

IN THE MATTER OF  
LASALLE DISTRIBUTING COMPANY ET AL.

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

*Docket 8653. Complaint, Jan. 18, 1965—Decision, Aug. 6, 1965*

Order requiring Detroit, Mich., retailers of watches, radios, tableware, power tools, and other articles—selling for their own account—to cease using the words “Adjustment” or “Salvage” as part of their corporate name in advertising, thereby misrepresenting their business status and source of their merchandise, and to cease representing that said products are guaranteed without identifying the guarantor and disclosing the terms and conditions thereof.

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 LaSalle Distributing Company, a partnership, and Eastern Adjustment Salvage Company, a partnership, and Harry Walkon, Morris Watnick\* and Nathan Wigod, individually and as copartners trading and doing business as LaSalle Distributing Company and Eastern Adjustment Salvage Company, 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. Respondents LaSalle Distributing Company and

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\*Correct spelling is Morris Watnick, see initial decision, p. 382 herein.

Eastern Adjustment Salvage Company are general partnerships comprised of the subsequently named individuals who formulate, direct and control the acts and practices of the said partnerships, including the acts and practices hereinafter set forth. The principal office and place of business of respondents is located at 20201 Livernois Avenue, in the city of Detroit, State of Michigan.

Respondents Harry Walkon, Morris Watnich and Nathan Wigod are individuals and copartners trading and doing business as LaSalle Distributing Company and Eastern Adjustment Salvage Company with their principal office and place of business located at the above stated address.

PAR. 2. Respondents are now and for some time last past have been, engaged in the sale and distribution of watches, radios, tableware, power tools and other articles of merchandise to retailers and others for resale to the public and to members of the purchasing public.

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

PAR. 4. 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 engaged in the sale of watches, radios, tableware, power tools and other articles of merchandise of the same general kind and nature as that sold by respondents.

PAR. 5. In the course and conduct of their business, and for the purpose of inducing the purchase of their said merchandise, respondents through the use of their said trade name and in circulars and promotional materials sent to prospective purchasers, make numerous statements and representations respecting their trade status, the nature of their business, the source of the merchandise offered for sale and the guarantees afforded in connection therewith.

Among and typical, but not all inclusive, of the statements and representations appearing in said advertisements are the following:

EASTERN ADJUSTMENT SALVAGE COMPANY  
MIDWEST OPERATIONS \* \* \* CONSUMER SERVICE DIVISION

## Complaint

68 F.T.C.

Subject: Waltham Lot #341-342

\* \* \* Lot #453-454

\* \* \* Lot #565-566

We have been authorized to liquidate a shipment of \* \* \* watches now being held for disposition at a local terminal.

Rather than dispose of these watches at public auction, this division is being permitted to make them available to some of our commercial accounts for the benefit of their employees.

These watches are all brand new and perfect; in the original packaging; and include their original factory guarantee.

*We are liquidating them all at one price of \$19.95 each \* \* \*.*

Lifetime Factory Guarantee

\* \* \*

LaSALLE Distributing Company

## PUBLIC NOTICE

We are closing out a shipment of brand new \* \* \* watches now being held for disposition at our Detroit, Michigan warehouse.

The Mail Order Division is being permitted to make them available to some of our commercial accounts in this area, for the benefit of their employees.

ATTENTION MANUFACTURERS: If you have any surplus inventory that you wish to liquidate, write at once giving full particulars of merchandise.

PAR. 6. By and through the use of the statements and representations set forth in Paragraph Five hereof and others of similar import not specifically set forth herein, respondents represent, and have represented, directly or by implication:

1. Through the use of said name "Eastern Adjustment Salvage Company," separately or in connection with the foregoing statements and representations or by said statements and representations alone that they are liquidators, authorized adjusters or agents engaged in the sale or dispositions of bankrupt, estate, salvage, distrained or other distress or surplus merchandise for the purpose of liquidating, adjusting, paying off or otherwise settling indebtedness or claims.

2. That the aforestated merchandise is unconditionally guaranteed for the lifetime of the purchaser.

PAR. 7. In truth and in fact:

1. Respondents are not liquidators, authorized adjusters or agents engaged in the sale or disposition of bankrupt, estate, salvage, distrained or other distress or surplus merchandise for the purpose of liquidating, adjusting, paying off or otherwise settling indebtedness or claims.

Instead, respondents are in the business of purchasing the advertised merchandise from manufacturers or suppliers and selling it at retail for their own account to the purchasing public.

2. The aforesaid merchandise is not unconditionally guaranteed for the lifetime of the purchaser, but is subject to limitations and conditions which are not revealed in respondents' advertising of said guarantee.

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

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 such 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. 9. 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.

*Mr. Morton Nesmith and Mr. Peter L. Wolff* supporting complaint.

*Mr. Seymour I. Caplan and Mr. George Stone*, Detroit, Mich., for respondents.

