
IN THE MATTER OF
MODEL HOME FURNITURE CORPORATION ET AL.

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

Docket C-580. Complaint, Sept. 11, 1963—Decision, Sept. 11, 1963

Consent order requiring retail furniture dealers in Washington, D. C., to cease representing falsely, through use of their corporate name and in advertising, that their principal business was that of decorating and furnish-

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ing model homes and apartments and that furniture offered for sale had been obtained from model homes; and to cease representing falsely in newspaper advertising that excessive amounts were regular retail prices or "original cost", that certain furniture was "DANISH" and "completely guaranteed", and that merchandise was limited in quantity and as to time on sale.

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 Model Home Furniture Corporation, a corporation, and Evan Sax and Audrey Sax, 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 Model Home Furniture Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 907 Seventh Street, N. W., in the city of Washington, District of Columbia.

Respondents Evan Sax and Audrey Sax 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 furniture, home furnishings and other products 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 their place of business in the city of Washington, in the District of Columbia, to purchasers thereof located in various States of the United States and in the District of Columbia, 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. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their furniture, home furnishings, and merchandise, the respondents have made numerous statements in advertisements inserted in newspapers having a wide circulation in the District of Columbia, the States of Maryland and

Virginia, and the various other States of the United States and in advertising materials disseminated and distributed by and through the United States mail.

Among and typical, but not all inclusive, of said statements are the following:

DANISH AND MODERN FURNITURE PURCHASED FOR MODEL HOME DISPLAY Never Been Used Completely Guaranteed (Compare with Groups Sold in Stores for \$1500) DECORATOR WILL SELL FOR \$799 * * * Interior Decorator for Stoneridge Estate, Winslow Hills, Indian Spring Homes and Kingswood, liquidating these exclusive styles at a fraction of their value.

DANISH MODERN FURNITURE Purchased by Decorator for Model Home Never Been used — Completely Guaranteed Worth About \$1500 — Sell For \$799 * * * Stored in Furniture Warehouse.

We are removing the furniture of a housing project display home in your area.

* * * complete living room bedroom, and dinette suites for \$399. The original cost was \$700. You save over \$300! * * * call me before next week since we must remove it from the home by then * * * Audrey Sax, Interior Decorator, Model Home Furniture Corp.

Several of the housing project sample homes and apartments which I have decorated are being closed. The luxurious furnishings are for sale at about half the price you would have to pay in stores. * * * Stores sell this group for about \$700. *I will give you a \$300 discount!* You can have everything for \$399 * * * I want you to come in to see this furniture now. I have just 8 groups and I know they will be sold by next week because the builders who own them are going to run large ads in newspapers * * * Audrey Sax Interior Decorator.

DANISH MODERN FURNITURE * * *. Compare to Styles Offered by Stores for \$1500 * * *. SALE PRICE \$799.

PAR. 5. Through the use of the corporate name "Model Home Furniture Corporation" standing alone or through the use of the aforesaid statements and representations, and others similar thereto, separately, or in connection with said corporate name, respondents represent and have represented directly or by implication that their principal business is that of decorating and furnishing model homes and apartments.

PAR. 6. In truth and in fact:

Respondents' principal business is not that of decorating and furnishing model homes and apartments. Respondents' principal business is that of advertising, offering for sale and selling furniture and home furnishings at retail to the general public.

Therefore, the use of the corporate name "Model Home Furniture Corporation", standing alone, or in connection with the statements and representations set out in Paragraph 4 hereof and referred to in

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Paragraph 5 hereof, and the aforesaid statements and representations alone, were and are false, misleading and deceptive.

PAR. 7. Through the use of the statements and representations set out in Paragraph 4 hereof and others similar thereto, but not included herein, respondents represent and have represented directly or by implication that:

(a) Furniture and home furnishings offered for sale by respondents have been withdrawn or obtained from model homes or apartments.

(b) The higher stated price set out in said advertisements in connection with the words "Compare with groups sold in stores for" is the price at which furniture and home furnishing groups of like grade and quality were and are usually sold at retail in the trade areas where the representation is made, and that purchasers of respondents' merchandise would realize a saving of the difference between the represented \$1,500 price and respondents' price of \$799.

(c) The higher stated price set out in said advertisements in connection with the words "original cost" was the price at which the advertised merchandise had been usually and customarily sold by respondents at retail in the recent, regular course of business and that the difference between the higher and lower price represented savings to purchasers from respondents' usual and customary retail price.

(d) The higher stated prices set out in said advertisements in connection with the terms "worth about" and "Stores sell this group for" were the prices at which the merchandise referred to was usually and customarily sold at retail in the trade area where the representations were and are made, and, through the use of said amounts and the lesser amounts, that the difference between said amounts represents a saving to the purchaser from the prices at which said merchandise was usually and customarily sold in said trade area.

(e) Certain furniture was manufactured in the country of Denmark.

(f) Merchandise offered for sale was unconditionally guaranteed for an unlimited period of time.

(g) The quantity of certain merchandise was limited and that purchasers must order immediately to obtain said merchandise.

PAR. 8. In truth and in fact:

(a) Furniture and home furnishings offered for sale have not been withdrawn or obtained from model homes or apartments. Such furniture and home furnishings have been procured from normal supply sources such as furniture manufacturers.

(b) The higher stated price set out in said advertisements in connection with the words "Compare with groups sold in stores for" is

not the price at which furniture and home furnishing groups of like grade and quality were and are usually sold at retail in the trade area where the representation was made, and purchasers of respondents' merchandise would not realize a saving of the difference between the represented \$1,500 price and respondents' price of \$799.

