

Complaint

73 F.T.C.

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
KANSAS CITY QUILTING CO., INC., ET AL.

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

Docket C-1314. Complaint, Mar. 25, 1968—Decision, Mar. 25, 1968

Consent order requiring a Kansas City, Mo., manufacturer of quilted woolen fabrics to cease misbranding its wool and textile fiber products and failing to maintain required records.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Kansas City Quilting Co., Inc., a corporation, and Lionel J. Kunst and Solomon Burstein, 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 the Textile Fiber Products Identification 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 Kansas City Quilting Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri.

Respondents Lionel J. Kunst and Solomon Burstein are officers of said corporate respondent. They control the acts, practices and policies of said corporate respondent.

Respondents are engaged in the manufacture and sale of wool and textile fiber products, including quilted fabrics, with their office and principal place of business located at 2441 Charlotte Street, Kansas City, Missouri.

PAR. 2. Respondents, now and for some time last past, 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 the Wool Products Labeling Act of 1939, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded by the respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were quilted fabrics stamped, tagged, labeled, or otherwise identified by respondents as "50% Acrylic, 50% Other Fibers," whereas in truth and in fact, said products contained woolen fibers together with substantially different fibers and amounts of fibers than as represented.

PAR. 4. Certain of said wool products were further misbranded by respondents in that they were not stamped, labeled, tagged, or otherwise identified as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded wool products, but not limited thereto, was a wool product with a label on or affixed thereto which failed to disclose the percentage of the total fiber weight of the said wool product exclusive of ornamentation not exceeding 5 per centum of the total fiber weight, of (1) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool, when said percentage by weight of such fiber was 5 per centum or more; and (5) the aggregate of all other fibers.

PAR. 5. The acts and practices of the respondents as set forth above were, and are, in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce within the meaning of the Federal Trade Commission Act.

PAR. 6. Respondents are now, and for some time last past have been, engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and the importation into the United States, of textile fiber products; and have

sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which had been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products; as the terms "commerce" and "textile fiber products" are defined in the Textile Fiber Products Identification Act.

PAR. 7. Respondents have failed to maintain proper records showing the fiber content of the textile fiber products manufactured by them, in violation of Section 6 of the Textile Fiber Products Identification Act and Rule 39 of the Regulations promulgated thereunder.

PAR. 8. The acts and practices of respondents, as set forth in Paragraph Seven above were, and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce under 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 Textiles and Furs 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, the Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification 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 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 thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record

508

Order

for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Kansas City Quilting Co., 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 2441 Charlotte Street, Kansas City, Missouri.

Respondents Lionel J. Kunst and Solomon Burstein are officers of said corporation and their 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 Kansas City Quilting Co., Inc., a corporation, and its officers, and Lionel J. Kunst and Solomon Burstein, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.

2. Failing to securely affix to, or place on, each such product a stamp, tag, label, or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by Section 4(a)(2) of the Wool Products Labeling Act of 1939.

It is further ordered, That respondents Kansas City Quilting Co., Inc., a corporation, and its officers, and Lionel J. Kunst and Solomon Burstein, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States,

Final Order

73 F.T.C.

of any textile fiber product: or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce: or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from failing to maintain and preserve proper records showing the fiber content of the textile fiber products manufactured by said respondents, as required by Section 6 of the Textile Fiber Products Identification Act and Rule 39 of the Regulations promulgated thereunder.

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 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
MOTOROLA, INC.

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

Docket 8473. Complaint. Mar. 23, 1962—Decision. Mar. 28, 1968

Order dismissing charges for failure of proof against a Franklin Park, Ill., distributor of radio and television sets that it had misrepresented or failed to disclose the country of origin of certain component parts of its products. Other charges against respondent were disposed of in an earlier order, 64 F.T.C. 62, dated January 14, 1964.

FINAL ORDER ON ISSUES PRESENTED BY THE COUNTRY OF ORIGIN
CHARGES OF THE COMPLAINT

This matter has been pendings before the Commission on respondent's appeal from findings and conclusions numbered 13 and 14, and paragraphs numbered 1(k), 3 and 4 of the order to cease and desist set forth in the hearing examiner's initial decision. These particular findings, conclusions and paragraphs of the order relate to Paragraphs

512

Complaint

Five E and Six E and Paragraphs Seven, Eight and Nine of the complaint which charge respondent with misrepresenting the country of origin of the component parts of certain of its radios and with failing to disclose the country of origin of such imported components, in violation of Section 5 of the Federal Trade Commission Act. Decision with respect to the issues presented in these paragraphs of the complaint was reserved by the Commission in its final order issued January 14, 1964 [64 F.T.C. 62], in disposition of the other issues raised by respondent's appeal and the appeal of counsel supporting the complaint.

The Commission having determined that the aforesaid foreign origin charges in the complaint should be dismissed for failure of proof, and that respondent's appeal from the hearing examiner's findings, conclusions and order dealing with these charges should be granted:

It is ordered, That the initial decision as modified by the Commission's order of January 14, 1964 [64 F.T.C. 62], be, and it hereby is, further modified by striking findings and conclusions numbered 13 and 14.

It is further ordered, That paragraphs 1(k), 3 and 4 of the hearing examiner's order to cease and desist be, and they hereby are, vacated and set aside.

It is further ordered, That Paragraphs Five E and Six E and Paragraphs Seven, Eight and Nine of the complaint be, and they hereby are, dismissed.

Commissioner MacIntyre not concurring, and Commissioners Jones and Nicholson not participating for the reason that oral argument was heard prior to their appointment to the Commission.

IN THE MATTER OF

FONDA MANUFACTURING CORPORATION ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

Docket C-1315. Complaint, April 1, 1968—Decision, April 1, 1968

Consent order requiring a New York City importer and processor of fabrics to cease importing or selling any dangerously flammable fabric.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, and by virtue of the authority vested

Decision and Order

73 F.T.C.

in it by said Acts, the Federal Trade Commission, having reason to believe that Fonda Manufacturing Corporation, a corporation, and Henry M. Rem and John P. Malik, 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 Flammable Fabrics 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 Fonda Manufacturing Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Respondents Henry M. Rem and John P. Malik are officers of said corporate respondent. They formulate, direct and control the acts, practices and policies of said corporation.

The respondents are engaged in the manufacture, sale and distribution of fabrics, with manufacturing facilities located at 1 Cayadutta Street, Fonda, New York, and with their office and principal place of business located at 411 Fifth Avenue, New York, New York.

PAR. 2. Respondents, now and for some time last past, have sold and offered for sale, in commerce; have imported into the United States; and have introduced, delivered for introduction, transported, and caused to be transported, in commerce; and have transported and caused to be transported for the purpose of sale or delivery after sale, in commerce; as "commerce" is defined in the Flammable Fabrics Act, fabric, as that term is defined therein, which fabric was, under Section 4 of the Flammable Fabrics Act, as amended, so highly flammable as to be dangerous when worn by individuals.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act and the Rules and Regulations promulgated thereunder, and as such constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning 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 Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation

513

Order

of the Federal Trade Commission Act and the Flammable Fabrics 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 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 thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Fonda Manufacturing Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with manufacturing facilities located at 1 Cayadutta Street, Fonda, New York, and with its office and principal place of business located at 411 Fifth Avenue, New York, New York.

Respondents Henry M. Rem and John P. Malik are officers of said corporation and their 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 Fonda Manufacturing Corporation, a corporation, and its officers, and Henry M. Rem, and John P. Malik, individually and as officers of said corporation and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from:

- (a) Importing into the United States; or
- (b) Selling, offering for sale, introducing, delivering for introduction, transporting, or causing to be transported, in commerce, as "commerce" is defined in the Flammable Fabrics Act; or
- (c) Transporting or causing to be transported, for the purpose of sale or delivery after sale in commerce,

Complaint

73 F.T.C.

any fabric which, under the provisions of Section 4 of the Flammable Fabrics Act, as amended, is so highly flammable as to be dangerous when worn by individuals.

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

ALUMINUM EXTERIOR DESIGNERS, INC., ET AL.

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

Docket C-1316. Complaint, April 2, 1968—Decision, April 2, 1968

Consent order requiring an Evansville, Ind., distributor of home improvement products to cease misrepresenting that purchasers of its aluminum siding will receive reduced prices or bonuses for use of their homes as models, that its products are unconditionally guaranteed, that it is affiliated with Kaiser Aluminum Company, and neglecting to disclose the total cost and all details of its installation contracts prior to signing by the customer.

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 Aluminum Exterior Designers, Inc., a corporation, and Kenneth W. Stevens, 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 Aluminum Exterior Designers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 1274 Maxwell Avenue, in the city of Evansville, State of Indiana. The business operated by corporate respondent was formerly operated by Aluminum Exterior Designers, a partnership, composed of Frank H. Stevens and Aline Stevens and corporate respondent is successor in interest thereto.

Respondent Kenneth W. Stevens is an officer of said corporation and formerly was manager of said partnership. He formulates, directs and controls the acts and practices of the corporate respondent and formerly formulated, directed and controlled the acts and practices of said partnership. His address is the same as that of the said corporate respondent.

