

Complaint

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IN THE MATTER OF

AUTO-EUROPE, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-296. Complaint, Jan. 10, 1963—Decision, Jan. 10, 1963*

Consent order requiring New York City solicitors of orders for European automobiles to be delivered in Europe, to cease making deceptive pricing and savings claims and misrepresenting the cost of transportation to foreign countries in newspaper, magazine, and other advertising.

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 Auto-Europe, Inc., a corporation and Alex T. Cecil, Jr., David Mungavin and Lloyd De-Mause, 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 Auto-Europe, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its main office and principal place of business located at 25 West 58th Street, New York, N.Y.

Respondents Alex T. Cecil, Jr., David Mungavin and Lloyd De-Mause are individuals and officers of said corporate respondent. They formulate, direct and control the policies, acts and practices of said corporate respondent, including those hereinafter set out. The address of each individual respondent is the same as that of the main office of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the business of soliciting orders from members of the public in the United States for the purchase of automobiles manufactured in Europe. Said orders are transmitted by respondents to representatives of the manufacturers of said automobiles located in the United States or in Europe, which representatives arrange for the delivery of the automobiles to the purchasers in Europe. Respondents also arrange with shipping agencies for the shipment of said automobiles to the United States upon return of the purchaser to the United States.

PAR. 3. Respondents, in conducting the business aforesaid, send and transmit and cause to be sent and transmitted, various letters and documents of a commercial nature from their places of business in the State of New York and elsewhere to their clients and customers located in various States other than the State in which such letters and documents originate, and to persons and firms in foreign countries, thus engaging in extensive commercial intercourse, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents, in the course and conduct of their business and for the purpose of inducing the purchase of said automobiles, have placed and caused to be placed, advertisements in newspapers and magazines of general circulation and have distributed brochures, circulars and other material to prospective purchasers. Among and typical, but not all inclusive, of the statements appearing in said advertising material are the following:

FREE—THE ABC'S OF EUROPEAN AUTO TRAVEL * * * New Foreign Car Guide * * * Learn how to save enough money on a foreign car to pay for your trip

BUY A FOREIGN CAR * * * GET A FREE TRIP TO EUROPE! * * * Buy your foreign car through Auto-Europe and take delivery abroad * * * the savings can pay for return shipment and U.S. import duty, buy you a trip to Europe (even a European tour for two!) and give you the free use of a car abroad * * * write today.

Buy your new car now from Auto-Europe * * * Save enough for your round-trip to Europe * * * Enjoy free transportation in Europe * * * Choose any one of the fine cars made in Europe today. The low factory price saves you enough money for one or more round-trips to Europe * * * and your transportation in Europe is FREE! The Special AE Return Shipment Package includes everything but customs duty * * * from the time you surrender your car in Europe until you drive it away in the States.

CHART

Car	European factory price	Average price in United States	You save—	Round trip air fare plus money to spare	Return shipment package to United States east coast
Anglia sedan-----	\$1, 236	\$1, 688	\$452	1 round trip New York to London and \$20.	\$182
Renault Dauphine sedan.	1, 035	1, 545	510	1 round trip New York to Paris and \$38.	\$182

PAR. 5. By means of the aforesaid quoted statements and charts and others of like import not specifically set out herein, respondents have represented, directly or by implication, that:

1. By purchasing any automobile manufactured in Europe from or through respondents and taking delivery of said automobile in Europe,

the purchaser can save enough money over the price he would have to pay for the same automobile in the United States to pay for a round trip to Europe plus shipment of the automobile to the United States plus the United States import duty.

2. The price designated as "Factory Price" is the price at which the manufacturer generally sells the automobile to the retail dealer.

3. The price designated as "Average Price in U.S.A." is the price at which the retail dealer generally sells the automobile to the consuming public in the United States.

4. The round trip air fare from New York to Paris is \$472.

PAR. 6. In truth and in fact:

1. The purchaser, by purchasing an automobile manufactured in Europe from or through respondents and taking delivery of said automobile in Europe, cannot save enough money to pay for a round trip to Europe except in those instances where the automobile purchased is one of a higher price class with a list price in the United States in excess of \$3,500, such as the Jaguar and the Mercedes, and the list price is maintained by the dealer.

2. The price designated as "Factory Price" is the price at which the manufacturer generally sells the automobile to the retail dealer.

3. The price designated as "Average Price in U.S.A." is not the price at which the retail dealer generally sells the automobile to the consuming public in the United States but is substantially in excess of said price.

4. The round trip air fare from New York to Paris is substantially in excess of \$472.

Therefore, the statements and representations referred to in Paragraphs 4 and 5 were and are false, misleading and deceptive.

PAR. 7. At all times herein mentioned respondents have been, and are, in substantial competition in commerce, with corporations, firms and individuals in the sale of merchandise and services of the same general kind and nature as those sold by respondents.

PAR. 8. The use by respondents of the aforementioned false, misleading and deceptive statements, representations and practices has had, and now has the capacity and tendency to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such statements were, and are, true, and into the purchase of substantial quantities of respondents' merchandise and services because of said mistaken and erroneous belief.

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 methods of competition in commerce and unfair and deceptive acts

and practices in commerce, in violation of Section 5 of the Federal Trade Commission 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 Auto-Europe, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its main office and principal place of business located at 25 West 58th Street, New York, New York.

Respondents Alex T. Cecil, Jr., David Mungavin and Lloyd De Mause are officers 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

It is ordered, That respondents Auto-Europe, Inc., a corporation, and its officers, and Alex T. Cecil, Jr., David Mungavin and Lloyd De Mause, 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 solicitation of orders for, or the offering for sale, sale or distribution of, automobiles or services in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing that the purchaser of an automobile manufactured in Europe through or from respondents for delivery in

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Europe can save enough money to pay for a round trip to Europe, or any other item, article or service of substantially the same cost or value, except in those instances where the automobile purchased is one of a higher price class with a list price in the United States in excess of \$3,500, such as the Jaguar and the Mercedes, and the list price is maintained by the dealer.

2. Representing that the price paid by the purchaser for the automobile is a "factory" price; or representing that any amount is a factory price unless such amount is the price at which the manufacturer generally sells the merchandise to distributors and dealers.

3. Representing that any amount is the average price or is the usual and customary retail price when it is in excess of the generally prevailing price or prices at which the merchandise is sold at retail in the trade area or areas where the representation is made; *Provided, however*, That respondents shall not be precluded from referring, in a nondeceptive manner to the retail price of the automobile suggested by the manufacturer and displayed on the automobile as required by Public Law 85-506 approved July 7, 1958.

4. Misrepresenting in any manner the cost of transportation of a trip to Europe or other foreign place.

5. Misrepresenting in any manner the savings available to purchasers of any merchandise or service from or through respondents.

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 and form in which they have complied with this order.

IN THE MATTER OF

MALBORO IMPORT CORPORATION ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE