

SEAT COVER CHARLIE, INC., ET AL.

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

*Docket C-502. Complaint, May 27, 1963—Decision, May 27, 1963*

Consent order requiring four chain retailers of seat covers and auto tops in three States, along with their common executive officer, to cease falsely representing sale prices of their products as reduced by such practices as

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setting forth in advertising a higher "Reg." amount followed by a lower offering price, and falsely representing the merchandise as unconditionally 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 Seat Cover Charlie, Inc., of Fort Wayne, Indiana, a corporation; Seat Cover Charlie, Inc., of Indianapolis, Indiana, a corporation; Charles Fine of Louisville, Inc., a corporation; Seat Cover Charlie, Inc., of Cincinnati, Ohio, a corporation; and Charles B. Fine, individually and as an officer of said corporations, 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 as follows:

PARAGRAPH 1. Respondent Seat Cover Charlie, Inc., of Fort Wayne, Indiana, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal place of business located at 211 East Superior Street, Fort Wayne, Indiana.

Respondent Seat Cover Charlie, Inc., of Indianapolis, Indiana, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal place of business located at 2409 East Washington Street, Indianapolis, Indiana.

Respondent Charles Fine of Louisville, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kentucky, with its principal place of business located at 827 South 8th Street, Louisville, Kentucky.

Respondent Seat Cover Charlie, Inc., of Cincinnati, Ohio, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal place of business located at 1684 Central Parkway, Cincinnati, Ohio.

Respondent Charles B. Fine is the chief executive officer of all of the corporate respondents and he formulates, directs, and controls the acts and practices of said respondents, including the acts and practices hereinafter set forth. The business address of the individual respondent, Charles B. Fine, is the same as the corporate address of Seat Cover Charlie, Inc., of Fort Wayne, Indiana, described above, and his home address is 4701 Old Mill Road, Fort Wayne, Indiana.

PAR. 2. Respondents are now, and for some time last past, have been engaged in the advertising, offering for sale, sale and distribution of seat covers, auto tops and allied products, hereinafter known as re-

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spondents' merchandise. Respondents have engaged in such activity by direct sale to members of the consuming public who have been induced to purchase by dissemination of advertising in newspapers of interstate circulation and by radio. The bookkeeping, general administration, and purchasing offices of the respondent corporations are located in a general headquarters at Fort Wayne, Indiana, under the supervision and control of respondent Charles B. Fine. Advertising matter used by the various respondent corporations in their localities is approved and paid for in said headquarters. Shipment of subject merchandise to the said corporations in their various localities in other states is made from said headquarters in Fort Wayne, or shipped by suppliers directly to said corporations pursuant to prearrangement and payment by said headquarters. In many instances such shipments by suppliers pass from one state to another and frequently across the boundaries of several states.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, subject merchandise to be shipped from one state to another, and have been and are engaged in transmitting and receiving by the United States mails and by other means checks, sales memoranda, and other written documents to and from respondents' various places of business in the United States. All respondents have been and are engaged in commercial intercourse in commerce, as "commerce" is defined in the Federal Trade Commission Act. Their volume of trade in said commerce has been and is substantial.

PAR. 4. For the purpose of inducing the purchase of their merchandise in the course and conduct of the businesses as afore-described, the said corporations and person have disseminated or caused to be disseminated certain advertising representations, of which the following statements and claims are typical but not all inclusive:

PUFF FABRIC UPHOLSTERY Not \$49.50 \* \* \* Not \$34.50 NOT EVEN \$29.95 Full Set ONLY \$22

Sattiday Only! \$11

Save 33% today! fabulous fibre seat cover Regular \$15.95

Regular \$34.50 \$22 Full Set

Vinyl Top Reg. \$79.50 \$54 Written Guarantee

Vinyl Top Reg. \$69.50 \$54 Written Guarantee

Vinyl Top Reg. \$69.50 \$54 Written 2½ year Guarantee

Charlies Got FAIR Fever \* \* \* and he's cuttin' Prices durin this DELERIOUS Sale \* \* \* Vinyl Top Reg. \$79.50 Fair Special \$54 Written Guarantee

Seat Covers \$14.44 Reg. \$19.95

Seat Covers \$14.44 Special purchase! Save \$7.51 Would usually sell for \$21.95

PAR. 5. Through the use of the above said statements and representations, and other of similar import but not specifically set out herein, respondents have represented, directly or by implication that:

1. Respondents' merchandise is being offered for sale at a reduced price by which the purchasing public can effect a substantial saving.

