

Complaint

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IN THE MATTER OF

GREATER PREMIUM FOOD CO., INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-193. Complaint, July 24, 1962—Decision, July 24, 1962*

Consent order requiring Philadelphia sellers of freezers, food, and freezer food plans to cease making a variety of misrepresentations to sell their products, in newspaper advertising, circulars, etc., as in the order below specified.

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 Greater Premium Food Co., Inc., a corporation, and Irving Canter and Abraham E. Ludwig, 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 Greater Premium Food Co., Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of Pennsylvania with its principal office and place of business located at 4563 Torresdale Avenue, Philadelphia, Pa.

Respondents Irving Canter and Abraham E. Ludwig are officers of the corporate respondent. They formulate, direct and control the acts and practices of 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 last past have been, engaged in the advertising, offering for sale, sale and distribution of freezers, food and freezer food plans under the aforesaid corporate name and under the following fictitious names:

Home Super Market Grocery Company
Blue Ribbon Food Service, Inc.
Nation Wide Food Services

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, freezers and food, when sold, to be shipped from their place of business in the State of Pennsylvania to purchasers thereof located in various other states of the United States, and maintain, and at all times mentioned herein have

maintained, a substantial course of trade in said freezers and food in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce with corporations, firms and individuals, in the sale of freezers, food and freezer food plans.

PAR. 5. In the course and conduct of their business, respondents have disseminated, and caused the dissemination of, certain advertisements by the United States mails and by various means in commerce, including but not limited to advertisements inserted in newspapers, brochures and circulars, as "commerce" is defined in the Federal Trade Commission Act, for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of food, as the term "food" is defined in the Federal Trade Commission Act, and have disseminated, and caused the dissemination of, advertisements by various means including those aforesaid, for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of food and freezers in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 6. By means of the advertisements disseminated, as aforesaid and by oral statements of sales representatives, respondents have represented, directly or by implication:

1. That "Home Economists" will assist purchasers of the aforesaid freezer food plan in planning their food orders.
2. That because purchasers of their freezer food plan can buy their food from respondents at wholesale prices, such purchasers can purchase their food requirements and a freezer for the same or less money than they have been paying for food alone.
3. That purchasers of respondents' freezer food plan will save enough money on the purchase of their food to pay for the freezer.
4. That respondents will permit purchasers of a food plan to have the free use of a freezer.
5. That respondents will erect metal shelves for the storage of food.
6. That the freezer and the food are fully and unconditionally guaranteed or insured under the contract.
7. That the initial food order supplied by the respondents will last the purchasers for four months.
8. That purchasers of the aforesaid freezer food plan can sign blank contracts with the assurance that when such contracts are filled in the terms and conditions of sale as set forth therein will be the same as agreed upon and disclosed at the time of the sale.

9. That certain blank instruments signed by purchasers are applications for credit.

10. That respondents process their own food.

11. That toiletries, paper products and drug items are included in the food budget.

12. That any money paid by purchasers for freezers or freezer food plan will be refunded if they are not satisfied.

13. That all brands of products are available under respondents' freezer food plan.

PAR. 7. In truth and in fact:

1. The individuals sent to help purchasers of the aforesaid freezer food plan in planning their food orders are not "Home Economists". They have not had sufficient or proper training to warrant calling them "Home Economists", or to help purchasers in planning their food orders.

2. The prices charged for food by respondents are not wholesale, nor are respondents' prices so low that purchasers of their freezer food plan can purchase their food requirements and a freezer for the same or less money than such purchasers have paid for food alone.

3. Purchasers of respondents' freezer food plan do not save enough money on the purchase of their food to pay for the freezer.

4. Purchasers of a freezer food plan from respondents do not have the free use of a freezer, but are in fact required to purchase said freezer.

5. Respondents have not in many cases erected metal shelves for the storage of food, but have merely supplied the shelves for erection by the purchasers of the aforesaid freezer food plan.

6. The freezer and the food are not fully or unconditionally guaranteed or insured under the contract.

7. The initial food order supplied by respondents is not sufficient to last purchasers four months.

8. All the terms and conditions of sale are not always disclosed at the time of sale. In many instances when contracts which have been signed in blank are filled in, the terms and conditions of sale as set forth therein are not the same as agreed upon and disclosed at the time of the sale.