(c) The higher stated price set out in said advertisements in connection with the words "original cost" was in excess of the price at which the advertised merchandise had been usually and customarily sold by respondents at retail in the recent, regular course of business and the difference between the higher and lower prices did not represent savings to purchasers from respondents' usual and customary retail price.

(d) The higher stated amounts set out in connection with the words "worth about" and "Stores sell this group for", were not the prices at which the merchandise referred to was usually and customarily sold at retail in respondents' trade area, but were in excess of the price or prices at which the merchandise was generally sold in said trade area, and purchasers of respondents' merchandise did not realize a saving of the difference between the said higher and lower amounts.

(e) The furniture and home furnishings described in said advertisements as "DANISH" and "DANISH MODERN" were not manufactured in the country of Denmark.

(f) The merchandise advertised as "completely guaranteed" was not so guaranteed, and the advertisements failed to set forth the nature and extent of the guarantee and the manner in which the guarantor will perform.

(g) The quantity of merchandise for sale was not limited and the offers of said merchandise did not have to be accepted within a limited time as adequate quantities were available.

Therefore, the statements and representations referred to in Paragraphs 4 and 7 hereof, were and are false, misleading and deceptive.

PAR. 9. In the conduct of their business, and at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of furniture and home furnishings of the same general kind and character as those sold by respondents.

PAR. 10. 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' merchandise by reason of said erroneous and mistaken belief.

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PAR. 11. 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 Model Home Furniture Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 907 7th Street, N. W., in the city of Washington, District of Columbia.

Respondents Evan Sax and Audrey Sax 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 Model Home Furniture Corporation, a corporation, and its officers, and Evan Sax and Audrey Sax, 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 furniture, home furnishings or other merchandise

to persons or firms other than bona fide exhibitors of model homes or apartments, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

a. Using the words "Model Home Furniture" or any other word or words of similar import or meaning as a part of respondents' trade or corporate name.

b. Representing in any other manner, that respondents' principal business is that of decorating and furnishing model homes and apartments.

It is further ordered, That respondents Model Home Furniture Corporation, a corporation, and its officers, and Evan Sax and Audrey Sax, 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 furniture, home furnishings or other merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

a. Representing, directly or by implication, that furniture or home furnishings offered for sale have been withdrawn or obtained from model homes or apartments; provided, however, that it shall be a defense, hereunder, for respondents to establish the truth of such representations.

b. Representing, directly or by implication, through the use of the words "Compare with groups sold in stores for" or other words or terms of similar import or meaning, or in any other manner, that respondents' merchandise is of a value comparable to any other merchandise retailing at a higher price unless respondents' merchandise is at least of like grade and quality in all material respects as the merchandise with which it is compared and such other merchandise is generally available for purchase at the comparative price in the same trade area or areas where the representation is made.

c. Representing, directly or by implication, that any saving is afforded in the purchase of respondents' merchandise, as compared to the purchase of another's merchandise, unless respondents' merchandise is at least of like grade and quality in all material respects as the merchandise with which it is compared and such other merchandise is generally available for purchase at the comparative price in the same trade area or areas in which the representation is made.

d. Using the words "original cost" or any other words of similar import or meaning, to refer to any amount which is in

excess of the price at which such merchandise has been usually and regularly sold by respondents at retail in the recent, regular course of their business; or otherwise misrepresenting the respondents' usual and customary retail selling price of such merchandise.

e. Using the words "worth", "Stores sell this group for" or any other words of similar import or meaning, to refer to any amount which is in excess of the price or prices at which such merchandise is usually and customarily sold in the trade area where the representation is made; or otherwise misrepresenting the usual and customary retail selling price or prices of such merchandise in the trade area.

f. Representing in any manner that, by purchasing any of their merchandise, customers are afforded savings amounting to the difference between respondents' stated selling price and any other price used for comparison with their selling price, unless the comparative price used represents the price at which the merchandise is usually and customarily sold at retail in the trade area involved, or is the price at which such merchandise has been usually and regularly sold by respondents at retail in the recent regular course of their business.

g. Representing, directly or by implication, through the use of the words "DANISH MODERN", "DANISH" or any other terms or words of similar import or meaning, or in any other manner, that domestically manufactured furniture is manufactured in the country of Denmark; or misrepresenting in any other manner the country of origin of respondents' merchandise.

h. Representing, directly or by implication, that merchandise is guaranteed unless the nature and extent of the guarantee, the identity of the guarantor, and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

i. Representing, directly or by implication, that the quantity of any merchandise is limited or that said merchandise must be purchased within a limited time, where an adequate supply is available.

j. Misrepresenting in any manner the source, price, value, or availability of any item of merchandise or the savings resulting to purchasers thereof.

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

LEO ESSERMAN TRADING AS ESSERMAN CO.

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

Docket C-581. Complaint, Sept. 11, 1963—Decision, Sept. 11, 1963

Consent order requiring a New York City manufacturing furrier to cease violating the Fur Products Labeling Act by failing, on labels and invoices, to show the true animal name of fur, to use the term "Persian Lamb" as required, and to describe fur products which were not artificially colored as "natural"; failing, on invoices, to disclose when fur was bleached, etc.; and to show the country of origin of imported furs; failing in other respects to comply with labeling and invoicing requirements, and furnishing false guarantees that fur products were not misbranded, falsely invoiced or falsely advertised.

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 Leo Esserman, an individual trading as Esserman Co., hereinafter referred to as respondent, has 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 Leo Esserman is an individual trading under the name Esserman Co.

Respondent is a manufacturer of fur products with his office and principal place of business located at 231 West 29th Street, New York, New York.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondent has been and is now engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and has manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of