

IN THE MATTER OF
NATIONAL CHINCHILLA GUILD, INCORPORATED, ET AL.
CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-1165. Complaint, Feb. 6, 1967—Decision, Feb. 6, 1967

Consent order requiring a Prairie Village, Kansas, distributor of chinchilla breeding stock to cease misrepresenting the profits to be made from home breeding of chinchillas, their rate of reproduction, and making other false claims.

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 National Chinchilla Guild, Incorporated, a corporation, and Robert E. Bouckhout, 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 National Chinchilla Guild, Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kansas, with its principal office and place of business located at 20 On The Mall, Prairie Village, Kansas.

Respondent Robert E. Bouckhout is an individual and an officer of National Chinchilla Guild, Incorporated. 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 advertising, offering for sale, sale and distribution of chinchilla breeding stock to the public.

PAR. 3. In the course and conduct of their aforesaid business, respondents now cause, and for some time last past have caused, their said chinchillas, when sold, to be shipped from their principal source of supply in Vancouver, State of Washington, for delivery by them to customers in Missouri and Kansas, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said chinchillas 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 chinchillas, the respondents make numerous statements and representations in direct mail advertising and through the oral statements and display of promotional material to prospective purchasers by salesmen, with respect to the breeding of chinchillas in the home for profit and without previous experience, the rate of reproduction of said animals, the expected income from the sale of their pelts, their freedom from disease, the quality of said animals, the providing of a priming, pelting and marketing service, the buying back of animals from dissatisfied purchasers, their guaranty and the status of their organization.

Typical and illustrative but not all inclusive of the statements made in respondents' direct mail advertising and promotional literature are the following:

We've found the answer to financial problems for hundreds of City People and Farmers alike.

If you are interested in making money!!! * * *. Return this card Right Now * * * to have a brochure with additional information on the Guild's method of Chinchilla production.

* * * additional annual income of: (ck one)

\$2,500 ——— \$5,000 ——— \$7,500 ——— \$10,000 ——— \$15,000 ———

* * * raising quality chinchillas

* * * thousands of dollars a year

IN * * * SPARE TIME. Turn extra room into income for Education, Travel, Retirement.

PROFIT IS HIGH

Quality pelts are valued at \$20—\$55 * * *

* * * even if you have no experience.

* * * * * *

STARTING WITH 3 SELECT QUALITY FEMALES, 1 MALE

[the fourth year and on]

89

Complaint

YOUR 81 FEMALES PRODUCE * * * 324 OFFSPRING YEARLY * * *
AT \$30 AVERAGE PER PELT:

THAT'S \$9,720. A YEAR!

* * * * *

CHINCHILLA PRODUCTION:

* * * 4 Young per year, per female
(2 per litter, 2 litters a year)

CHINCHILLA PELT PRICE:

* * * thirty dollars (\$30) is * * * an average selling price for a GOOD
QUALITY chinchilla pelt.

* * * select quality chinchillas

* * * select quality breeding stock

THE CHINCHILLA GUILD PLAN "B"

(With three year warranty to live and produce as outlined in the Code of
Ethics)

PAR. 5. By and through the use of said statements and representations made by respondents in advertising, promotional material and in oral representations made by their salesmen, and others of similar import and meaning but not expressly set out herein, respondents represent, directly or indirectly, that:

1. It is practicable to raise chinchillas in the home and large profits can be made in this manner.
2. The breeding of chinchillas for profit requires no previous knowledge or experience.
3. Chinchillas are not susceptible to diseases.
4. Chinchilla breeding stock sold by respondents is select or choice quality.
5. The breeding stock of three female chinchillas and one male chinchilla purchased from respondents will result in live offspring as follows: 12 the first year, 36 the second year, 108 the third year and 324 the fourth year.
6. All of the offspring referred to in 5 will have good quality pelts selling for the average price of \$30 per pelt.
7. A purchaser starting with three females and one male of respondents' chinchilla breeding stock will have a gross income of \$9,720 from the sale of pelts in the fourth year.
8. Each female chinchilla purchased from respondents and each female offspring will produce at least four live young per year.
9. Respondents will buy back chinchilla breeding stock if the purchaser is not satisfied.
10. Respondents provide a local priming, pelting and marketing facility.
11. Chinchilla breeding stock purchased from respondents is

unconditionally warranted in writing to live and reproduce for three years.

12. Respondent corporation is a "guild" or association formed for the mutual aid and protection of purchasers of respondents' chinchilla breeding stock.

PAR. 6. In truth and in fact:

1. It is not practicable to raise chinchillas in the home and large profits cannot be made in such manner.

2. The breeding of chinchillas for profit requires specialized knowledge in the feeding, care and breeding of said animals, much of which must be acquired through actual experience.