PAR. 2. Respondents have been engaged in the offering for sale, sale, distribution and installation of aluminum siding and other home improvement products to the public.

PAR. 3. In the course and conduct of their business, respondents have caused their said products, when sold, to be shipped from their place of business in the State of Indiana to purchasers thereof located in various other States of the United States, and have maintained a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act. The acts and practices hereinafter described, referred to and alleged to have been participated in by the corporate respondent relate to acts performed and practices engaged in by said Aluminum Exterior Designers, a partnership; and legal responsibility therefor accordingly is shared by and imputed to corporate respondent (1) by reason of its being the successor in interest to, and succeeding to the operation of the business conducted by, that partnership and (2) by reason of the fact that both concerns were under the same management and operating control.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their products, respondents and their salesmen or representatives have represented, directly or by implication, in advertising and promotional material and in oral solicitations to prospective purchasers, that:

1. Purchasers, who allow aluminum siding and other home improvement products installed by respondents on their homes to be used as models and for demonstration purposes, will be charged special or reduced prices based on respondents' regular selling prices and savings will thereby be granted such purchasers in reductions from such selling prices.

2. Purchasers will receive a commission or bonus from respondents for each sale of respondents' installed aluminum siding or other home improvement products made as a result of displaying their homes and referring other purchasers to respondents.

3. All purchasers of respondents' installed siding materials will realize a 25 percent or greater reduction in heating costs.

Complaint

73 F.T.C.

4. Respondents are connected or affiliated with Kaiser Aluminum Company.

5. Respondents' home improvement products are unconditionally guaranteed or are guaranteed for a lifetime.

PAR. 5. In truth and in fact:

1. Respondents in few, if any instances, have used the homes of purchasers as model homes for advertising purposes. Respondents' aluminum siding and other home improvement products have not been sold to purchasers at special or reduced prices based on respondents' regular selling prices and savings have not been granted purchasers because of a reduction from respondents' regular selling prices. In fact, respondents have not had a regular selling price but the price at which respondents' products have been sold has varied from customer to customer depending on the resistance of the prospective purchaser.

2. With the exception of rare instances, purchasers have not been paid a commission or bonus by respondents for a sale of respondents' installed aluminum siding or other home improvement products made as a result of displaying their homes and referring other purchasers to respondents.

3. All purchasers of respondents' installed siding materials have not realized a 25 percent or greater reduction in heating costs. Savings in heat loss resulting from installed siding materials vary widely depending on the nature and condition of the structure to which they are applied.

4. Respondents are not nor have they been connected or affiliated with Kaiser Aluminum Company.

5. Respondents' installed home improvement products have not been unconditionally guaranteed or guaranteed for a lifetime. Such guarantee as may have been provided by respondents to purchasers has been subject to numerous terms, conditions and limitations and the lifetime for which the guarantee extends has not been therein specified.

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

PAR. 6. In the course and conduct of their business, as aforesaid, and in furtherance of their deceptive sales program, respondents and their salesmen or representatives have engaged in the following acts and practices:

1. They have induced or otherwise caused purchasers to sign completion slips before all contracted details of their home installation procedures were consummated, thereby relieving respondents of their contractual obligations and requirements.

2. They have induced or otherwise caused purchasers to sign monthly payment contracts which misrepresented the total cost of respondents' home improvement products.

3. They have failed to disclose or refused to disclose the total cost of their installed home improvement products and that a purchaser is assessed interest charges in satisfaction thereof, during the negotiation and at the consummation of their monthly payment contracts. In some instances, the purchaser learned the total amount of his indebtedness and assessed interest amounts for the first time when contacted by the finance company or bank to which respondents had negotiated or otherwise assigned his contract.

Therefore, the acts and the practices as set forth in Paragraph Six hereof, were false, misleading and deceptive.

PAR. 7. In the course and conduct of their business, as aforesaid, respondents or their salesmen in a substantial number of cases have failed to disclose orally at the time of sale and in writing on any conditional sales contract, promissory note or other instrument executed by the purchaser, with such conspicuousness and clarity as is likely to be read and observed by the purchaser, that such conditional sales contract, promissory note or other instrument may, at the option of the seller and without notice to the purchaser, be negotiated or assigned to a finance company or other third party and that if such negotiation or assignment is effected, the purchaser will then owe the amount due under the contract to the finance company or third party and may have to pay this amount in full whether or not he has claims against the seller under the contract for defects in the merchandise, nondelivery or the like.

The aforesaid failure of the respondents or their representatives to reveal said facts to purchasers has had the tendency and capacity to lead and induce a substantial number of such persons into the understanding and belief that the respondents will not negotiate or transfer such documents, as aforesaid, and that legal obligations and relationships will exist only between such respondents and purchasers and will remain unchanged and unaltered, and has had the tendency and capacity to induce a substantial number of such persons to enter into contracts or execute promissory notes for the purchase of respondents' products of which facts the Commission takes official notice.

