

in which he has complied with this order.

IN THE MATTER OF
PARKER-ALLEN INDUSTRIES, INC., ET AL.

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

Docket C-517. Complaint, June 28, 1963—Decision, June 28, 1963

Consent order requiring Chicago distributors of various articles of merchandise to cease supplying their retail dealers with advertising material and other printed matter which represented falsely, among other things, that offers of merchandise must be accepted within a limited time and that supplies were limited; that prices were special and lower than those prevailing locally; that certain tools were of professional quality, certain merchandise was unconditionally guaranteed, file cabinets and wardrobes were made of heavy gauge steel and desks of solid walnut or mahogany.

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 Parker-Allen Industries, Inc., a corporation, and Sidney H. Cohen, Harold Sparks, and

Marvin H. Shapiro, 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 Parker-Allen Industries, Inc., 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 666 North Lake Shore Drive, Chicago 11, Illinois.

Respondents Sidney H. Cohen, Harold Sparks and Marvin H. Shapiro are officers of the corporate respondent. They formulate, direct and control the acts and practices of the 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 various articles of merchandise such as furniture, tableware, wrench and tool sets, drills and fishing equipment, to retailers for resale to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said merchandise, when sold, to be shipped from various States to purchasers thereof located in States other than the State in which the shipment originated, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents, for the purpose of inducing the sale of their merchandise, have engaged in the practice of supplying their retail dealers with advertising material and other printed matter containing various statements and representations of which the following are typical, but not all inclusive:

Gigantic Sale * * * Sensational Savings * * *

Gossip Bench with End-Table Desk, Sensational Low Price \$19.95 While They Last * * * Limited Quantity

Two Lounge Chairs * * * Both for \$29.95 * * * Limited Quantity At This Low Price

Sale * * * 122 Pc. Socket Wrench & Tool Set \$39.95 * * * Lifetime Guarantee * * * Professional Quality

Desk-File Cabinet * * * Amazing Low Price Only \$39.95 * * * Sturdy Steel Construction * * * Limited Quantity

All-in-1 Wardrobe * * * Heavy Gauge Steel * * * \$39.95

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Bookcase-Desk * * * Fine Selected Cabinet Woods * * * Choice of Walnut, Mahogany * * * While They Last \$29.95 * * *

PAR. 5. Through the use of the aforesaid practices respondents have represented, and have placed in the hands of retailers the means and instrumentalities for representing, directly or by implication, that:

1. Certain offers of merchandise must be accepted within a limited time.
2. The supply or quantity of certain articles of merchandise is limited.
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. Certain wrenches and tools are of the quality used by mechanics or other artisans.
5. Certain merchandise is unconditionally guaranteed for a definite period of time.
6. Certain file cabinets and wardrobes are made of sturdy steel construction or heavy gauge steel.
7. Certain desks are made of solid walnut or solid mahogany.

PAR. 6. In truth and in fact:

1. Said offers of merchandise need not be accepted within a limited time.
2. The supply or quantity of said articles of merchandise is not limited. Adequate quantities are available.
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. Said wrenches and tools are not of the quality used by mechanics or other artisans.
5. Said merchandise is not unconditionally guaranteed for any definite period of time and the advertising does not disclose the nature and terms of the guarantee or in what manner the guarantor will perform.
6. Said file cabinets and wardrobes are not made of sturdy steel construction or heavy gauge steel but are constructed of thin sheet metal.
7. Said desks are not made of solid walnut or solid mahogany.

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 products 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' products 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 constant 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, Parker-Allen Industries, Inc., 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 666 North Lake Shore Drive, in the city of Chicago, State of Illinois.

Respondents Sidney H. Cohen, Harold Sparks and Marvin H. Shapiro are officers of said corporation, and their address is the same as that of said corporation.

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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 Parker-Allen Industries, Inc., a corporation, and its officers, and Sidney H. Cohen, Harold Sparks, and Marvin H. Shapiro, 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 merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or indirectly, that:

1. Offers of merchandise must be accepted within a limited time when there is in fact, no specific time limitation.

2. The supply or quantity of any merchandise is limited when adequate quantities are available.

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. Wrenches or tools are of professional quality unless said products are of the quality used by mechanics or other artisans.

5. Any merchandise 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.

6. File cabinets or wardrobes made of thin sheet metal are made of heavy gauge steel or are of sturdy steel construction.

7. Certain desks are made of "Walnut" or "Mahogany" unless, in fact, said products are made of genuine, solid walnut or genuine, solid mahogany, as the case may be.

B. Misrepresenting in any manner the composition, quality, quantity, usual price or availability of any product.

C. Furnishing or otherwise placing in the hands of distributors or dealers in said products the means and instrumentalities by and through which they may mislead or deceive the public in the manner or as to the things hereinabove prohibited.

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.

Complaint

IN THE MATTER OF

FORMULETTE COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-518. Complaint, June 28, 1963—Decision, June 28, 1963*

Consent order requiring Long Island City, N.Y., distributors of infants' nursing products, to cease representing falsely—in printed materials attached to and enclosed in the product containers, in promotional matter distributed to wholesalers and retailers, and in advertisements in national magazines—by such statements as the "Special Formulette gift certificate inside starts a \$500 COLLEGE OR CAREER POLICY", "Formulette packs a college education with its nursing products", "* * * only \$1 pays the full premium * * *", that their "gift certificate" would entitle its holder, on payment of a \$1 premium, to purchase an endowment insurance policy underwritten by themselves and an insurance company, and that individuals thus insured were "eligible for the annual \$1,500 Formulette Foundation Scholarships".

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 Formulette Company, Inc., a corporation, and Murray Lerner, Irving Kaster, Daniel Stoller, and Robert Lerner, 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 Formulette Company, Inc., is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 47-25 27th Street, Long Island city, State of New York.

Respondents Murray Lerner, Irving Kaster, Daniel Stoller, and Robert Lerner are individuals and officers of the corporate respondent. They formulate, direct, and control the acts and practices of the 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, to distributors and to retailers for resale to the public, of infants' nursing products.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said prod-