INITIAL DECISION BY WILLIAM K. JACKSON, HEARING EXAMINER

JUNE 28, 1965

This proceeding was commenced by the issuance of a complaint on January 18, 1965 charging the partnerships and the three named individual respondents, individually and as copartners, trading and doing business as the cited partnerships, with unfair and deceptive acts and practices and unfair methods of competition, in commerce, in violation of Section 5 of the Federal Trade Commission Act by misrepresenting their trade status, the nature of their business, the source of their merchandise and the guarantees on it.

In particular, the complaint alleges that the trade name "Eastern Adjustment Salvage Company" and various advertising statements, create the false impression that respondents are liquidators, authorized adjusters or agents engaged in the sale or disposition of bankrupt, estate, salvage, distrained or other distress or surplus merchandise for the purpose of settling indebtedness or claims. The complaint also alleges that respondents' merchandise is not unconditionally guaranteed for the lifetime of the purchaser as

represented in their advertising, but subject to limitations and conditions which are not revealed in such advertising.

After being served with the complaint, the aforesaid respondents appeared by counsel and thereafter on February 17, 1965, filed a joint answer admitting a number of the specific allegations in the complaint, but denying generally the illegality of the practices charged in the complaint.

By order dated April 15, 1965, the hearing examiner scheduled a hearing on the contested issues raised by the complaint and answer to commence on May 12, 1965, at Detroit, Michigan. At the opening of the hearing, counsel for respondents requested and received leave to withdraw the answer heretofore filed by them and to substitute an amended answer. Thereafter, on May 21, 1965, respondents filed with the Secretary their amended answer and by order of May 24, 1965, their amended answer was accepted by the hearing examiner and substituted for their answer heretofore filed on February 17, 1965.

By their amended answer, respondents Eastern Adjustment Salvage Company, a partnership, and Harry Walkon, Morris Watnick\* and Nathan Wigod, individually and as copartners trading and doing business as Eastern Adjustment Salvage Company, admitted all the material allegations of the complaint to be true.

By its amended answer, respondent LaSalle Distributing Company, a partnership consisting of Harry Walkon, Morris Watnick, and Nathan Wigod, admitted all the allegations of the complaint except those contained in subparagraph 1 of Paragraph Six of the complaint relating to the use of the terms "Salvage" and "Adjustment" in the partnership name or otherwise representing that it is a liquidator, authorized adjuster, or agent engaged in the sale or disposition of bankrupt, estate, salvage, distrained or other distress or surplus merchandise for the purpose of liquidating, adjusting, paying off or otherwise settling indebtedness or claims.

Counsel for respondents and complaint counsel furthermore agreed at the hearing, and respondents thereafter set forth in their amended answer, that the order hereinafter set forth should be entered.

Based upon the entire record, consisting of the complaint, amended answer and other agreements and matters of record, the hearing examiner makes the following findings as to facts, conclusions drawn therefrom, and order.

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\*Correct spelling Morris Watnick. See Respondents' Answer.

## FINDINGS OF FACT

1. Respondents LaSalle Distributing Company and Eastern Adjustment Salvage Company are general partnerships comprised of the subsequently named individuals who formulate, direct and control the acts and practices of the said partnerships, including the acts and practices hereinafter set forth. The principal office and place of business of respondents is located at 20201 Livernois Avenue, Detroit, Michigan.

2. Respondents Harry Walkon, Morris Watnick and Nathan Wigod are individuals and copartners trading and doing business as LaSalle Distributing Company and Eastern Adjustment Salvage Company with their principal office and place of business located at the above-stated address.

3. Respondents are now, and for some time last past have been, engaged in the sale and distribution of watches, radios, tableware, power tools and other articles of merchandise to retailers and others for resale to the public and to members of the purchasing public.

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

5. 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 engaged in the sale of watches, radios, tableware, power tools and other articles of merchandise of the same general kind and nature as that sold by respondents.

6. In the course and conduct of their business, and for the purpose of inducing the purchase of their said merchandise, respondents, through the use of their said trade name and in circulars and promotional materials sent to prospective purchasers, make numerous statements and representations respecting their trade status, the nature of their business, the source of the merchandise offered for sale, and the guarantee afforded in connection therewith.

Among and typical, but not all inclusive, of the statements and representations appearing in said advertisements, are the following:

## Findings

68 F.T.C.

EASTERN ADJUSTMENT SALVAGE COMPANY  
MIDWEST OPERATIONS \* \* \* CONSUMER SERVICE DIVISION

Subject: Waltham Lot #341-342

\* \* \* Lot #453-454

\* \* \* Lot #565-566

We have been authorized to liquidate a shipment of \* \* \* watches now being held for disposition at a local terminal.

Rather than dispose of these watches at public auction, this division is being permitted to make them available to some of our commercial accounts for the benefit of their employees.

These watches are all brand new and perfect; in their original packaging; and include their original factory guarantee.

*We are liquidating them all at one price of \$19.95 each \* \* \*.*

Lifetime Factory Guarantee.

