, respondents remove television sets from the home of owners located in the District of Columbia and in the State of Maryland and transport said television sets to their repair shops, which are located in the District of Columbia, for servicing and replacement of parts, said parts being furnished and sold by respondents after which the television sets are delivered to the owners at their place of residence.

Respondents maintain, and at all times mentioned herein have maintained, a course of trade in their said business, in commerce, in the District of Columbia, and between the District of Columbia and the State of Maryland. The volume of business in said commerce has been, and is, substantial.

PAR. 3. In the course and conduct of their aforesaid business, respondents have made and are now making certain statements and representations concerning said business, by means of advertisements

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on radio, in newspapers, mailing cards and by other advertising media. Among and typical of the statements and representations made in such advertising are the following:

"Factory Trained Technicians. All Work Guaranteed. Repairs Made in Your Home. HOME CALLS for only \$1.00. We only charge for Parts and Labor if we fix your set. A Get Acquainted Offer With This Card Only. SAVE THIS CARD."

"All Work Fully Guaranteed".

"FOR THE TOPS IN TV SERVICE IN THE CAPITOL OF THE NATION." "HERE'S NO DOUBT ABOUT IT . . . "EVERYONE'S TALKING ABOUT THE FAST DEPENDABLE, EXPERT TV REPAIR BY THE MEN FROM MARS TV." "HOME CALLS ONLY ONE DOLLAR. FOR FAST HONEST, AND DEPENDABLE SERVICE, . . . REMEMBER MARS TV IN NORTHEAST, NORTHWEST, SOUTHEAST AND MARYLAND."

PAR. 4. By and through the use of the aforesaid statements and representations, and others of similar import, but not specifically set out herein, respondents represented, directly or by implication:

(1) That respondents service and repair television sets in the home for \$1.00;

(2) That the persons employed by respondents to service and repair television sets are factory trained; and

(3) That all work and repairs are fully guaranteed.

PAR. 5. The aforesaid statements and representations were false, misleading, and deceptive. In truth and in fact:

(1) In most instances respondents do not service or repair television sets in the home for \$1.00 or any other amount but remove the sets to their shop for such servicing and repairs. The advertising of said low service charge is a form of bait to induce persons to call for service and thereby enable respondents to remove television sets from homes to their shop.

In case the owner, after his set has been removed to respondents' shop and he has received an estimate of the cost of repairs, decides not to have the repairs made, respondents refuse to redeliver the set to his home except upon the payment of \$13.50 for pickup, redelivery and alleged examination. The fact that such a charge will be made is not clearly disclosed to the owner before his set is removed from his home by the respondents.

(2) The persons employed by respondents to service and repair television sets are not factory trained, but, on the contrary, possess a limited knowledge in the field of television repairs.

(3) Respondents' television repairs are not fully guaranteed. They are limited in certain respects and this limitation is not disclosed to the purchaser.

PAR. 6. At all times mentioned herein respondents have been, and are now, in direct and substantial competition in commerce with corporations, firms and individuals engaged in a similar business.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that such statements and representations were, and are, true and to induce said persons to have respondents service and repair their television sets because of such erroneous and mistaken belief. As a consequence thereof, substantial trade in commerce has been, and is being, unfairly diverted to respondents from their competitors and substantial injury has thereby been, and is being, done to competition in commerce.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

Mr. Michael J. Vitale supporting the complaint.

Murphy and Nelson by *Mr. Eugene X. Murphy* of Washington, D.C., for respondents.

INITIAL DECISION BY JOHN B. POINDENTER, HEARING EXAMINER

On November 23, 1960, the Federal Trade Commission issued a complaint charging that the above-named respondents had violated the provisions of the Federal Trade Commission Act. The complaint alleged that the respondents have made false, misleading and deceptive statements and representations in connection with their business, which consists of servicing and repairing television sets.

After issuance and service of the complaint, the respondents, their counsel, and counsel supporting the complaint entered into an agreement for a consent order. The agreement has been approved by the Director, the Associate Director and the Assistant Director of the Bureau of Litigation. The agreement disposes of the matters complained about.

The pertinent provisions of said agreement are as follows: Respondents admit all jurisdictional facts; the complaint may be used in construing the terms of the order; the order shall have the same force and effect as if entered after a full hearing and the said agree-

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ment shall not become a part of the official record of the proceeding unless and until it becomes a part of the decision of the Commission; the record herein shall consist solely of the complaint and agreement; respondents waive the requirement that the decision must contain a statement of findings of fact and conclusions of law; respondents waive further procedural steps before the hearing examiner and the Commission, and the order may be altered, modified, or set aside in the manner provided by statute for other orders; respondents waive any right to challenge or contest the validity of the order entered in accordance with the agreement and the signing of 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.

The undersigned hearing examiner having considered the agreement and proposed order, hereby accepts such agreement, makes the following jurisdictional findings, and issues the following order:

JURISDICTIONAL FINDINGS

1. Respondent Mars Electronics, Inc. is a corporation existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 3424 Georgia Avenue, N.W., Washington, D.C.

2. Respondents Andre Rivera and Juan Rivera, Jr. are officers of said corporate respondent. They formulate, direct and control the acts and practices of said corporate respondent. Their address is the same as the corporate respondent.

3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents hereinabove named and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Mars Electronics, Inc., a corporation, and its officers, and Andre Rivera and Juan Rivera, Jr., 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, sale and distribution of replacement parts for television sets, or any other products, or repair services in connection therewith, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication:

(a) That respondents service or repair television sets in the homes of owners for \$1.00 or any other amount, unless such is the fact;

(b) That their employees are factory trained technicians or misrepresenting the training or qualifications of their employees;

(c) That work or repairs are guaranteed, unless the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

2. Failing to clearly disclose to owners of television sets that in case their sets are removed from their homes by respondents and no repairs are made by respondents that a charge in a stated amount will be made before the sets are redelivered to the owners.

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 18th day of May 1961, 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