In truth and in fact, respondents frequently and in a substantial number of cases and in the usual course of their business have sold, transferred and assigned said notes and contracts to finance companies or third parties so as to bring about the aforementioned changes in legal obligations and relationships.

Decision and Order

73 F.T.C.

Therefore the failure of respondents or their representatives to reveal such facts to prospective purchasers, as aforesaid, has been an unfair and false, misleading and deceptive act and practice.

PAR. 8. In the conduct of their business, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of aluminum siding and other home improvement products of the same general kind and nature as that sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that the said statements and representations were true and into the purchase of substantial quantities of respondents' products by reason of such erroneous and mistaken belief.

PAR. 10. The aforesaid acts and practices of respondents, as herein alleged, have been all to the prejudice and injury of the public and of respondents' competitors and have constituted 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 others 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 con-

templated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Aluminum Exterior Designers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 1274 Maxwell Avenue, in the city of Evansville, State of Indiana. The business operated by corporate respondent was formerly operated by Aluminum Exterior Designers, a partnership, composed of Frank H. Stevens and Aline Stevens and corporate respondent is successor in interest thereto.

Respondent Kenneth W. Stevens is an officer of said corporation and formerly was manager of said partnership 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 Aluminum Exterior Designers, Inc., a corporation, and its officers, and Kenneth W. Stevens, 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 offering for sale, sale, distribution or installation of aluminum siding 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:

(a) The home of any of respondents' purchasers will be used as a model home or otherwise for advertising purposes.

(b) Any price of 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.

(c) Purchasers will receive commissions, bonuses or other compensation, unless respondents provide an opportunity or program whereby purchasers can qualify for such commissions, bonuses or other compensation, and provide such commissions, bonuses or other compensation in every instance, to those qualifying therefor; or misrepresenting, in any manner, commissions, bonuses or any other compensation to be received by respondents' purchasers.

Decision and Order

73 F.T.C.

(d) Any percentage or amount of savings or reduction in heat costs or loss 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 a savings or reduction in the costs or loss in the amount or percentage represented.

(e) Respondents are connected or affiliated with Kaiser Aluminum Company: *Provided, however,* That nothing herein shall be construed to prohibit the respondents from truthfully and nondeceptively representing that respondents are dealers in products of Kaiser Aluminum Company; or misrepresenting, in any manner, respondents' business connections or affiliations.

(f) Any of respondents' products 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, emphatically and conspicuously disclosed to the purchaser in immediate conjunction with such guarantee representation.

2. Using the word "lifetime" or any other expression of the same import or meaning in referring to the duration of a guarantee of a product without clearly, emphatically and conspicuously disclosing the life to which such reference is made in immediate conjunction with such guarantee representation.

3. Misrepresenting, in any manner, prices, guarantees or any savings available to purchasers of respondents' products.

4. Inducing or otherwise causing purchasers of respondents' products to sign or otherwise execute completion slips or any similar document or documents before consummation of any and all contracted details of a particular installation.

5. Inducing or otherwise causing purchasers or prospective purchasers of respondents' products to sign monthly payment contracts or any other contractual instruments which do not clearly and conspicuously state the total cost of respondents' products.

6. Failing to disclose or refusing to disclose to purchasers or prospective purchasers in written contracts, promissory notes or otherwise the exact amounts of the total cost of respondents' products and of all interest payments, carrying charges and other charges, at the time the sale of such products is consummated.

7. Failing to orally disclose prior to the time of sale, and in writing on any conditional sales contract, promissory note or other

instrument of indebtedness executed by a purchaser, and with such conspicuousness and clarity as is likely to be observed and read by such purchaser, that:

Any such instrument, at respondents' option and without notice to the purchaser, may be discounted, negotiated or assigned to a finance company or other third party to which the purchaser will thereafter be indebted and against which the purchaser's claims or defenses may not be available.

8. Failing to clearly and fully reveal, disclose and inform customers of all terms and conditions of a sale and of any installment contract or promissory note or other instrument to be signed by any customer.

9. Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondents' products or services, and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

It is further ordered, That after the acceptance of the initial report of compliance, respondents shall submit a report to the Commission once every year during the next three years describing all complaints respecting unauthorized representations, all complaints received from customers respecting representations by salesmen which are claimed to have been deceptive, the facts uncovered by respondents in their investigation thereof and the action taken by respondents with respect to each such complaint.

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

SURREY SLEEP PRODUCTS, INC., ET AL.