

upon them of this order, file with the Commission a report in writing setting forth in detail the manner in which they have complied with the order to cease and desist.

By the Commission, without the concurrence of Commissioner MacIntyre.

IN THE MATTER OF

EDWARD W. PUTNAM DOING BUSINESS AS
BLUE DIAMOND CHINCHILLAS

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

Docket C-1167. Complaint, Feb. 8, 1967—Decision, Feb. 8, 1967

Consent order requiring a Sioux City, Iowa, distributor of chinchilla breeding stock to cease misrepresenting the quality and fecundity of their animals and profits to be made from home breeding of chinchillas.

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 Edward W. Putnam, an individual doing business as Blue Diamond Chinchillas, hereinafter referred to as respondent, has 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 Edward W. Putnam is an individual doing business under the name of Blue Diamond Chinchillas, with

his principal office and place of business located at 3406 Military Road, Sioux City, Iowa.

PAR. 2. Respondent is now, and for some time last past has 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 his business, respondent now causes, and for some time last past has caused, his said chinchillas, when sold to be shipped from his place of business in Iowa to purchasers thereof located in various other States of the United States, and maintains, and at all times mentioned herein has 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 his business, and for the purpose of inducing the sale of his chinchillas, the respondent has made numerous statements and representations in television and direct mail advertising, and through the oral statements and representations of salesmen to prospective purchasers with respect to the raising, breeding, pelting of chinchillas and the profits to be derived therefrom:

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

If you are a - - -

Farmer

City Dweller

Suburbanite

Chinchillas are a profitable hobby. They don't require a large area * * * you can raise them right in your own home * * * spare room, basement.

Money in your pocket * * * providing you have the high quality such as Blue Diamond has to offer.

The female usually breeds at anywhere from 6 to 10 months of age. Gestation period is about 111 days, with litters averaging approximately 2 babies * * * making 3 litters per year possible—the average being approximately 2 litters when figured on national basis.

Now, figuring on the conservative side of the national average rate of reproduction, one could have twenty pairs of chinchillas in three years, starting with one adult pair and on this same basis a rancher could have eighty pairs at the end of the three-year period by starting with four pairs. On the basis of two litters per year and two babies per litter, and barring any unpredictable casualties, eighty pairs could give you an annual production of three hundred and twenty animals to be marketed at the proper time.

(Starting) with four pairs it would take about 3 years time to be self-supporting * * * by self-supporting, I mean \$8,000 to \$10,000.

Complaint

71 F.T.C.

Chinchilla ranchers are earning thousands of dollars each year in their spare time. Quality chinchilla pelts on today's market bring \$30 to \$60 each.

Quality is a must in the chinchilla business and we make every endeavor to start the new rancher with what we believe to be the best stock available.

PAR. 5. Through the use of the above quoted statements and representations, and others of similar import and meaning, but not expressly set out herein, separately and in connection with oral statements and representations in direct sales presentations to prospective purchasers, respondent represents, and has represented, directly or by implication, 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) Chinchilla breeding stock sold by respondent is of top quality, select quality or the best grade that can be obtained.

(4) Mated pairs of chinchillas sold by respondent will produce an average of two or more litters per year with an average of at least two animals per litter, resulting in four or more live offspring per year.

(5) The national average production of female chinchillas is two litters per year with two or more offspring per litter.

(6) Purchasers of respondent's mated pairs of chinchillas can expect them to multiply as follows:

One pair will increase to 20 mated pairs in three years and four pairs will increase to 80 mated pairs in the same period of time.

Eighty mated pairs of chinchillas will produce 320 offspring per year.

(7) All offspring from breeding stock sold by respondent will produce good quality pelts which will sell for at least \$30 per pelt.

(8) Four mated pairs of respondent's breeding stock will, in three years, produce an annual income of \$8,000 to \$10,000.

(9) Breeding chinchillas by mated pairs produces more offspring of better quality than by using one male to breed several females, called polygamous breeding.

PAR. 6. In truth and fact:

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

(2) The successful breeding of chinchillas for profit requires

knowledge in the feeding, care and breeding of said animals, much of which must be acquired through actual experience.

(3) Chinchilla breeding stock offered and sold by respondent is not of select or top quality, or the best grade which can be obtained.

(4) Mated pairs of chinchillas sold by respondent will neither produce an average of two litters per year, nor an average of two animals per litter, nor four live offspring per year, but substantially less than that production.

(5) The national average production of female chinchillas is not two litters per year with two or more offspring per litter but substantially less than that production.

(6) Purchasers of respondent's mated pairs of chinchillas will not achieve the production of live offspring stated in Paragraph Five (6), above, since these figures do not allow for factors which substantially reduce chinchilla production, such as those born dead or which die after birth, culls which are unfit for reproduction, fur chewers, sterile animals, and pairs which will not breed.

(7) All offspring produced by breeding stock sold by respondent will not produce good quality pelts, nor will the pelts from said offspring sell for \$30 or more per pelt but substantially less than that amount.

(8) Four pairs of breeding stock purchased from respondent will not in as much as three years produce an annual income of \$8,000 but substantially less than that amount.

(9) Breeding chinchillas by mated pairs does not produce more offspring or offspring of better quality than by the polygamous breeding method.

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 his business, at all times mentioned herein, respondent has been in substantial competition in commerce, with corporations, firms and individuals in the sale of chinchilla breeding stock.

PAR. 8. The use by respondent 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 respondent's chinchillas by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the respondent, as

herein alleged, were and are all to the prejudice and injury of the public and of respondent's 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 respondent named in the caption hereof, and the respondent 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 respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 respondent 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 respondent has 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 Edward W. Putnam is an individual doing business as Blue Diamond Chinchillas, with his principal office and place of business located at 3406 Military Road, Sioux City, Iowa.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent, Edward W. Putnam, an individual doing business as Blue Diamond Chinchillas, or under any other trade name, and respondent's representatives, agents and

employees, directly or through any corporate or other device, in connection with the advertising, 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 representing, directly or by implication:

(1) That it is practicable to raise chinchillas in the home or that large profits can be made in this manner.

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

(3) That chinchilla breeding stock sold by respondent is of select or top quality or the best grade that can be obtained; or misrepresenting in any manner the quality of breeding stock sold by respondent.

(4) That mated pairs of chinchillas sold by respondent will produce each year an average of two or more litters of two animals per litter or will produce four live offspring per year; or representing, directly or by implication, that chinchillas purchased from respondent or the offspring of said chinchillas will produce during a given period of time offspring in excess of the number usually and customarily produced by chinchillas sold by respondent or the offspring of said chinchillas; or misrepresenting the number of live chinchilla offspring resulting for any specified period of time.

(5) That the national average production of female chinchillas is as much as two litters per year with two offspring per litter; or misrepresenting in any manner the number of offspring produced by female chinchillas generally.

(6) That chinchilla pelts produced from respondent's breeding stock will sell for any amount in excess of that usually and customarily received for pelts by other purchasers of respondent's breeding stock; or misrepresenting in any manner the quality of pelts from the offspring of said animals.

(7) That four mated pairs of chinchilla breeding stock purchased from respondent will in three years result in an annual income of as much as \$8,000; or representing that the income derived from raising chinchillas is any amount in excess of the amount usually and customarily earned by breeders of chinchillas purchased from respondent.

(8) That breeding chinchillas by mated pairs will produce more or better quality offspring than by polygamous breeding.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with this order.
