

Complaint

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IN THE MATTER OF

KENRON AWNING & WINDOW CORPORATION ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket C-511. Complaint, June 20, 1963—Decision, June 20, 1963*

Consent order requiring Chicago manufacturers of aluminum storm windows and doors and fiber glass awnings to cease making a variety of misrepresentations through their salesmen who called upon prospective purchasers, including false claims that their products were sold at cost, at a lower price because the salesmen were executives with authority to reduce prices, and at a reduced price because it was the "slack season"; that the salesmen were graduates of a home improvement academy; that representatives had received many awards for the quality of their products, which were fully guaranteed; and that financing of purchases could be secured at their recommended bank at 11 percent interest a year.

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 Kenron Awning & Window Corporation and Kenron Awning & Window Corporation of Wisconsin, corporations, and Bernard H. Feld, Allan C. Hamann and Sidney L. Ordower, individually and as officers of said corporations, hereinafter referred to as respondents, have violated the provisions of the 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, Kenron Awning & Window Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 3450 West Peterson Avenue, Chicago, Illinois.

Respondent, Kenron Awning & Window Corporation of Wisconsin, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Wisconsin, with its office and principal place of business located at 4251 North 124th Street, Brookfield, Wisconsin.

Respondents Bernard H. Feld, Allan C. Hamann and Sidney L. Ordower are officers of the corporate respondents. They cooperate and act together in formulating, directing and controlling the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. Their business address is 3450 West Peterson Avenue, Chicago, Illinois.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the manufacture, offering for sale, sale and distribution of aluminum storm windows and doors and fiber glass awnings to the public and in the installation thereof.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped and transported from their place of manufacture in the State of Illinois 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 products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their said business, as aforesaid, respondents employ salesmen or representatives who call upon prospective purchasers and solicit the purchase of their products. In the course of such solicitation, said salesmen or representatives have made many statements or representations, directly or by implication, to prospective purchasers of their products. Typical, but not all inclusive of said statements or representations, are the following:

1. That the respondents' products are sold at cost and that the products can be bought at a wholesale or dealer's price.
2. That of two prices quoted to the customer, the salesmen or representatives are able to sell at the lower price because they are executives or officials of the company and not salesmen and therefore have authority to reduce the price.
3. That the prospective customer is being contacted during the "off season" or "slack season" and for that reason respondents' products are being sold at a reduced price in order to keep respondents' factory working.
4. That salesmen are graduates of a home improvement academy, thereby implying that they are specially qualified to advise home owners concerning home improvements.
5. That the respondents have received many awards for the quality of their products.
6. That the products of the respondents are fully guaranteed and if there are any defects in the material or workmanship, such will be corrected free of charge.
7. That if a loan is secured from the bank recommended by the salesman or representative of the respondents the interest rate will be 11 percent a year.

PAR. 5. In truth and in fact:

1. The prices quoted for respondents' products are not cost or wholesale or dealer's prices but the usual and regular retail prices.

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2. Respondents' salesmen and representatives are not executives or officials, but are ordinary salesmen working on a commission and with no special or unusual authority to reduce prices.

3. The representations set forth in Paragraph 4 (3) above are made at times other than during an "off season" or "slack season" and no reduction in price is afforded to the customer from respondents' usual and customary price.

4. Respondents' salesmen or representatives are not graduates of a home improvement academy and have no special training except in selling techniques as to respondents' particular products.

5. Respondents' products have not received any awards for merit.

6. Respondents do not guarantee their products, except to a very limited extent, and do not make any repairs or adjustment in accordance with the guarantee.

7. The interest rate charged by the bank recommended by the salesman or representative of the respondents is greatly in excess of 11 percent a year.

Therefore, the statements and representations set forth in Paragraph 4 hereof were, and are, false, misleading and deceptive.

PAR. 6. In the 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 products of the same general kind and nature as that sold by respondents.

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 said statements and representations were, and are, true and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief.

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 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

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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, Kenron Awning & Window Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 3450 West Peterson Avenue, Chicago, Illinois.

Respondent, Kenron Awning & Window Corporation of Wisconsin, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Wisconsin, with its office and principal place of business located at 4251 North 124th Street, Brookfield, Wisconsin.

Respondents Bernard H. Feld, Allan C. Hamann and Sidney L. Ordower are officers of said corporations and their address is 3450 West Peterson Avenue, Chicago, Illinois.

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 the respondents Kenron Awning & Window Corporation, a corporation, Kenron Awning & Window Corporation of Wisconsin, a corporation, and their officers, and respondents Bernard H. Feld, Allan C. Hamann and Sidney L. Ordower, individually and as officers of said corporations, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the manufacturing, offering for sale, sale and distribution and installation of aluminum storm windows and doors, and fiber glass awnings, or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Misrepresenting the status, qualifications or authority of respondents' salesmen or representatives;

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2. Representing that the purchasers of respondents' products are granted any reduction in price or afforded any savings in price for any reason whatsoever unless the price offered constitutes a reduction from the respondents' usual and customary price in the recent regular course of business;

3. Representing that respondents' products have received awards of merit for quality;

4. Representing that any or all products of the respondents are guaranteed, unless terms of the guarantee and the manner in which the respondents will perform are clearly and completely disclosed and the terms and conditions of the guarantee are adhered to;

5. Representing that the interest rate to be charged on an installment contract is less than that which is actually charged; or otherwise misrepresenting the interest rate or the finance charges to be charged.

It is further ordered, That each of 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.