

not hear oral argument.

IN THE MATTER OF
ALD, INC., ET AL.

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

Docket C-715. Complaint, Feb. 19, 1964—Decision, Feb. 19, 1964

Consent order requiring Chicago sellers of equipment for laundromat stores to the public to cease misrepresenting their business methods, the cost of

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establishing a laundromat store, the operating expenses involved, and the profits to be derived.

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 Ald, Inc., a corporation, and Frank J. Wright, individually and as an officer of said corporation, and Frank E. Ross, individually and as a former 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 Ald, Inc., 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 7045 North Western Avenue in the city of Chicago, State of Illinois.

Respondent Frank J. Wright, is an officer of the corporate respondent, and respondent Frank E. Ross was an officer of said corporate respondent. During all times material herein, they formulated, directed and controlled the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. The address of Frank J. Wright is the same as that of the corporate respondent. The address of Frank E. Ross is 600 West Lexington Avenue, Astoria, Oregon.

PAR. 2. For some time last past, respondents have engaged in the advertising, offering for sale, sale and distribution of equipment for laundromat stores to the public.

PAR. 3. In the course and conduct of their business, respondents for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of Illinois to purchasers thereof located in various other States of the United States, 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 business, and for the purpose of inducing the sale of their laundromat equipment, respondents have made certain statements and representations, concerning their business methods, the cost of establishing a laundromat store, the operating expenses of such a store, and the profits to be derived from owning and operating a laundromat store, and other

matters. Among and typical of such statements and representations are the following:

1. That a laundromat store can be fully equipped, and the business established and launched for a certain amount, varying with the operator.

2. That the store should gross from \$350 for the first month and \$900 per month, after the fourth month and that net profits can be obtained in varying amounts approximating \$4,000 to \$8,000 per year.

3. That the equipment has a useful life expectancy of from 5 to 10 years.

4. That respondents will provide continuing assistance to laundromat store owners in the operation of their business.

5. That respondents will survey various neighborhoods for profitable store locations for the purchaser.

6. That no experience is necessary for successful operation of a laundromat store.

7. That prompt delivery and assistance in installation are furnished by respondents

PAR. 5. In truth and in fact:

1. The respondents underestimate the cost of installing the laundromat equipment and make no allowance for the operating costs incurred of necessity during the period required to establish the business.

2. The representations as to monthly and annual gross and net business respectively are greatly exaggerated.

3. The life expectancy of the equipment is grossly exaggerated and falsely represented.

4. Respondents in many instances do not render the assistance promised laundromat store operators.

5. The only survey conducted consists of locating stores which are vacant.

6. Purchasers who have had no experience in operating a laundromat store are at a distinct disadvantage and frequently are not capable of succeeding in such an enterprise.

7. Respondents do not deliver the equipment promptly and afford the purchaser no assistance in its installation.

Therefore, the statements and representations as set out in Paragraph Four hereof were and are exaggerated, 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 laundromat

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equipment 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 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, and 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 Ald, 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 7045 North Western Avenue, in the city of Chicago, State of Illinois.

Respondent Frank J. Wright is an officer of said corporation, and his address is the same as that of said corporation.

Respondent Frank E. Ross is a former officer of said corporation, and his address is 600 West Lexington Avenue, Astoria, Oregon.

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 Ald, Inc., a corporation, and its officers, and Frank J. Wright, individually and as an officer of said corporation, and Frank E. Ross, individually and as a former 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 and distribution of laundromat equipment or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or indirectly that:

1. A laundromat store can be established and started for any designated amount of money in any particular area or location unless respondents can establish that the amount stated is an accurate figure for the total actual cost of the equipment and an estimate of the total cost of delivery and installation of said equipment and all reasonably anticipated additional expenses incidental to opening for business; and unless clear and conspicuous disclosure is additionally made of estimated operating costs.
2. Representing that any costs which are based upon estimates are other than estimated costs and unless respondents can establish that such estimated costs are not less than those which may reasonably be expected to be incurred by such purchaser.
3. The operator or operators of a laundromat store or stores can realize gross receipts or net profits of any designated amounts when such amounts are in excess of those which respondents can establish as being the gross receipts or net profits such operator or operators may reasonably expect to achieve.
4. Equipment being sold for laundromat stores has a life expectancy of any period of time which is greater than respondents can establish to be the fact.
5. Respondents assist laundromat store owners in the operation of their business in any manner not in accordance with the facts.
6. Respondents make a survey or an investigation of neighborhoods for suitable locations for laundromat stores for their customers unless the nature and extent of such survey or investigation is clearly and expressly revealed and the respondents can

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establish that such survey or investigation actually has been made.

7. Any inexperienced person will be successful in operating a laundromat store.

8. Respondents will deliver their merchandise within a specific period of time, or on a specific date, unless in each instance such delivery is made as represented by respondents, or misrepresenting in any other manner the time within which respondents' merchandise will be delivered; or representing that respondents assist in the installation of laundromat equipment unless respondents in each instance furnish such assistance at the time of the delivery.

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