IN THE MATTER OF

SCOTT MANUFACTURING AND INSTALLATION COMPANY, INC., TRADING AS YOUNGSTOWN AWNING AND WINDOW COMPANY ET AL.

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

Docket C-1142. Complaint, November 28, 1966—Decision, November 28, 1966

Consent order requiring a Creve Coeur, Mo., home improvement firm to cease using false pricing, savings, and quality claims and other misrepresentations to sell its residential siding and other products.

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 Scott

Manufacturing and Installation Company, Inc., a corporation, trading as Youngstown Awning and Window Company, and Joe H. Scott, individually and as an officer of said corporation, 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. Scott Manufacturing and Installation Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at Creve Coeur Mill Road, in the city of Creve Coeur, State of Missouri. Said corporate respondent also trades as Youngstown Awning and Window Company.

Joe H. Scott is an individual and an officer of said corporation. He formulates, directs and controls the acts and practices of said corporation including those hereinafter set forth. His business address is the same as that of the said corporation.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of various items of home improvements, including residential siding, storm windows and awnings to 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 Missouri to purchasers thereof located in 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 course and conduct of their business, and for the purpose of inducing the purchase of their products, respondents have, by promotional material and direct oral solicitations made by respondents or their salesmen or representatives, represented, directly or by implication, that:

1. Homes of prospective purchasers had been specially selected as model homes for the installation of respondents' siding; after installation such homes would be used as points of reference, for demonstration and advertising purposes by respondents; and, as a result of allowing their homes to be used as models, purchasers would be granted reduced prices or would receive allowances, discounts or commissions.

2. Respondents' products are being offered for sale at special or reduced prices, and that savings are thereby afforded purchasers from respondents' regular selling prices.

3. Respondents' products will never require painting or repairing.

4. The color of the respondents' products will remain unchanged and will last a lifetime.

5. Respondents' products are everlasting and are made of indestructible materials.

6. Storms, hail and other elements will not damage the respondents' products.

7. Respondents' products will reduce monthly heat bills by at least 25 percent.

8. Respondents' products and installations are "unconditionally guaranteed" in every respect without condition or limitation for an unlimited period of time.

PAR. 5. In truth and in fact:

1. Homes of prospective purchasers are not specially selected as model homes for installations of respondents' siding; after installations such homes are not used for demonstration and advertising purposes by respondents; and purchasers, as a result of allowing their homes to be used as models, are not granted reduced prices nor did they receive allowances, discounts or commissions.

2. Respondents' products are not being offered for sale at special or reduced prices and savings are not granted respondents' customers because of a reduction from respondents' regular selling price. In fact, respondents do not have a regular selling price but the price at which respondents' products are sold vary from customer to customer depending on the resistance of the prospective purchaser.

3. Products sold by respondents will require painting and repairing.

4. The color of respondents' products will change and will not last a lifetime.

5. The respondents' products are not everlasting and can be destroyed.

6. Storms, hail and other elements will damage respondents' products.

7. The respondents' products will not afford a savings of 25 percent or more on the monthly fuel bill of each purchaser.

8. Respondents' products and installations are not unconditionally guaranteed in every respect without conditions or limitations,

for an unlimited period of time. Such guarantee as may be provided is subject to numerous terms, conditions and limitations, and fails to set forth the nature and extent of the guarantee, the identity of the guarantor and the manner in which the guarantor would perform thereunder.

Therefore, the statements and representations as set forth in Paragraph Four hereof were and are false, misleading and deceptive.

PAR. 6. 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 various items of home improvements, including residential siding, storm windows and awnings, of the same general kind and nature as that sold by respondents.

PAR. 7. The use by the respondents of the aforesaid false, misleading and deceptive statements, representations and practices 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 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 Scott Manufacturing and Installation Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its office and principal place of business located at Creve Coeur Mill Road, in the city of Creve Coeur, State of Missouri and trading as Youngstown Awning and Window Company.

Respondent Joe H. Scott 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 Scott Manufacturing and Installation Company, Inc., a corporation, trading and doing business as Youngstown Awning and Window Company or under any other name or names, and its officers, and Joe H. Scott, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of residential siding or similar products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

I. Representing, directly or by implication:

A. That the home of any of respondents' customers, or prospective customers, has been selected to be used or will be used as a model home, or otherwise, for advertising purposes.

B. That any allowance, discount or commission is granted by respondents to purchasers in return for permitting the premises on which respondents' products are

installed to be used for model homes or demonstration purposes.

C. That any price for respondents' products is a special or reduced price, unless such price constitutes a significant reduction from an established selling price at which such products have been sold in substantial quantities by respondents in the recent regular course of their business, or misrepresenting in any manner the savings available to purchasers.

D. That products sold by respondents will never require painting or repair.

E. That the colors in which respondents' products are furnished will remain unchanged or will last a lifetime.

F. That respondents' products are everlasting or are made of indestructible materials.

G. That storms, hail or other elements will not damage respondents' products.

H. That any percentage or any amount of saving on heating bills will result from the use of respondents' products: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that each purchaser will in fact realize savings in the amounts or percentage represented.

I. That any of respondents' products or installations 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.

II. Misrepresenting in any manner the efficacy, durability or efficiency of respondents' products.

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.

Complaint

IN THE MATTER OF

LINCOLN RUG & CARPET MART, INC., ET AL.

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

Docket 8688. Complaint, May 31, 1966—Decision, Dec. 1, 1966

Order requiring a Morton Grove, Ill., retailer of domestic grade carpeting to cease misrepresenting its business status and the grade, quality, availability and source of its products.

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 Lincoln Rug & Carpet Mart, Inc., a corporation, and Dorothy Gordon and Joseph Gordon, individually and as officers 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 Lincoln Rug & Carpet Mart, 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 6231 West Dempster, Morton Grove, Illinois.

Respondents Dorothy Gordon and Joseph Gordon are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their business 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 offering for sale, sale and distribution of carpeting and rugs 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 products, when sold, to be shipped and transported from their place of business in the State of Illinois to purchasers thereof located in various other States of the United States, and maintain,