\* \* \* \* \*

LaSALLE Distributing Company

## PUBLIC NOTICE

We are closing out a shipment of brand new \* \* \* watches now being held for disposition at our Detroit, Michigan Warehouse.

The Mail Order Division is being permitted to make them available to some of our commercial accounts in this area, for the benefit of their employees.

ATTENTION MANUFACTURERS: If you have any surplus inventory that you wish to liquidate, write at once giving full particulars of merchandise.

7. By and through the use of the statements and representations set forth in paragraph 6 above and others of similar import not specifically set forth therein, respondents Eastern Adjustment Salvage Company, Harry Walkon, Morris Watnick, and Nathan Wigod, represent, and have represented, directly or by implication:

Through the use of said name "Eastern Adjustment Salvage Company," separately or in connection with the foregoing statements and representations or by said statements and representations alone that they are liquidators, authorized adjusters or agents engaged in the sale or dispositions of bankrupt, estate, salvage, distrained or other distress or surplus merchandise for the purpose of liquidating, adjusting, paying off or otherwise settling indebtedness or claims.

8. In truth and in fact:

Respondents named in paragraph 7 hereof, are not liquidators, authorized adjusters or agents engaged in the sale or disposition of bankrupt, estate, salvage, distrained or other distress or surplus merchandise for the purpose of liquidating, adjusting, paying off or otherwise settling indebtedness or claims.

Instead, said respondents are in the business of purchasing the advertised merchandise from manufacturers or suppliers and selling

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## Conclusion

it at retail for their own account to the purchasing public, or on many occasions selling to retailers for resale.

9. By and through the use of the statements and representations set forth in paragraph 6 above, and others of similar import not specifically set forth therein, respondents LaSalle Distributing Company, a partnership, and Eastern Adjustment Salvage Company, a partnership, and Harry Walkon, Morris Watnick, and Nathan Wigod, individually and as copartners trading and doing business as the above partnerships, represent and have represented, directly or by implication:

That the aforestated merchandise is unconditionally guaranteed for the lifetime of the purchaser.

10. In truth and in fact:

The aforestated merchandise is not unconditionally guaranteed for the lifetime of the purchasers, but is subject to limitations and conditions which are not revealed in respondents' advertising of said guarantee.

11. Therefore, the statements and representations referred to in paragraph 6, 7 and 9 hereof, were and are false, misleading and deceptive.

12. 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 such 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.

## CONCLUSION

1. 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, in violation of Section 5 of the Federal Trade Commission Act.

2. The Federal Trade Commission has jurisdiction of and over respondents and the subject matter of this proceeding.

3. The complaint herein states a cause of action and this proceeding is in the public interest.

The order as hereinafter set forth is the order agreed upon by the parties and accepted by the hearing examiner as appropriate in the circumstances and the findings of fact heretofore made.

Final Order

68 F.T.C.

## ORDER

*It is ordered,* That respondents Eastern Adjustment Salvage Company, a partnership, and Harry Walkon, Morris Watnick, and Nathan Wigod, individually and as copartners trading and doing business as Eastern Adjustment Salvage Company or under any other trade name or names, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of watches, radios, tableware, power tools or any other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

Using the word "Adjustment" or "Salvage," or any other word, or words of similar import or meaning, in or as a part of respondents' trade or corporate name, or otherwise representing, directly or by implication, that they are liquidators, authorized adjusters or agents, engaged in the sale or disposition of bankrupt, estate, salvage, distrained or other distress or surplus merchandise for the purpose of liquidating, adjusting, paying off or otherwise settling indebtedness or claims; or misrepresenting, in any manner, their trade or business status or the source, character or nature of the merchandise being offered for sale.

*It is further ordered,* That respondents LaSalle Distributing Company, a partnership, and Eastern Adjustment Salvage Company, a partnership, and Harry Walkon, Morris Watnick and Nathan Wigod, individually and as copartners trading and doing business as LaSalle Distributing Company and Eastern Adjustment Salvage Company or under any other trade name or names, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale or distribution of watches, radios, tableware, power tools or any other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

Representing, directly or by implication, that any of respondents' products are 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.

## FINAL ORDER

No appeal from the initial decision of the hearing examiner having been filed, and the Commission having determined that the

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## Complaint

case should not be placed on its own docket for review, and that pursuant to Section 3.21 of the Commission's Rules of Practice (effective August 1, 1963), the initial decision should be adopted and issued as the decision of the Commission:

*It is ordered,* That the initial decision of the hearing examiner shall, on the 6th day of August, 1965, become the decision of the Commission.

*It is further ordered,* That LaSalle Distributing Company, a partnership, and Eastern Adjustment Salvage Company, a partnership, and Harry Walkon, Morris Watnick, and Nathan Wigod, individually and as copartners trading and doing business as the above partnerships, shall, within sixty (60) days after service of this order upon them, file with the Commission a report in writing, signed by such respondents, setting forth in detail the manner and form of their compliance with the order to cease and desist.

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