

facts upon which pricing claims and representations of the types described in subsections (a), (b), (c) and (d) of Rule 44 of the Rules and Regulations promulgated under the Fur Products Labeling Act, are based.

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.

IN THE MATTER OF
CENTER MOTORS, INC., ET AL.

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

Docket C-1291. Complaint, Jan. 23, 1968—Decision, Jan. 23, 1968

Consent order requiring a Washington, D.C., used car dealer to cease using bait advertising and deceptive financing.

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 Center Motors, Inc., a corporation, and Bernard L. Gordon, 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 Center Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 1333 Rhode Island Avenue, NW., in the city of Washington, D.C.

Respondent Bernard L. Gordon is an individual and is an officer of the corporate respondent. 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 used automobiles to the public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their said product, when sold, to be transported from their place of business in the District of Columbia to purchasers thereof located in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said product in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their used automobiles, respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers of interstate circulation, of which the following are typical and illustrative, but not all inclusive thereof:

\$85 Down '64 Chevy \$1185 S.S. Conv.

* * * * *

ONLY \$95 DOWN! '63 OLDS STARFIRE COUPE \$1095

* * * * *

\$85 Down DELIVERS '64 OLDS \$1295 98 Convert.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, the respondents have represented, and are now representing, directly or by implication, that:

1. The offers set forth in said advertisements are bona fide offers to sell the advertised automobiles at the prices and on the terms and conditions stated.

2. The advertised automobiles will be financed on offer of the down payment stated.

PAR. 6. In truth and in fact:

1. The offers set forth in said advertisements were not bona fide offers to sell the advertised automobiles at the prices and on the terms and conditions stated, but were made for the purpose of obtaining leads to prospective customers. In a number of instances, the automobiles advertised were not in respondents' possession at the time they were advertised and were not available for purchase. Respondents' salesmen informed prospective customers who responded to the advertisements that the automobiles advertised had been sold and di-

rected the customers' attention to automobiles selling at a higher price. By these tactics, respondents and their salesmen attempted to and frequently did sell higher priced automobiles.

2. The advertised automobiles were not financed on offer of the down payment stated. Frequently the amount of down payment advertised was insufficient and the customer was required to obtain a small loan to make up the deficiency or balance between the amount advertised and the amount actually required as down payment.

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 aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of used automobiles of the same general kind and nature as that sold by respondents.

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 said statements and representations were and are true and into the purchase of substantial quantities of respondents' product 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 Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; 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 complaint to issue herein, a statement that the signing of said agreement

is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission, having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of 30 days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Center Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 1333 Rhode Island Avenue, NW., in the city of Washington, D.C.

Respondent Bernard L. Gordon 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 Center Motors, Inc., a corporation, and its officers, and Bernard L. Gordon, 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 advertising, offering for sale, sale or distribution of used automobiles or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that any products are offered for sale when such offer is not a bona fide offer to sell such products.

2. Making representations purporting to offer merchandise for sale when the purpose of the representation is not to sell the offered merchandise but to obtain leads or prospects for the sale of other merchandise at higher prices.

3. Representing, directly or by implication, that a product is offered for sale when such product is not in respondents' possession and available for purchase at the time of the offer.

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4. Misrepresenting, in any manner, the amount which will be accepted as down payment.

5. Using any advertising, sales plan or procedure involving the use of false, misleading or deceptive statements or representations.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within