

IN THE MATTER OF  
CHEMICAL COMPOUNDS, INC., ET AL.

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

*Docket S339. Complaint, Mar. 16, 1961—Decision, Dec. 21, 1961*

Consent order requiring three individuals, formerly officers of a company liquidated before complaint issued, to cease representing falsely in advertising that their "STP" oil additive was "German developed", that they were its sole distributors, and that they had been selling it for 17 years.

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 Chemical Compounds, Inc., a corporation, and Ralph D. Ligett, Robert P. DeHart and James C. Hill, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions

## Complaint

59 F.T.C.

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 Chemical Compounds, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal place of business located at 601 South 9th Street, St. Joseph, Missouri. Individual respondents Ralph D. Ligett, Robert P. DeHart and James C. Hill are officers of said corporate respondent; have the same address as that of the corporate respondent; and control, direct and formulate the acts, practices and policies of said corporate respondent, including those hereinafter set forth.

PAR. 2 Respondents are now, and for more than three years last past have been, engaged in the advertising, offering for sale, sale and distribution of an oil additive under the trade name of STP. Respondents ship, and cause to be shipped, their oil additive, when sold, from the State of Missouri to purchasers thereof located in various other States of the United States. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. In the course and conduct of their business and for the purpose of inducing sales of their product, respondents have made certain statements and representations in magazines of national circulation, newspapers, brochures, circulars, radio, television and other media, some of which are furnished to retail dealers. Among and typical, but not all inclusive, of the statements and representations so made are the following:

German Developed  
STP  
ADD TO YOUR OIL

\* \* \*

Add STP to your crankcase oil—and the genius of German science goes right to work. \* \* \*

Miracle Product of German Science STP—product of German research genius.  
Imported German Hydro-Carbons Magic STP.  
MAGIC of German Science by STP.

\* \* \*

New German developed super-lubricant. \* \* \* Distributed in U.S.A. by Chemical Compounds, Inc., St. Joseph, Mo.

Millions of satisfied Users for 17 years.

Insist on these genuine German formulas at your service station. Distributors: Chemical Compounds, Inc., St. Joseph, Mo.

German developed—100% pure petroleum concentrate.

PAR. 4. Respondents, through the use of the aforesaid statements

and representations, and others similar thereto, represent, directly and by implication, that:

1. Their product is a formula developed by a German scientist.
2. Their product is compounded in and imported from Germany.
3. They are the sole distributor of the oil additive, which they sell as STP, in the United States.
4. They have been in business for a period of at least 17 years, and they have been selling said product as STP during that period.

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

1. Respondents' product is compounded from a formula developed by United States companies.
2. Respondents' product is produced by companies in the United States.
3. Respondents are not the sole United States distributor of the oil additive they sell as STP; on the contrary, said oil additive is distributed by other corporations, firms and persons in the United States.
4. Respondents have not been in business for 17 years, nor have they been selling for 17 years the oil additive they now sell.

PAR. 6. By the aforesaid practices, respondents place in the hands of retailers means and instrumentalities by and through which they may mislead the public as to the above said representations of said oil additives.

PAR. 7. Respondents, at all times mentioned herein, have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of oil additives.

PAR. 8. 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 said statements and representations were, and are, true and into the purchase of substantial quantities of respondents' product by reason of said 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. 9. 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. William A. Somers* supporting the complaint.

*Cravath, Swaine & Moore* by *Mr. John R. Hupper*, of New York, N.Y., for C. D. Ligett (named in the complaint as Ralph D. Ligett), Robert P. DeHart and James C. Hill, individually.

INITIAL DECISION BY JOHN B. POINDEXTER, HEARING EXAMINER

On March 16, 1961, the Federal Trade Commission issued a complaint charging that the above-named respondents in the course and conduct of their business and for the purpose of inducing the sale of their product had made certain statements and representations which are false, misleading and deceptive, in violation of the Federal Trade Commission Act.

On April 13, 1961, Counsel for Studebaker-Packard Corporation, informed the undersigned Hearing Examiner that on March 1, 1961, Studebaker-Packard acquired the entire Common Stock of Chemical Compounds, Inc. and requested additional time to, and including, May 15, 1961, in which to file an answer to the complaint.

On September 14, 1961, respondent C. D. Ligett (named in the complaint as Ralph D. Ligett and hereinafter referred to as Ralph D. Ligett), Robert P. DeHart and James C. Hill, as individuals, their attorneys and counsel supporting the complaint entered into an agreement for a consent order. The agreement states, among other things, that prior to the issuance of the complaint Studebaker-Packard Corporation purchased all outstanding stock of Chemical Compounds, Inc., the corporate respondent named in the complaint, and immediately thereafter caused the liquidation of the said corporate respondent. On the date of the acquisition of the said corporate respondent, the individual respondents Ralph D. Ligett, Robert P. DeHart and James C. Hill resigned as officers of said Chemical Compounds, Inc., and none of the above said individual respondents have since become officers of Studebaker-Packard Corporation as shown in the affidavit (attached to and made a part of the agreement) of Stanley B. Feur, Assistant Secretary of Studebaker-Packard Corporation.

The agreement recommends that the complaint be dismissed without prejudice as to corporate respondent Chemical Compounds, Inc., and respondents Ralph D. Ligett, Robert P. DeHart and James C. Hill as officers of the said corporate respondent, but not as individuals. Accordingly, the term "respondents" as hereinafter used refers to the above-named respondents in their capacity as individuals and not as officers. The agreement also recommends that Subparagraphs 1 of Paragraphs 4 and 5 of the complaint be dismissed as to all respondents.

The pertinent provisions of said agreement are as follows: Respondents admit all jurisdictional facts; the complaint may be used

1357

## Order

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 agreement 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 the 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. Respondents Ralph D. Ligett, Robert P. DeHart and James C. Hill are individuals with their offices located at 601 South 9th Street, St. Joseph, Missouri.

2. 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 C. D. Liggett (erroneously named in the complaint as Ralph D. Ligett), Robert P. DeHart and James C. Hill, individually, and their representatives, agents and employees, directly or through any corporate or other device, in connection with offering for sale, sale or distribution of oil additives, or any other related product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Misrepresenting, directly or by implication:

(a) The country of origin of their product.

(b) That they are the only distributor of the product in the United States; or in any other manner misrepresent their status as distributor of the product.

(c) The number of years in which they have been conducting their business.

(d) The time during which they have been selling their product.

## Complaint

59 F.T.C.

2. Placing any means or instrumentalities in the hands of others by and through which the public may be misled as to the inhibitions set forth in paragraph 1 of this order.

*It is further ordered*, That subparagraphs 1 of Paragraphs 4 and 5 of the complaint issued herein be, and they are hereby, dismissed as to all respondents.

*Also, it is further ordered*, That the complaint be, and it is hereby, dismissed as to respondent Chemical Compounds, Inc., and as to respondents Ralph D. Ligett, Robert P. DeHart, and James C. Hill as officers of respondent Chemical Compounds, Inc.

## DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, published May 6, 1955, as amended, the initial decision of the hearing examiner shall, on the 21st day of December, 1961, become the decision of the Commission; and, accordingly:

*It is ordered*, That respondents C. D. Ligett (erroneously named in the complaint as Ralph D. Ligett), Robert P. DeHart and James C. Hill, individually, 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

ROBIN ROUSSEAU TRADING AS ALASKA SEW & FUR  
SHOP, ETC.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

*Docket C-49. Complaint, Dec. 21, 1961—Decision, Dec. 21, 1961*

Consent order requiring a furrier in Spenard, Alaska, to cease violating the Fur Products Labeling Act by failing to show on labels the true animal name of the fur in fur products and to disclose when fur was dyed; and by failing to comply with invoicing requirements.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Robin Rousseau, hereinafter referred to as respondent,

has violated the provisions of said Acts and the Rules and Regulation promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a preceeding 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. Robin Rousseau is an individual trading as Alaska Sew & Fur Shop and Bobbie's Fur Shop with their office and principal place of business located at 2905 Arctic Boulevard (Box 4626), Spenard, Alaska.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondent has been and is now engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale, in commerce, and in the transportation and distribution, in commerce, or fur products; and has manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of fur which had been shipped and received in commerce as the terms "commerce", "fur" and "fur products" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 4. Certain of said fur products were falsely and deceptively invoiced by the respondent in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were invoices which failed:

1. To show the true animal name of the fur used in the fur product.
2. To disclose that the fur contained in the fur products was dyed when such was the fact.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the Rules and Regulations promulgated thereunder in that required item numbers were not set forth on invoices in violation of Rule 40 of said Rules and Regulations.

PAR. 6. The aforesaid acts and practices of respondent, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

Order

59 F.T.C.

## DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging violations of the Federal Trade Commission Act and the Fur Products Labeling Act, and the respondent named in the caption hereof having received notice of said determination and a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order an admission by the respondent of all the jurisdictional facts set forth in the complaint contemplated by such agreement, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Robin Rousseau is an individual trading as Alaska Sew & Fur Shop and Bobbie's Fur Shop with her office and principal place of business located at 2905 Arctic Boulevard, Spenard, Alaska.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

## ORDER

*It is ordered*, That Robin Rousseau, an individual trading as Alaska Sew & Fur Shop and Bobbie's Fur Shop, or under any other trade name, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, manufacture for introduction, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce of fur products or in connection with the sale, manufacture for sale, advertising, offering for sale, transportation or distribution of fur products which have been made in whole or in part of fur which has been shipped and received in commerce as "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act do forthwith cease and desist from:

1. Misbranding fur products by:

A. Failing to affix labels to fur products showing in words and figures plainly legible all the information required to be disclosed

1362

## Complaint

by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

2. Falsely or deceptively invoicing fur products by:

A. Failing to furnish invoices to purchasers of fur products showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

B. Failing to set forth the item number or mark assigned to a fur product.

*It is further ordered,* That the respondent shall, within sixty (60) days after service upon her of this order, file with the Commission a report in writing setting forth in detail the manner and form in which