3. Domesticated chinchillas are susceptible to pneumonia and other diseases.

4. Chinchilla breeding stock sold by respondents is not select or choice quality.

5. The initial chinchilla breeding stock of three females and one male purchased from respondents will not result in the number specified since these figures do not allow for factors which reduce chinchilla production, such as those born dead or which die after birth, the culls which are unfit for reproduction, fur chewers, and sterile animals.

6. All of the offspring referred to in subparagraph 5, Paragraph Five above will not produce good quality pelts; and the average price of pelts produced by offspring of breeding stock sold by respondents is not \$30 but substantially less than that amount.

7. A purchaser starting with three females and one male of respondents' breeding stock will not have a gross income of \$9,720 from the sale of pelts in the fourth year but substantially less than that amount.

8. Each female chinchilla purchased from respondents and each female offspring will not produce as many as four live young per year but generally less than that number.

9. Respondents do not buy back breeding stock if the purchaser is not satisfied.

10. Respondents do not provide a local priming, pelting or marketing facility.

11. Chinchilla breeding stock purchased from respondents is not unconditionally warranted to live and reproduce for three years. Respondents guarantee breeding stock originally purchased for three years against fatalities only and replacement is made only upon payment of 25% of the original price and if the carcass is frozen and returned in good condition to the company.

12. Respondent company is not a guild or association formed for the mutual aid and protection of purchasers of respondents' chinchilla breeding stock but is a corporation formed for the purpose of selling chinchilla breeding stock for respondents' own profit.

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

PAR. 7. In the course and 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 chinchilla breeding stock.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, and practices has had, and now has, the tendency and capacity 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' chinchillas by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the 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

Order

71 F.T.C.

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 National Chinchilla Guild, Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kansas, with its office and principal place of business located at 20 On the Mall, Prairie Village, Kansas.

Respondent Robert E. Bouckhout 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 National Chinchilla Guild, Incorporated, a corporation, and its officers, and Robert E. Bouckhout, 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 chinchilla breeding stock in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication, that:

1. It is practicable to raise chinchillas in the home or that large profits can be made in this manner.

2. Breeding chinchillas for profit can be achieved without previous knowledge or experience in the feeding, care and breeding of such animals.

3. Chinchillas are not subject to diseases.

4. Chinchilla breeding stock sold by respondents is select or choice quality.

5. The initial chinchilla breeding stock of three females and one male purchased from respondents will produce live offspring of 12 the first year, 36 the second year, 108 the third year or 324 the fourth year; or that

they will produce live offspring in any number in excess of the number of live offspring generally produced by chinchilla breeding stock purchased from respondents, and their offspring.

6. All of the offspring of chinchilla breeding stock purchased from respondents will produce good quality pelts selling for the average price of \$30 per pelt; or representing that a purchaser of respondents' breeding stock will receive for chinchilla pelts any amount in excess of the amount usually received for pelts produced by chinchillas purchased from respondents, or their offspring.

7. A purchaser starting with three females and one male of respondents' breeding stock will have from the sale of pelts a gross income of \$9,720 in the fourth year after purchase, or that the earnings or profits from the sale of pelts is any amount in excess of the amount generally earned by purchasers of respondents' chinchilla breeding stock.

8. Each female chinchilla purchased from respondents and each female offspring will produce at least four live young per year; or that the number of live offspring per female is any number in excess of the number generally produced by females purchased from respondents or their offspring.

9. Respondents will buy back chinchillas from purchasers who are dissatisfied with their purchases.

10. Respondents provide a local priming, pelting or marketing facility.

11. Breeding stock purchased from respondents is guaranteed without disclosing the terms and conditions of such guarantee.

B. Using the word "guild" or any other word of similar import or meaning as part of respondents' trade or corporate name, or misrepresenting in any other manner the nature or status of respondents' business.

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

71 F.T.C.

IN THE MATTER OF

DUBROWSKY & JOSEPH, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS
LABELING ACTS

Docket C-1166. Complaint, Feb. 7, 1967—Decision, Feb. 7, 1967

Consent order requiring a New York City manufacturer of ladies' coats to cease misbranding the fiber content of interlinings of its wool coats, and failing to comply with other statutory requirements.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Dubrowsky & Joseph, Inc., a corporation, and Morris Dubrowsky, Morris Joseph, Irving Dubrowsky and Rubin Joseph, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Wool Products Labeling Act of 1939, 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 Dubrowsky & Joseph, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Individual respondents Morris Dubrowsky, Morris Joseph, Irving Dubrowsky and Rubin Joseph are officers of said corporation. They are responsible for and formulate the acts, practices and politics of said corporation, including the acts and practices hereinafter referred to.

Respondents are manufacturers of wool products (ladies coats) with their office and principal place of business located at 520 Eighth Avenue, New York, New York.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, respondents have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale, in commerce, as "commerce" is defined in said Act, wool products as "wool product" is defined therein.