9. In some instances purchasers sign promissory notes upon the representation that they are signing applications for credit.

10. Respondents do not process their own food.

11. Toiletries, paper products and drug items are not supplied within the food budget, but in fact have to be purchased separate from the food budget.

12. Purchasers of a freezer or freezer food plan do not receive a refund of their money if they are not satisfied but in fact have to pay the amount specified in the contract.

13. Not all brands of products are available under the food plan.

14. Purchasers of respondents' freezer food plan are not able to buy their food from respondents through this plan at wholesale prices.

Therefore, the advertisements referred to in paragraph 5 were, and are, misleading in material respects and constituted, and now constitute, "false advertisements" as that term is defined in the Federal Trade Commission Act, and the statements and representations referred to in paragraph 6 were, and now are, false, misleading and deceptive.

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 freezers, food and freezer food plans from the respondents by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, including the dissemination by respondents of false advertisements as aforesaid, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices, in commerce, within the intent and meaning of the Federal Trade Commission Act, and in violation of Sections 5 and 12 of said Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents 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 Greater Premium Food Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at 4563 Torresdale Avenue, in the city of Philadelphia, State of Pennsylvania.

Respondents Irving Canter and Abraham E. Ludwig are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their address is the same as that of said corporation.

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

ORDER

PART I

It is ordered, That respondent Greater Premium Food Co., Inc., a corporation, and its officers and Irving Canter and Abraham E. Ludwig 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 offering for sale, sale or distribution of freezers, food or a freezer food plan in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing directly or by implication that:
 - a. "Home Economists" or other formally trained individuals will assist purchasers of the aforesaid freezer food plan in planning their food orders;
 - b. Purchasers of a freezer food plan will receive the same amount of food and a freezer for the same or less money than they have been paying for the food alone;
 - c. Purchasers of the freezer food plan can save enough money on the purchase of their food to pay for the freezer;
 - d. Purchasers will have the free use of a freezer if they subscribe to a food plan;
 - e. Respondents will erect shelves or other facilities for the storage of food;
 - f. The freezer or any part thereof or the food are guaranteed or insured in any manner unless the nature and extent

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of the guarantee or insurance and the manner in which the guarantor or insurer will perform thereunder are clearly and conspicuously disclosed in writing in immediate conjunction with any such representations.

g. Food ordered by the purchaser will be sufficient to last such purchaser any stated or specified period of time.

h. Respondents process their own foods.

i. Toiletries, paper products, drug items or any other items not included in the food budget are included in the food budget.

j. Money paid by purchasers for a freezer or a freezer food plan will be refunded if they are not satisfied.

2. Representing that products or brands of products are available which respondents do not supply.

3. Misrepresenting in any manner the savings realized by purchasers of a freezer food plan.

4. Inducing purchasers of the freezer food plan or purchasers of food or freezers to sign any contract to purchase which does not at that time contain all the terms and conditions of sale.

5. Representing that purchasers of their freezer food plan can buy their food from respondents at wholesale prices.

6. Inducing purchasers of a freezer food plan or purchasers of food or freezers to sign any promissory note or instrument of like nature unless said instrument contains all the terms and conditions of the promise and unless purchasers are fully apprised of the nature and contents of the instrument.

PART II

It is further ordered, That respondents Greater Premium Food Co., Inc., a corporation, and its officers and Irving Canter and Abraham E. Ludwig 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 offering for sale, sale or distribution of any food or any purchasing plan involving food, do forthwith cease and desist from:

1. Disseminating or causing to be disseminated any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement contains any of the representations or misrepresentations prohibited in paragraphs 1 through 5 of Part I of this Order.

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2. Disseminating or causing the dissemination of any advertisement by any means for the purpose of inducing or which is likely to induce, directly or indirectly the purchase of any food, or any purchasing plan involving food in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement contains any of the representations or misrepresentations prohibited in paragraphs 1 through 5 of Part I of this Order.

It is further 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