2. Certain prices, set out in juxtaposition with a lower price, are the generally prevailing prices at which the designated merchandise is sold at retail in the trade area or areas where the representations are made.

3. The prices at which certain merchandise is being offered for sale are special prices which are lower than the generally prevailing prices at which said merchandise is sold at retail in the trade area or areas where the representations are made.

4. The higher prices designated "Regular" and "Reg." were the respondents' usual and customary retail prices in the recent, regular course of business of the merchandise referred to, and that savings amounting to the differences between such prices and the lower offering prices were afforded to purchasers.

5. The merchandise offered for sale is guaranteed without condition or limitation.

PAR. 6. In truth and in fact:

1. The merchandise is not being offered for sale at a reduced price through which the purchasing public can effect a substantial saving.

2. The prices set out in juxtaposition with a lower price are not the generally prevailing prices at which the merchandise is sold at retail in the trade area or areas where the representations are made.

3. The prices at which said merchandise is being offered for sale are not special prices and are not lower than the generally prevailing prices at which the merchandise is sold at retail in the trade area or areas where the representations are made.

4. The higher prices designated "Regular" and "Reg." were not the respondents' usual and customary retail prices in the recent regular course of business of the merchandise referred to but were in excess of the respondents' actual retail prices and savings amounting to the differences between said designated prices and the lower selling prices were not afforded to purchasers.

5. Respondents' guarantees of merchandise are subject to limitations and conditions which are not revealed in their advertising of said guarantees.

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

PAR. 7. In the course and conduct of their business, and at all times mentioned herein, respondents have been in substantial competition,

in commerce, with corporations, firms and individuals likewise engaged in the sale of like and similar merchandise.

PAR. 8. The use by the 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 respondents' products by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice of the public and 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(a) (1) of the Federal Trade Commission Act.

#### DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

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

The Commission, having reason to believe that the respondents have violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings and enters the following order:

1. Respondent Seat Cover Charlie, Inc., of Fort Wayne, Indiana, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its office and principal place of business located at 211 East Superior Street, Fort Wayne, Indiana.

Respondent Seat Cover Charlie, Inc., of Indianapolis, Indiana, is

a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal place of business located at 2409 East Washington Street, Indianapolis, Indiana.

Respondent Charles Fine of Louisville, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kentucky, with its principal place of business located at 827 South 8th Street, Louisville, Kentucky.

Respondent Seat Cover Charlie, Inc., of Cincinnati, Ohio, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal place of business located at 1684 Central Parkway, Cincinnati, Ohio.

Respondent Charles B. Fine is the chief executive officer of all of the corporate respondents and his address is the same as the corporate address of Seat Cover Charlie, Inc., of Fort Wayne, Indiana. His home address is 4701 Old Mill Road, Fort Wayne, Indiana.

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 Seat Cover Charlie, Inc., of Fort Wayne, Indiana, Seat Cover Charlie, Inc., of Indianapolis, Indiana, Charles Fine of Louisville, Inc., Seat Cover Charlie, Inc., of Cincinnati, Ohio, and Charles B. Fine, individually and as an officer of said corporations, and respondents' representatives, agents and employees, directly or through any corporate or other device, in or in connection with the advertising, offering for sale, sale or distribution of seat covers, auto tops or other merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

A. Representing, directly or indirectly, that:

1. Any amount is the usual and customary retail price of respondents' merchandise when such amount is in excess of the price at which respondents' merchandise is usually and customarily sold at retail.
2. Any amount is the usual and customary retail price of merchandise 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.
3. Any price is a "sale" or special price, unless such price constitutes a reduction from 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.

4. Any price at which respondents' merchandise is offered for sale constitutes a reduction of any stated percentage or amount which is in excess of the actual reduction from the price at which said product is usually and regularly sold at retail.

5. Any merchandise offered for sale is guaranteed, unless the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed in close conjunction with said representation.

B. Using the terms "Regular," "Reg." or any other words or terms of the same import, to refer to respondents' usual and customary price of merchandise, unless the amount so designated is the price at which respondents have usually and customarily sold the merchandise in the recent and regular course of business.

C. Using percentage savings claims or amounts to represent that merchandise is offered at a reduction from respondents' usual and customary retail price unless the price of such merchandise has been reduced in the percentage or amount stated from respondents' usual and customary price in the recent, regular course of business.

*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.

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IN THE MATTER OF

MYRA TEXTILE COMPANY, INC., ET AL.