

erence to him as a respondent. Good cause having been shown for this relief and it appearing that complaint counsel has no objection,

It is ordered, That the consent order issued January 21, 1964, be, and it hereby is, amended by eliminating Michael F. Kopec as a party respondent and by deleting all reference to him.

IN THE MATTER OF
HALSAM PRODUCTS COMPANY

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

Docket C-690. Complaint, Jan. 21, 1964—Decision, Jan. 21, 1964

Consent order requiring a Chicago distributor of toys and related products, to cease misrepresenting the component parts in its toy construction set "American Logs," in pictorial representations, labeling, and advertisements in catalogs.

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 Halsam Products Company, a corporation, hereinafter referred to as respondent, has 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 Halsam 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 3610 Touhy Avenue, in the city of Chicago, State of Illinois.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of toys and related products, including a toy designated "American Logs", to distributors and retailers for resale to the public.

PAR. 3. In the course and conduct of its business, respondent now causes, and for some time last past has caused, its said toys and related products, including its said "American Logs", when sold, to be shipped from its place of business in the State of Illinois to purchasers thereof located in various other States of the United

Complaint

64 F.T.C.

States and in the District of Columbia, and maintains, and at all times mentioned herein has 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 its business, and for the purpose of inducing the purchase of its product designated "American Logs", respondent has made certain pictorial representations with respect thereto in labeling and in advertisements published in catalogs of interstate circulation. Typical, but not all inclusive, of such representations is the use of a picture of a western cabin in the labeling on the containers and the use of a picture of said western cabin in advertisements in catalogs. (See exhibits A and B.)*

PAR. 5. Through the use of the aforesaid pictorial representations, and others of similar import but not specifically referred to herein, respondents have represented, directly or by implication:

(1) That the component parts in the containers of said "American Logs" include a ridge pole and include roof planks which are grooved.

(2) That from the component parts in the containers of said "American Logs" there may be made a western cabin as pictured on the containers and in the advertisements.

PAR. 6. In truth and in fact:

(1) The component parts in the containers of said "American Logs" do not include a ridge pole nor do they include roof planks which are grooved.

(2) In certain sized containers of said "American Logs" there are not sufficient or adequate parts to make the western cabin as pictured on the containers and in the advertisements.

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

PAR. 7. In the conduct of its business at all times mentioned herein, respondent Halsam Products Company has been in substantial competition, in commerce, with corporations, firms and individuals in the sale of toys and related products of the same general kind and nature as that sold by respondent.

PAR. 8. The use by respondent of the aforesaid false, misleading and deceptive 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 representations were, and are, true and into the purchase of substantial quantities of the aforesaid product by reason of said erroneous and mistaken belief.

* Pictorial exhibits A and B are omitted in printing.

PAR. 9. The aforesaid acts and practices of respondent, as herein alleged, were, and are, all to the prejudice and injury of the public and of the respondent's 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 Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent 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 respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 respondent 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 respondent has 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 Halsam 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 3610 Touhy Avenue, in the city of Chicago, State of Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Halsam Products Company, a corporation, and its officers, representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of toys or related products,

Complaint

64 F.T.C.

in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

Representing, by use of any illustration or depiction purporting to illustrate, depict or demonstrate any toy or related product, or the performance thereof, or representing in any other manner, directly or by implication, that any toy or related product contains a component or performs in any manner not in accordance with fact.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF

ASSOCIATED SEWING SUPPLY CO. ET AL.

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

*Docket C-689. Complaint, Jan. 21, 1964—Decision, Jan. 21, 1964**

Consent order requiring retailers of sewing machines in St. Paul, Minn., to cease using bait advertising, false pricing and savings claims and other deceptive practices to sell their sewing machines.

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 Associated Sewing Supply Co., a corporation, and Russell Hamilton, individually and as an officer 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 Associated Sewing Supply Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Minnesota, with its principal office and place of business located at 139 North Concord Street in the city of South St. Paul, State of Minnesota.

Respondent, Russell Hamilton, is an officer of the corporate respondent. He formulates, directs and controls the acts and prac-

tices of the corporate respondent, including the acts and practices hereinafter set forth. His 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 sewing machines 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 product, when sold, to be shipped from their place of business in the State of Minnesota 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 product in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, and for the purpose of inducing the purchase of their product, respondents have made statements and representations with respect thereto in direct mail advertising and through other advertising media. By and through the use of such statements and representations, and others of similar import but not specifically set forth herein, and through oral statements made by their salesmen, respondents have represented, directly or by implication:

(1) That they were making a bona fide offer to sell repossessed sewing machines at the prices and on the terms stated.

(2) That sewing machines or other product or products would be awarded as prizes to persons declared winners in contests conducted by respondents and described on cards sent through the mails.

(3) That a 1962 Heavy Duty Sewing Machine would be given to a person selected to receive such machine, and that the machine would cost such person absolutely nothing, with the condition that the person must purchase a cabinet for it at respondent's wholesale price in order to receive said machine free.

