

Complaint

IN THE MATTER OF

RELIABLE MANUFACTURING COMPANY ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-776. Complaint, June 30, 1964—Decision, June 30, 1964*

Consent order requiring Franklin Park, Ill., manufacturers of electric cooker-fryers which they sold to wholesalers, stamp redemption firms, catalog and mail order firms, wholesale discounters and retailers for resale, to cease their practice of supplying to their customers catalog sheets, circulars and cartons bearing representations such as "\$19.95 Suggested List Price Guaranteed For 2 Years", when such "suggested price" appreciably exceeded the highest price at which substantial sales were made in their trade area and the purported "2 year guarantee" was subject to undisclosed conditions.

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 Reliable Manufacturing Company a corporation, and Charles W. Leigh, 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 Reliable Manufacturing 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 9201 King Street, Franklin Park, Illinois.

Respondent Charles W. Leigh is an officer of the corporate respondent. He formulates, directs and controls the acts and practices 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 manufacturing, advertising, offering for sale, sale and distribution of electric cooker-fryers to wholesalers, stamp redemption firms, catalogue and mail order firms, wholesale discounters and retailers for resale to the public and in the production of metal stampings for various customers.

PAR. 3. In the course and conduct of their business, respondents now cause, and 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

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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 products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents, for the purpose of inducing the purchase of their electric cooker-fryers have engaged in the practice of causing to be printed and supplying to their customers catalogue sheets, circulars and cartons bearing representations such as, "\$19.95 Suggested List Price Guaranteed For 2 Years."

PAR. 5. Through the use of the foregoing representations and others of similar import and meaning not expressly set out herein, respondents represent, directly or by implication, that:

A. Said "suggested retail price" is respondents' bona fide estimate of the actual retail price of said product and that said price amount does not appreciably exceed the highest price at which substantial sales are made in respondents' trade area.

B. Said product is unconditionally guaranteed for a period of two years without further conditions or limitations.

PAR. 6. In truth and in fact:

A. Said "suggested retail price" is not respondents' bona fide estimate of the actual retail price of said product and said price amount appreciably exceeds the highest price at which substantial sales are made in respondents' trade area.

B. Said product is not unconditionally guaranteed for a period of two years without further conditions or limitations. Respondents fail to set forth in their guarantee statement the nature and extent of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform.

Therefore the statements and representations in Paragraphs Four and Five were and are false, misleading and deceptive.

PAR. 7. 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 articles of merchandise of the same general kind and nature as that sold by respondents.

PAR. 8. 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.

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

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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 Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents 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 respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents 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 respondents have 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 Reliable Manufacturing 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 9201 King Street, Franklin Park, Illinois.

Respondent Charles W. Leigh 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 respondents Reliable Manufacturing Company, a corporation, and its officers, and Charles W. Leigh, 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 and distribution of electric cooker-fryers or other products, in commerce, as "commerce"

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

1. Advertising, disseminating or distributing any list, pre-ticketed or suggested retail price that is not established in good faith as an honest estimate of the actual retail price or that appreciably exceeds the highest price at which substantial sales are made in respondents' trade area.

2. Representing that their merchandise is guaranteed unless the nature, extent and conditions of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly set forth in conjunction with the representation of guarantee.

3. Furnishing any distributor, dealer or retailer with any means whereby to deceive the purchasing public in the manner forbidden by the above provisions of this order.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with