

Complaint

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IN THE MATTER OF

WESCO PRODUCTS COMPANY ET AL.

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

Docket C-529. Complaint, July 25, 1963—Decision, July 25, 1963

Consent order requiring Chicago distributors of universal joints, their "Mighty Press" for the assembly and disassembly of universal joints, and other automotive products, to cease disseminating to their distributors for use in reselling such products, catalog insert sheets which designated an excessive "Regular cost" price and a lower "Dealer cost", represented falsely as affording a substantial saving to purchasers; falsely represented that products described could be obtained without any cash investment by dealers; and misleadingly represented their universal joints 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 Wesco Products Company, a corporation, and Herbert A. Horwitz and Donald A. Horwitz, 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 Wesco Products Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 2300 South Parkway, Chicago 16, Illinois.

Respondents Herbert A. Horwitz and Donald A. Horwitz are individuals and officers of the above said 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 universal joints, a press for the assembly and disassembly of universal joints, called the "Mighty Press", and other automotive parts and products, to wholesalers, jobbers and distributors for resale to dealer users of said merchandise and products.

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

PAR. 4. In the course and conduct of their business, and at all times mentioned herein, the respondents have been in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of universal joints, presses for the assembly and disassembly of universal joints, and other automotive parts and products.

PAR. 5. In the course and conduct of their business, respondents have disseminated and caused to be disseminated catalog insert sheets, advertising and packaging describing and promoting the sale of said press and universal joints to their distributors for use in selling respondents' said products to dealer users. The respondents have made certain statements and representations on said insert sheets and advertising, and on their packaging with respect to their said products, of which the following are typical, but not all inclusive:

Regular cost of SK2GB.....	\$30. 30
Regular cost of SIX-1.....	17. 70
Regular cost of MIGHTY PRESS.....	45. 95
TOTAL.....	93. 95
Dealer Cost of TD3000.....	79. 38

MIGHTY PRESS + \$15.15 IN CASH WITHOUT ANY INVESTMENT
WESCO gives you a Stock of — GOLDEN 500 SERIES

SUPER UNIVERSAL JOINTS 24Kt. GOLD PLATED AND UNCONDITIONALLY GUARANTEED FOR THE LIFE OF THE VEHICLE with NO INVESTMENT

PAR. 6. Through the use of the above said statements and representations, and others of similar import, but not specifically set out herein, respondents have represented, directly or by implication, that:

1. The prices designated as "Regular cost" are the prices at which the products referred to are usually and regularly sold by

wholesalers, jobbers and distributors to dealer users; and that the difference between the said "Dealer Cost of TD3000" and the said "TOTAL Regular cost" represents a saving from the usual and regular price at which said products are sold to dealer users.

2. The products described and depicted can be obtained without any cash investment or outlay by dealer users desiring to handle the respondents' said products.

3. The respondents' universal joints are unconditionally guaranteed for the life of the vehicle upon which they are installed.

PAR. 7. In truth and in fact:

1. The prices designated as "Regular cost" are not the prices at which the products referred to are usually and regularly sold by wholesalers, jobbers and distributors to dealer users but are in excess of the price at which said products are generally sold to dealer users in the trade area where the representations are made and the difference between said "Dealer Cost of TD3000" and the said "TOTAL Regular Cost" does not represent a saving from the usual and regular price at which said products are sold to dealer users.

2. The products described and depicted can not be obtained without any cash investment or outlay by dealer users desiring to handle the respondents' said products. Said dealer users are obligated to pay for said products regardless of whether or not the said products are subsequently sold or used by the dealers.

3. The respondents' universal joints are not unconditionally guaranteed for the life of the vehicle upon which they are installed; the said guarantee is only for the time the original consumer owns the vehicle and is subject to conditions and limitations not disclosed.

Therefore, the statements and representations referred to in paragraphs 5 and 6 are false, misleading and deceptive.

PAR. 8. By the aforesaid practices, respondents place in the hands of wholesalers, jobbers, distributors and others the means and instrumentalities by and through which they may mislead dealer users and the public as to the aforesaid false representations of said products.

PAR. 9. 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 members of the purchasing public and the dealer users 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. 10. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice 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(a)(1) 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 Wesco Products Company 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 2300 South Parkway, in the city of Chicago, State of Illinois.

Respondents Herbert A. Horwitz and Donald A. Horwitz 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, Wesco Products Company, a corporation, and its officers, and Herbert A. Horwitz and Donald A. Horwitz, individually and as officers of said corporate respond-

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ent, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of presses for assembling and disassembling universal joints, universal joints, or any other products, do forthwith cease and desist from:

1. Representing, directly or by implication that:

(a) Any amount is the usual and customary price of merchandise in a trade area or areas when such amount is in excess of the price or prices at which said merchandise is usually and customarily sold in the trade area or areas where the representation is made.

(b) Any savings are afforded in the purchase of respondents' products from the usual and regular price in a trade area or areas unless the price at which such merchandise is offered constitutes a reduction from the price at which the merchandise is usually and customarily sold in the trade area or areas where the representation is made.

(c) Said products can be stocked, obtained or otherwise acquired by dealer users without any cash investment, or with a nominal cash investment, or without incurring any other financial obligations.

(d) Any of respondents' products are guaranteed unless the nature, extent and duration of the guarantee, the manner in which the guarantor will perform thereunder and the name and address of the guarantor are clearly and conspicuously disclosed and respondents do in fact fulfill all of their requirements under the terms of said guarantee.

2. Placing in the hands of wholesalers, jobbers, distributors, or others the means and instrumentalities by and through which they may deceive and mislead the purchasers of respondents' products in the respects set out above.

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

FERNBACHER-LOBE INC. OF SAN FRANCISCO
(FORMERLY FERNBACHER-LOBE CO., INC.) ET AL

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

Docket C-530. Complaint, July 26, 1963—Decision, July 26, 1963

Consent order requiring San Francisco furriers to cease violating the Fur Products Labeling Act by failing to use the term "natural" on labels and invoices of fur products which were not artificially colored; failing to disclose on invoices the true animal name of furs and the country of origin of imported furs, and when fur was artificially colored; substituting nonconforming labels for those attached by the manufacturer or distributor and, in connection therewith, failing to preserve the required records; and failing in other respects to comply with labeling and invoicing requirements.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Fernbacher-Lobe Inc. of San Francisco, a corporation, formerly Fernbacher-Lobe Co., Inc., and Selwyn Sachs and William A. Colsky, individually and as officers of said corporation and Irwin S. Cohen individually and as a stockholder of said corporation, hereinafter referred to as respondents have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling 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, Fernbacher-Lobe Inc. of San Francisco, formerly Fernbacher-Lobe Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California.

Respondents Selwyn Sachs and William A. Colsky are officers of the corporate respondent and Irwin S. Cohen is a stockholder of the said corporation. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are wholesalers of fur products with their office and principal place of business located at 154 Sutter Street, San Francisco, California.