(4) That sewing machines offered for sale by respondents were made and manufactured by the Hamilton Sewing Machine Company.

(5) That the said Hamilton Sewing Machine Company was affiliated and associated with the Hamilton Beach Appliance Co., thereby representing and implying that such affiliation and association was with a well-known, reputable company of high standing in the business community.

(6) That the prices they represented to be retail prices were the prices at which the sewing machines had been usually and customarily sold by respondents at retail in the recent regular course of business and that the differences between said prices and the

lower prices at which such sewing machines were sold by respondents represented savings to purchasers from respondents' usual and customary retail prices.

(7) That Associated Sewing Supply Co. had 32 years of sewing machine history, thereby representing that respondents had been in the sewing machine business for thirty-two years.

PAR. 5. The aforesaid representations are false, misleading and deceptive. In truth and in fact:

(1) The offers to sell repossessed sewing machines at the prices and on the terms stated in said statements and representations were not genuine or bona fide offers but were made for the purpose of obtaining leads to persons interested in purchasing said products. After obtaining such leads, respondents or their salesmen called upon such persons at their homes, and then and there disparaged the advertised product and instead attempted to sell and did sell different and more expensive sewing machines.

(2) Respondents did not conduct contests or award prizes to persons declared winners in contests conducted by respondents. Such contests were merely schemes to obtain leads. Almost everyone entering such contests was awarded a discount on the purchase of a new sewing machine. These discounts were valueless as the recipients were charged the usual and regular price by the respondent for any sewing machine they may have purchased. In fact, in many instances the salesman calling would notify such persons they had "won" a prize in order to gain entry but would subsequently notify them that they had merely won a discount off the purchase price of a new sewing machine.

(3) Respondents did not offer to give, or give, a sewing machine to a person selected to receive such machine so as to cost absolutely nothing, with the condition that the person must purchase a cabinet for it to receive said machine free. Respondents made such offer only to secure leads. Upon exhibiting the machine to be given on condition that a cabinet be purchased, respondents' salesmen disparaged such machine, and attempted to and did sell different and more expensive sewing machines.

(4) Sewing machines offered for sale by respondents were not made and manufactured by the Hamilton Sewing Machine Company.

(5) The Hamilton Sewing Machine Company which was represented to be the maker or manufacturer of sewing machines offered for sale by respondents is nonexistent, and therefore was not, and could not be, associated or affiliated with Hamilton Beach Appliance Co., or any other company.

(6) The prices represented to be retail prices were in excess of the prices at which the sewing machines had been usually and cus-

tomarily sold by respondents in the recent regular course of business and the differences between the prices represented to be retail prices and the lower prices at which such sewing machines were sold by respondents did not represent savings to purchasers from respondents' usual and customary retail prices.

(7) Associated Sewing Supply Co. did not have 32 years of sewing machine history, and respondents have not been in the sewing machine business for thirty-two years. Respondents had not been in business for more than seven years in 1962.

Therefore, the statements and representations referred to and set forth in Paragraph 4 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 those sold by respondents.

PAR. 7. 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 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 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

Order

64 F.T.C.

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 Associated Sewing Supply Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Minnesota, with its office and principal place of business located at 139 North Concord Street in the city of South St. Paul, State of Minnesota.

Respondent Russell Hamilton is an officer of said corporation, and his 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 Associated Sewing Supply Co., a corporation, and its officers, and Russell Hamilton, individually and as an officer 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 sewing machines or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using in any manner, a sales plan, scheme or device wherein false, misleading or deceptive statements or representations are made in order to obtain leads or prospects for the sale of merchandise or services.

2. Discouraging the purchase of, or disparaging, any merchandise or services which are advertised or offered for sale.

3. Representing, directly or indirectly, that any merchandise or services are offered for sale when such offer is not a bona fide offer to sell said merchandise or services.

4. Representing, directly or indirectly, that sewing machines offered for sale by respondents are made or manufactured by any persons, firm or corporation other than the true manufacturer.

5. Representing, directly or indirectly, that respondents, or any business company or organization owned or controlled by them, is affiliated or associated with any other business com-

pany or organization with which the respondents are not actually associated or affiliated.

6. Representing, directly or indirectly, that:

(a) Any amount is respondents' usual and customary retail price of merchandise when it is in excess of the price or prices at which such merchandise is usually and customarily sold by respondent at retail in the recent, regular course of their business.

(b) Any saving from respondents' usual and customary retail price is afforded to the purchasers of respondents' merchandise unless the price at which it is offered constitutes a reduction from the price or prices at which said merchandise has been usually and customarily sold by respondents in the recent, regular course of their business.

7. Misrepresenting, by means of comparative prices, or in any other manner, the savings available to purchasers of respondents' merchandise.

8. Representing, directly or indirectly, that respondents had been in the sewing machine business prior to the year 1955.

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.