

Complaint

69 F.T.C.

IN THE MATTER OF

SOUTHERN PACIFIC SALVAGE COMPANY ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION ACT*Docket C-1039. Complaint, Feb. 2, 1966—Decision, Feb. 2, 1966*

Consent order requiring California retailers of general merchandise to cease deceptively using the word "Salvage" in their trade name, or otherwise representing that they are authorized liquidators, adjusters or agents engaged in the sale of bankrupt, salvage, or otherwise distressed merchandise.

## 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 Southern Pacific Salvage Company, a corporation, and Jack Taff, 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 Southern Pacific Salvage Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 1133 S. La Cienega Boulevard, in the city of Los Angeles, State of California.

Respondent Jack Taff is an individual and an officer of the corporate respondent. He formulates, directs and controls the acts and practices of said corporation, 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 sale and distribution of watches, clocks, radios, tableware 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 California 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 in the sale of watches, clocks, radios, tableware and other articles of merchandise of the same general kind 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, the 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 and the source of their merchandise offered for sale.

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

Southern Pacific Salvage Company  
Consumer Service Division

Subject: Waltham lot #430#431#432#433  
Helbros lot #625#626#627  
Vulcain lot #214#215.

We have been authorized to liquidate a distressed 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.

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

PAR. 6. By and through the use of their aforementioned trade name separately and in connection with the foregoing statements and representations and others of similar import and meaning not expressly set out herein, respondents represent, and have represented, 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.

PAR. 7. In truth and in fact, 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.

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.

#### 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 Southern Pacific Salvage Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 1133 S. La Cienega Boulevard, in the city of Los Angeles, State of California.

Respondent Jack Taff is an individual and 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 Southern Pacific Salvage Company, a corporation, and its officers, and Jack Taff, 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 watches, clocks, radios, tableware or any other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act do forthwith cease and desist from:

1. Using the word "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.

2. Representing, directly or by implication, that they are liquidating, adjusting, paying off or otherwise settling indebtedness or claims.

3. Misrepresenting, in any manner, their trade or business status or the source, character or nature of the merchandise being offered for sale.

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*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.

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